

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

**CONDENSED FINANCIAL STATEMENTS**  
**INCOME STATEMENTS**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018**

<u>Group</u>	Note	Unaudited		Audited	
		31 December 2018 RM'000	31 December 2017 RM'000	Cumulative 12 Months Ended 31 December 2018 RM'000	Cumulative 12 Months Ended 31 December 2017 RM'000
Interest income	A21	6,080,112	5,559,054	23,193,671	22,056,334
Interest expense	A22	(2,971,842)	(2,536,868)	(11,120,765)	(9,909,293)
Net interest income		3,108,270	3,022,186	12,072,906	12,147,041
Income from Islamic Banking Scheme operations	A41a	1,499,861	1,235,608	5,611,704	4,900,251
Net earned insurance premiums	A23	1,502,153	1,433,762	5,933,563	5,250,890
Other operating income	A25	1,160,961	1,598,109	4,918,997	6,027,304
Total operating income		7,271,245	7,289,665	28,537,170	28,325,486
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(970,334)	(1,242,796)	(4,907,529)	(5,087,342)
Net operating income		6,300,911	6,046,869	23,629,641	23,238,144
Overhead expenses	A27	(3,068,436)	(2,913,263)	(11,213,667)	(11,326,846)
Operating profit before impairment losses		3,232,475	3,133,606	12,415,974	11,911,298
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(81,347)	(199,807)	(1,591,256)	(1,959,060)
Allowances for impairment losses on financial investments, net	A29	(84,550)	(39,937)	(47,685)	(68,762)
Writeback of impairment losses on other financial assets, net	A30	3,559	-	26,028	-
Operating profit		3,070,137	2,893,862	10,803,061	9,883,476
Share of profits in associates and joint ventures		25,458	32,286	98,285	214,620
<b>Profit before taxation and zakat</b>		<b>3,095,595</b>	<b>2,926,148</b>	<b>10,901,346</b>	<b>10,098,096</b>
Taxation and zakat	B5	(644,795)	(675,064)	(2,545,410)	(2,301,222)
<b>Profit for the period/year</b>		<b>2,450,800</b>	<b>2,251,084</b>	<b>8,355,936</b>	<b>7,796,874</b>
<b>Attributable to:</b>					
Equity holders of the Bank		2,326,355	2,132,099	8,113,260	7,520,542
Non-controlling interests		124,445	118,985	242,676	276,332
		2,450,800	2,251,084	8,355,936	7,796,874
<b>Earnings per share attributable to equity holders of the Bank</b>	B12				
Basic		21.05 sen	19.93 sen	74.20 sen	72.04 sen
Fully diluted		21.05 sen	19.93 sen	74.20 sen	72.02 sen

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

**MALAYAN BANKING BERHAD**  
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(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018**

<u>Group</u>	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2018 RM'000	31 December 2017 RM'000	Cumulative 12 Months Ended 31 December 2018 RM'000	31 December 2017 RM'000
<b>Profit for the period/year</b>	<b>2,450,800</b>	2,251,084	<b>8,355,936</b>	7,796,874
<b>Other comprehensive income/(loss):</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Defined benefit plan actuarial gain	57,204	13,194	61,859	15,806
Income tax effect	(1,091)	(2,804)	(1,426)	(2,846)
Net (loss)/gain on disposal of financial investments at fair value through other comprehensive income	(150)	-	18,337	-
	<b>55,963</b>	10,390	<b>78,770</b>	12,960
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Net gain on financial assets at fair value through other comprehensive income	347,429	-	4,062	-
- Net gain from change in fair value	323,832	-	1,410	-
- Changes in expected credit losses	91,479	-	10,864	-
- Income tax effect	(67,882)	-	(8,212)	-
Net (loss)/gain on financial investments available-for-sale	-	(134,127)	-	325,929
- Net (loss)/gain from change in fair value	-	(176,580)	-	430,576
- Income tax effect	-	42,453	-	(104,647)
Net gain/(loss) on foreign exchange translation	377,228	(1,179,859)	(267,630)	(2,285,427)
Net (loss)/gain on cash flow hedge	(714)	301	879	(447)
Net gain on net investment hedge	76	39,189	7,017	69,135
Net loss on capital reserve	(112)	-	-	-
Share of change in associates' reserve	(250,537)	(242,209)	(512,919)	(469,079)
	<b>473,370</b>	(1,516,705)	<b>(768,591)</b>	(2,359,889)
Other comprehensive income/(loss) for the period/year, net of tax	<b>529,333</b>	(1,506,315)	<b>(689,821)</b>	(2,346,929)
<b>Total comprehensive income for the period/year</b>	<b>2,980,133</b>	744,769	<b>7,666,115</b>	5,449,945
<b>Other comprehensive income/(loss) for the period/year attributable to:</b>				
Equity holders of the Bank	510,231	(1,531,310)	(693,094)	(2,352,812)
Non-controlling interests	19,102	24,995	3,273	5,883
	<b>529,333</b>	(1,506,315)	<b>(689,821)</b>	(2,346,929)
<b>Total comprehensive income for the period/year attributable to:</b>				
Equity holders of the Bank	<b>2,836,586</b>	600,789	<b>7,420,166</b>	5,167,730
Non-controlling interests	143,547	143,980	245,949	282,215
	<b>2,980,133</b>	744,769	<b>7,666,115</b>	5,449,945

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**CONDENSED FINANCIAL STATEMENTS**  
**INCOME STATEMENTS**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018**

<u>Bank</u>	Note	Unaudited		Audited	
		31 December 2018	31 December 2017	Cumulative 12 Months Ended 31 December 2018	Cumulative 12 Months Ended 31 December 2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A21	4,358,405	4,104,738	17,467,504	16,099,945
Interest expense	A22	(2,224,486)	(1,904,132)	(8,663,559)	(7,306,999)
Net interest income		2,133,919	2,200,606	8,803,945	8,792,946
Dividends from subsidiaries and associates	A24	786,264	31,390	2,393,819	1,920,144
Other operating income	A25	1,043,387	929,438	4,098,618	3,681,248
		1,829,651	960,828	6,492,437	5,601,392
Net operating income		3,963,570	3,161,434	15,296,382	14,394,338
Overhead expenses	A27	(1,543,999)	(1,570,727)	(5,805,711)	(5,880,703)
Operating profit before impairment losses		2,419,571	1,590,707	9,490,671	8,513,635
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	A28	14,279	(12,056)	(729,811)	(1,163,238)
(Allowances for)/writeback of impairment losses on financial investments, net	A29	(63,877)	2	(18,474)	2,217
(Allowances for)/writeback of impairment losses on other financial assets, net	A30	(1,002)	-	6,040	-
<b>Profit before taxation and zakat</b>		2,368,971	1,578,653	8,748,426	7,352,614
Taxation and zakat	B5	(329,693)	(368,104)	(1,440,615)	(1,229,739)
<b>Profit for the period/year</b>		2,039,278	1,210,549	7,307,811	6,122,875

(These audited 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**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018**

<u>Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period/year</b>	<b>2,039,278</b>	1,210,549	<b>7,307,811</b>	6,122,875
<b>Other comprehensive income/(loss):</b>				
<b><i>Items that will not be reclassified subsequently to profit or loss:</i></b>				
Net (loss)/gain on disposal of financial investments at fair value through other comprehensive income	(94)	-	2,594	-
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>				
Net gain/(loss) on financial assets at fair value through other comprehensive income	278,261	-	(27,357)	-
- Net gain from change in fair value	277,700	-	13,661	-
- Changes in expected credit losses	68,913	-	(35,150)	-
- Income tax effect	(68,352)	-	(5,868)	-
Net (loss)/gain on financial investments available-for-sale	-	(126,212)	-	338,996
- Net (loss)/gain from change in fair value	-	(165,991)	-	444,901
- Income tax effect	-	39,779	-	(105,905)
Net gain/(loss) on foreign exchange translation	33,083	(414,923)	100,387	(519,108)
	<b>311,344</b>	<b>(541,135)</b>	<b>73,030</b>	<b>(180,112)</b>
Other comprehensive income/(loss) for the period/year, net of tax	<b>311,250</b>	<b>(541,135)</b>	<b>75,624</b>	<b>(180,112)</b>
<b>Total comprehensive income for the period/year</b>	<b>2,350,528</b>	669,414	<b>7,383,435</b>	5,942,763

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**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	Group		Bank	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>					
Cash and short-term funds		55,025,127	50,334,290	26,945,152	30,714,527
Deposits and placements with financial institutions		12,502,877	16,988,391	23,410,133	21,382,493
Financial assets purchased under resale agreements		4,030,245	8,514,283	3,763,284	7,633,503
Financial assets designated upon initial recognition at fair value through profit or loss	A10(i)	15,716,038	13,187,127	-	-
Financial investments at fair value through profit or loss	A10(ii)	14,252,900	-	8,914,167	-
Financial investments held-for-trading	A10(iii)	-	11,930,366	-	7,896,677
Financial investments at fair value through other comprehensive income	A10(iv)	120,913,888	-	89,582,837	-
Financial investments available-for-sale	A10(v)	-	109,070,244	-	89,286,739
Financial investments at amortised cost	A10(vi)	27,069,261	-	22,857,070	-
Financial investments held-to-maturity	A10(vii)	-	20,184,773	-	17,763,565
Loans, advances and financing to financial institutions	A11(i)	1,576,199	2,026,276	17,052,024	18,614,231
Loans, advances and financing to customers	A11(ii)	505,507,620	483,558,086	213,314,768	272,383,738
Derivative assets	A37	6,963,521	6,704,651	6,799,063	6,865,221
Reinsurance/retakaful assets and other insurance receivables	A12	3,800,047	3,933,772	-	-
Other assets	A13	9,873,340	9,698,140	5,267,285	4,801,397
Investment properties		895,769	753,555	-	-
Statutory deposits with central banks		16,264,849	15,397,213	5,041,560	7,746,700
Investment in subsidiaries		-	-	31,446,456	22,057,063
Interest in associates and joint ventures		2,300,299	2,772,324	472,016	472,016
Property, plant and equipment		2,495,825	2,635,018	1,041,432	1,165,908
Intangible assets		6,718,327	6,753,939	360,865	568,030
Deferred tax assets		1,085,549	859,318	345,186	315,013
<b>TOTAL ASSETS</b>		<b>806,991,681</b>	<b>765,301,766</b>	<b>456,613,298</b>	<b>509,666,821</b>
<b>LIABILITIES</b>					
Customers' funding:					
- Deposits from customers	A14	532,732,623	502,017,445	255,160,315	328,938,600
- Investment accounts of customers <sup>1</sup>	A41g	23,565,061	24,555,445	-	-
Deposits and placements from financial institutions	A15	43,850,577	42,598,131	52,940,747	37,645,134
Obligations on financial assets sold under repurchase agreements		13,797,993	5,367,086	21,266,302	5,189,316
Derivative liabilities	A37	7,975,784	7,221,015	7,439,049	7,179,998
Financial liabilities at fair value through profit or loss	A16	8,892,691	6,375,815	8,507,004	5,483,120
Bills and acceptances payable		1,508,658	1,894,046	612,967	1,384,983
Insurance/takaful contract liabilities and other insurance payables	A18	26,853,102	25,118,843	-	-
Other liabilities	A19	21,788,671	19,179,140	7,341,061	16,910,597
Recourse obligation on loans and financing sold to Cagamas		1,547,272	1,543,501	1,547,272	1,543,501
Provision for taxation and zakat		395,792	746,494	79,815	385,876
Deferred tax liabilities		497,966	732,079	-	-
Borrowings	A17(i)	31,600,197	34,505,618	23,441,160	27,106,442
Subordinated obligations	A17(ii)	10,717,005	11,979,323	9,157,310	9,362,526
Capital securities	A17(iii)	3,531,029	6,284,180	3,531,029	6,284,180
<b>TOTAL LIABILITIES</b>		<b>729,254,421</b>	<b>690,118,161</b>	<b>391,024,031</b>	<b>447,414,273</b>

<sup>1</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note A41e(ii).

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	Group		Bank	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>					
Share capital		46,747,442	44,250,380	46,747,442	44,250,380
Shares held-in-trust		-	(183,438)	-	(183,438)
Retained profits		25,985,583	25,268,743	14,401,762	13,572,235
Reserves		2,597,102	3,652,929	4,440,063	4,613,371
		<u>75,330,127</u>	<u>72,988,614</u>	<u>65,589,267</u>	<u>62,252,548</u>
<b>Non-controlling interests</b>		<u>2,407,133</u>	<u>2,194,991</u>	-	-
		<u>77,737,260</u>	<u>75,183,605</u>	<u>65,589,267</u>	<u>62,252,548</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>806,991,681</u>	<u>765,301,766</u>	<u>456,613,298</u>	<u>509,666,821</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	A35	<u>872,955,128</u>	<u>811,374,001</u>	<u>780,160,779</u>	<u>761,441,355</u>
<b><u>CAPITAL ADEQUACY</u></b>	A36				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		15.029%	14.773%	13.757%	15.853%
Tier 1 Capital Ratio		15.983%	16.459%	14.871%	17.950%
Total Capital Ratio		<u>19.024%</u>	<u>19.383%</u>	<u>18.266%</u>	<u>19.313%</u>
Net assets per share attributable to equity holders of the Bank		<u>RM6.82</u>	<u>RM6.77</u>	<u>RM5.94</u>	<u>RM5.77</u>

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**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

Group	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 <sup>1</sup> RM'000	Retained Profits <sup>2</sup> RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2018</b>												
- 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 A42)	-	-	-	(760,278)	459,319	-	-	-	(1,097,608)	(1,398,567)	11,202	(1,387,365)
At 1 January 2018, as restated	44,250,380	(183,438)	203,058	1,987,007	488,935	858,752	219,387	(405,169)	24,171,135	71,590,047	2,206,193	73,796,240
Profit for the financial year	-	-	-	-	-	-	-	-	8,113,260	8,113,260	242,676	8,355,936
Other comprehensive (loss)/income	-	-	-	-	(31,890)	(745,242)	-	65,701	18,337	(693,094)	3,273	(689,821)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	57,805	-	57,805	2,628	60,433
Share of associates' reserve	-	-	-	-	(35,659)	(477,260)	-	-	-	(512,919)	-	(512,919)
Net (loss)/gain on foreign exchange translation	-	-	-	-	-	(267,982)	-	-	-	(267,982)	352	(267,630)
Net gain on financial investments at fair value through other comprehensive income	-	-	-	-	3,769	-	-	-	-	3,769	293	4,062
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	18,337	18,337	-	18,337
Net gain on net investment hedge	-	-	-	-	-	-	-	7,017	-	7,017	-	7,017
Net gain on cash flow hedge	-	-	-	-	-	-	-	879	-	879	-	879
<b>Total comprehensive (loss)/income for the financial year</b>	-	-	-	-	(31,890)	(745,242)	-	65,701	8,131,597	7,420,166	245,949	7,666,115
<b>Carried forward</b>	44,250,380	(183,438)	203,058	1,987,007	457,045	113,510	219,387	(339,468)	32,302,732	79,010,213	2,452,142	81,462,355

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 <sup>1</sup> RM'000	Retained Profits <sup>2</sup> RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<b>Brought forward</b>	<b>44,250,380</b>	<b>(183,438)</b>	<b>203,058</b>	<b>1,987,007</b>	<b>457,045</b>	<b>113,510</b>	<b>219,387</b>	<b>(339,468)</b>	<b>32,302,732</b>	<b>79,010,213</b>	<b>2,452,142</b>	<b>81,462,355</b>
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	1,457	-	-	1,457	-	1,457
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	(5,362)	(5,362)	45,736	40,374
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	3,514	3,514
Transfer to statutory reserve	-	-	35,951	-	-	-	-	-	(35,951)	-	-	-
Transfer to regulatory reserve	-	-	-	140,283	-	-	-	-	(140,283)	-	-	-
Transfer from revaluation reserve	-	-	-	-	-	-	-	(284)	284	-	-	-
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	-	-	-	-	-	-	8,732	84,699	-	84,699
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,279)	-	100,279	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	1,532,436	-	-	-	-	-	(87,684)	-	-	1,444,752	-	1,444,752
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	45,941	-	-	-	-	-	(32,275)	-	(13,666)	-	-	-
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	708	-	-	-	-	(606)	-	(102)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(C))	918,685	-	-	-	-	-	-	-	-	918,685	-	918,685
Dividends paid (Note A9(a),(b) & (c))	-	-	-	-	-	-	-	-	(6,234,092)	(6,234,092)	(94,259)	(6,328,351)
<b>Total transactions with shareholders/ other equity movements</b>	<b>2,497,062</b>	<b>183,438</b>	<b>35,951</b>	<b>140,283</b>	<b>-</b>	<b>-</b>	<b>(219,387)</b>	<b>(284)</b>	<b>(6,317,149)</b>	<b>(3,680,086)</b>	<b>(45,009)</b>	<b>(3,725,095)</b>
<b>At 31 December 2018</b>	<b>46,747,442</b>	<b>-</b>	<b>239,009</b>	<b>2,127,290</b>	<b>457,045</b>	<b>113,510</b>	<b>-</b>	<b>(339,752)</b>	<b>25,985,583</b>	<b>75,330,127</b>	<b>2,407,133</b>	<b>77,737,260</b>

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

<sup>2</sup> The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM651.6 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 audited 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**  
(3813-K)  
(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

<u>Group</u>	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2017</b>	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(269,131)	3,592,057	320,912	(476,340)	14,408,695	68,515,731	1,959,092	70,474,823
Profit for the financial year	-	-	-	-	-	-	-	-	-	7,520,542	7,520,542	276,332	7,796,874
Other comprehensive income/(loss)	-	-	-	-	-	298,747	(2,733,305)	-	81,746	-	(2,352,812)	5,883	(2,346,929)
Defined benefit plan actuarial gain/(loss)	-	-	-	-	-	-	-	-	13,058	-	13,058	(98)	12,960
Share of associates' reserve	-	-	-	-	-	(36,768)	(432,311)	-	-	-	(469,079)	-	(469,079)
Net (loss)/gain on foreign exchange translation	-	-	-	-	-	-	(2,300,994)	-	-	-	(2,300,994)	15,567	(2,285,427)
Net gain/(loss) on financial investments available-for-sale	-	-	-	-	-	335,515	-	-	-	-	335,515	(9,586)	325,929
Net gain on net investment hedge	-	-	-	-	-	-	-	-	69,135	-	69,135	-	69,135
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(447)	-	(447)	-	(447)
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	-	-	298,747	(2,733,305)	-	81,746	7,520,542	5,167,730	282,215	5,449,945
<b>Carried forward</b>	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	29,616	858,752	320,912	(394,594)	21,929,237	73,683,461	2,241,307	75,924,768

**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

<b>Group (cont'd.)</b>	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Shares Held-in-trust RM'000</b>	<b>Statutory Reserve RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Available-<sup>3</sup> for-sale Reserve RM'000</b>	<b>Exchange Fluctuation Reserve RM'000</b>	<b>ESS Reserve RM'000</b>	<b>Other Reserves<sup>1</sup> RM'000</b>	<b>Retained Profits<sup>2</sup> RM'000</b>	<b>Total Shareholders' Equity RM'000</b>	<b>Non-Controlling Interests RM'000</b>	<b>Total Equity RM'000</b>
<b>Brought forward</b>	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	29,616	858,752	320,912	(394,594)	21,929,237	73,683,461	2,241,307	75,924,768
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	18,190	-	-	18,190	-	18,190
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	53,682	53,682
Transfer from share premium	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserves	-	-	-	(10,731,889)	-	-	-	-	-	10,731,889	-	-	-
Transfer to regulatory reserve	-	-	-	-	1,689,288	-	-	-	-	(1,689,288)	-	-	-
Transfer from revaluation reserve	-	-	-	-	-	-	-	-	(10,575)	10,575	-	-	-
Issue of shares pursuant to ESS	1,445,239	-	-	-	-	-	-	(85,792)	-	-	1,359,447	-	1,359,447
Issue of shares pursuant to Restricted Share Unit ("RSU")	38,118	-	(3)	-	-	-	-	(33,002)	-	(5,113)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	935	-	-	-	-	-	-	(921)	-	(14)	-	-	-
Issue of shares pursuant to ESOS Trust Fund ("ETF") Pool	49,999	-	(49,999)	-	-	-	-	-	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	3,644,186	-	(8,127)	-	-	-	-	-	-	-	3,636,059	-	3,636,059
Dividends paid	-	-	-	-	-	-	-	-	-	(5,708,543)	(5,708,543)	(99,998)	(5,808,541)
<b>Total transactions with shareholders/other equity movements</b>	<b>34,057,180</b>	<b>(28,878,703)</b>	<b>(58,129)</b>	<b>(10,731,889)</b>	<b>1,689,288</b>	<b>-</b>	<b>-</b>	<b>(101,525)</b>	<b>(10,575)</b>	<b>3,339,506</b>	<b>(694,847)</b>	<b>(46,316)</b>	<b>(741,163)</b>
<b>At 31 December 2017</b>	<b>44,250,380</b>	<b>-</b>	<b>(183,438)</b>	<b>203,058</b>	<b>2,747,285</b>	<b>29,616</b>	<b>858,752</b>	<b>219,387</b>	<b>(405,169)</b>	<b>25,268,743</b>	<b>72,988,614</b>	<b>2,194,991</b>	<b>75,183,605</b>

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

<sup>2</sup> The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,298.6 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.

<sup>3</sup> Available-for-sale reserve was transferred to fair value through other comprehensive income reserve effective 1 January 2018.

(These audited 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**  
**AUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

<b>Bank</b>	<b>Share Capital</b>	<b>Shares Held-in-trust</b>	<b>Statutory Reserve</b>	<b>Regulatory Reserve</b>	<b>Fair Value Through Other Comprehensive Income Reserve</b>	<b>Exchange Fluctuation Reserve</b>	<b>ESS Reserve</b>	<b>Distributable Retained Profits</b>	<b>Total Equity</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>									
- 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 A42)	-	-	-	(295,155)	420,838	-	-	(497,675)	(371,992)
At 1 January 2018, as restated	44,250,380	(183,438)	46,255	1,938,408	306,689	2,228,315	219,387	13,074,560	61,880,556
Profit for the financial year	-	-	-	-	-	-	-	7,307,811	7,307,811
Other comprehensive (loss)/income	-	-	-	-	(27,357)	100,387	-	2,594	75,624
Net gain on foreign exchange translation	-	-	-	-	-	100,387	-	-	100,387
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(27,357)	-	-	-	(27,357)
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,594	2,594
<b>Total comprehensive (loss)/income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,357)</b>	<b>100,387</b>	<b>-</b>	<b>7,310,405</b>	<b>7,383,435</b>
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	1,457	-	1,457
Transfer to statutory reserve	-	-	6,777	-	-	-	-	(6,777)	-
Transfer from regulatory reserve	-	-	-	(159,411)	-	-	-	159,411	-
Utilisation of shares under ESOS Trust Fund Pool	-	106,763	-	-	-	-	-	3,012	109,775
Disposal of shares under ESOS Trust Fund Pool	-	75,967	-	-	-	-	-	8,732	84,699
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,279)	100,279	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	1,532,436	-	-	-	-	-	(87,684)	-	1,444,752
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	45,941	-	-	-	-	-	(32,275)	(13,666)	-
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	708	-	-	-	-	(606)	(102)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(C))	918,685	-	-	-	-	-	-	-	918,685
Dividends paid (Note A9(a) & (b))	-	-	-	-	-	-	-	(6,234,092)	(6,234,092)
<b>Total transactions with shareholders/ other equity movements</b>	<b>2,497,062</b>	<b>183,438</b>	<b>6,777</b>	<b>(159,411)</b>	<b>-</b>	<b>-</b>	<b>(219,387)</b>	<b>(5,983,203)</b>	<b>(3,674,724)</b>
<b>At 31 December 2018</b>	<b>46,747,442</b>	<b>-</b>	<b>53,032</b>	<b>1,778,997</b>	<b>279,332</b>	<b>2,328,702</b>	<b>-</b>	<b>14,401,762</b>	<b>65,589,267</b>

(These audited 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**  
**AUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

<b>Bank</b>	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Shares Held-in-trust RM'000</b>	<b>Statutory Reserve RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Available- for-sale Reserve RM'000</b>	<b>Exchange Fluctuation Reserve RM'000</b>	<b>ESS Reserve RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total Equity RM'000</b>
<b>At 1 January 2017</b>	10,193,200	28,878,703	(125,309)	10,325,216	660,800	(453,145)	2,747,423	320,912	4,456,832	57,004,632
Profit for the financial year	-	-	-	-	-	-	-	-	6,122,875	6,122,875
Other comprehensive income/(loss)	-	-	-	-	-	338,996	(519,108)	-	-	(180,112)
Net loss on foreign exchange translation	-	-	-	-	-	-	(519,108)	-	-	(519,108)
Net gain on financial investments available-for-sale	-	-	-	-	-	338,996	-	-	-	338,996
<b>Total comprehensive income/(loss) for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>338,996</b>	<b>(519,108)</b>	<b>-</b>	<b>6,122,875</b>	<b>5,942,763</b>
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	18,190	-	18,190
Transfer from statutory reserve	-	-	-	(10,278,961)	-	-	-	-	10,278,961	-
Transfer to regulatory reserve	-	-	-	-	1,572,763	-	-	-	(1,572,763)	-
Transfer from share premium	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-
Issue of shares pursuant to ESS	1,445,239	-	-	-	-	-	-	(85,792)	-	1,359,447
Issue of shares pursuant to Restricted Share Unit ("RSU")	38,118	-	(3)	-	-	-	-	(33,002)	(5,113)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	935	-	-	-	-	-	-	(921)	(14)	-
Issue of shares pursuant to ESOS Trust Fund ("ETF") Pool	49,999	-	(49,999)	-	-	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	3,644,186	-	(8,127)	-	-	-	-	-	-	3,636,059
Dividends paid	-	-	-	-	-	-	-	-	(5,708,543)	(5,708,543)
<b>Total transactions with shareholders/ other equity movements</b>	<b>34,057,180</b>	<b>(28,878,703)</b>	<b>(58,129)</b>	<b>(10,278,961)</b>	<b>1,572,763</b>	<b>-</b>	<b>-</b>	<b>(101,525)</b>	<b>2,992,528</b>	<b>(694,847)</b>
<b>At 31 December 2017</b>	<b>44,250,380</b>	<b>-</b>	<b>(183,438)</b>	<b>46,255</b>	<b>2,233,563</b>	<b>(114,149)</b>	<b>2,228,315</b>	<b>219,387</b>	<b>13,572,235</b>	<b>62,252,548</b>

<sup>3</sup> Available-for-sale reserve was transferred to fair value through other comprehensive income reserve effective 1 January 2018.

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**MALAYAN BANKING BERHAD**  
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**(Incorporated in Malaysia)**

**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	10,901,346	10,098,096	8,748,426	7,352,614
Adjustments for:				
Depreciation of property, plant and equipment	400,991	418,917	160,150	186,605
Gain on disposal of property, plant and equipment	(70,596)	(201,003)	(61,117)	(62,415)
Share of profits in associates and joint ventures	(98,285)	(214,620)	-	-
Amortisation of intangible assets	236,071	273,673	76,737	99,177
Net loss/(gain) on liquidation of subsidiaries	2,781	1,988	-	(101)
Net (gain)/loss on dilution of interest in associates	(896)	30,719	-	-
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	403,651	(313,504)	(82,456)	(129,630)
Net loss/(gain) on disposal of financial investments at fair value through other comprehensive income	7,461	-	(11,018)	-
Net gain on disposal of financial investments available-for-sale	-	(666,800)	-	(212,536)
Net gain on redemption of financial investments at amortised cost	(1,777)	-	(1,777)	-
Net gain on redemption of financial investments held-to-maturity	-	(182)	-	(182)
Unrealised loss/(gain) on revaluation of financial investments at fair value through profit or loss and derivatives	359,388	(23,999)	184,163	72,611
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss	(703,731)	(11,242)	(709,918)	(20,824)
Unrealised gain on revaluation of loans, advances and financing	(9,943)	-	(9,943)	-
Allowances for impairment losses on loans, advances and financing, net	1,979,785	2,441,832	951,485	1,420,122
Allowances for impairment losses on other debts	106	2,701	391	2,285
Allowances for impairment losses on financial investments, net	47,685	69,725	18,474	1,071
(Writeback of)/allowances for impairment losses on other financial assets, net	(26,028)	-	(6,040)	-
Dividend income	(113,514)	(123,263)	(2,399,611)	(1,936,807)
ESS expenses	3,946	17,083	2,426	11,106
Other adjustments for non-operating and non-cash items	(332,349)	(68,942)	(356,844)	(107,548)
Operating profit before working capital changes	<b>13,001,501</b>	<b>11,731,179</b>	<b>6,531,430</b>	<b>6,675,548</b>
Change in deposits and placements with financial institutions with original maturity of more than three months	3,460,516	3,872,207	3,627,036	3,645,635
Change in cash and short-term funds with original maturity of more than three months	(541,545)	3,448,384	(531,456)	3,036,714
Change in financial investments portfolio	(23,225,633)	(21,901,675)	(6,169,931)	(18,554,411)
Change in loans, advances and financing	(27,009,637)	(24,511,954)	58,826,760	(4,931,934)
Change in statutory deposits with central banks	(867,888)	(13,079)	2,705,139	(216,374)
Change in deposits from customers	31,026,255	22,197,905	(74,354,300)	3,234,342
Change in investment accounts of customers	(990,384)	(6,989,142)	-	-
Change in deposits and placements from financial institutions	1,252,446	11,743,438	15,295,613	7,788,424
Change in financial liabilities at fair value through profit or loss	(760,377)	801,816	(247,182)	820,794
Change in reinsurance/retakaful assets and other insurance receivables	126,618	205,824	-	-
Change in insurance/takaful contract liabilities and other insurance payables	1,736,425	1,170,124	-	-
Change in other operating activities	15,480,125	3,330,382	10,266,367	2,183,435
Cash generated from operations	<b>12,688,422</b>	<b>5,085,409</b>	<b>15,949,476</b>	<b>3,682,173</b>
Taxes and zakat paid	(2,763,057)	(2,079,848)	(1,408,184)	(954,525)
Net cash generated from operating activities	<b>9,925,365</b>	<b>3,005,561</b>	<b>14,541,292</b>	<b>2,727,648</b>

**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Cash flows from investing activities</b>				
Dividends received from:				
- financial investments portfolio	113,514	123,263	5,792	16,663
- associates	-	-	398	9,856
- subsidiaries	-	-	2,393,421	1,910,288
Purchase of property, plant and equipment	(291,811)	(562,870)	(99,762)	(96,026)
Purchase of investment properties	(110,811)	(85,505)	-	-
Purchase of intangible assets	(382,044)	(238,709)	(120,476)	(142,519)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(9,556,615)	(156,420)
Purchase of shares in deemed controlled structured entities from a subsidiary	-	-	(873)	(480,341)
Purchase of shares in associates from a subsidiary	-	-	-	(20,497)
Proceeds from disposal of property, plant and equipment	80,150	228,994	62,729	85,377
Proceeds from disposal of investment properties	520	29,890	-	-
Proceeds from disposal of deemed controlled entities	-	-	140,188	-
Net effect arising from transaction with non-controlling interests	24,415	43,869	-	-
Net effect arising from acquisition of subsidiary	-	(79,356)	-	-
Net effect arising from repayment of capital of a subsidiary	-	-	-	242,837
Net effect arising from liquidation/disposal of subsidiaries	-	-	-	250
Transfer of intangible assets to subsidiary	-	-	249,803	-
Transfer of property, plant and equipment to subsidiary	-	-	60,063	-
Net cash (used in)/generated from investing activities	<b>(566,067)</b>	<b>(540,424)</b>	<b>(6,865,332)</b>	<b>1,369,468</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	2,363,437	4,995,506	2,363,437	4,995,506
Drawdown/(repayment) of borrowings, net	387,671	3,661,438	(799,087)	(76,897)
Issuance of subordinated obligations	44,250	35,000	-	-
Redemption of subordinated obligations and capital securities	(3,489,416)	(3,240,000)	(2,994,404)	(3,240,000)
Rights issuance exercised by non-controlling interests	3,514	-	-	-
Drawdown of financial liabilities at fair value through profit or loss	620,775	2,097,150	620,775	2,097,150
Finance lease obligations	18,248	280,634	-	-
Recourse obligations on loans and financing sold to Cagamas, net	3,772	568,913	3,772	568,913
Dividends paid	(6,234,092)	(5,708,543)	(6,234,092)	(5,708,543)
Dividends paid to non-controlling interests	(94,259)	(99,998)	-	-
Net cash (used in)/generated from financing activities	<b>(6,376,100)</b>	<b>2,590,100</b>	<b>(7,039,599)</b>	<b>(1,363,871)</b>
Net increase in cash and cash equivalents	<b>2,983,198</b>	<b>5,055,237</b>	<b>636,361</b>	<b>2,733,245</b>
Cash and cash equivalents at beginning of period	<b>53,933,844</b>	<b>50,875,746</b>	<b>39,306,384</b>	<b>38,217,233</b>
Effects of foreign exchange rate changes	<b>141,096</b>	<b>(1,997,139)</b>	<b>717,484</b>	<b>(1,644,094)</b>
Cash and cash equivalents at end of period	<b>57,058,138</b>	<b>53,933,844</b>	<b>40,660,229</b>	<b>39,306,384</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Cash and short-term funds	55,025,127	50,334,290	26,945,152	30,714,527
Deposits and placements with financial institutions	12,502,877	16,988,391	23,410,133	21,382,493
	<b>67,528,004</b>	<b>67,322,681</b>	<b>50,355,285</b>	<b>52,097,020</b>
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	<b>(10,469,866)</b>	<b>(13,388,837)</b>	<b>(9,695,056)</b>	<b>(12,790,636)</b>
Cash and cash equivalents at end of period	<b>57,058,138</b>	<b>53,933,844</b>	<b>40,660,229</b>	<b>39,306,384</b>

**(These audited 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 asset 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"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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).</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Equity instruments that were not elected for FVOCI will be measured at FVTPL.</li> </ul>

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 includes:

- 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:

<b>3-Stage approach</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>
<b>ECL Approach</b>	12-month ECL	Lifetime ECL	Lifetime ECL
<b>Criterion</b>	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
<b>Recognition of interest/profit income</b>	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 perform 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 measuring 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 macro-economic 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 A42.

**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(s);
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract(s); 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 Policy document issued by Bank Negara Malaysia ("BNM")**

On 2 February 2018, BNM issued a revised Financial Reporting Policy document. The revised policy document applies to financial institutions in Malaysia that covers licensed banks, licensed investment banks, licensed Islamic banks and licensed insurers. The revised policy document have superseded two policy documents 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 policy document 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 Audited 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 ended 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 policy document.

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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**A1. Basis of Preparation (cont'd.)**

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

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9 <i>Prepayment Features with Negative Compensation</i> (Amendments to MFRS 9)	1 January 2019
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i> (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle	
(i) MFRS 3 <i>Business Combinations</i>	1 January 2019
(ii) MFRS 11 <i>Joint Arrangements</i>	1 January 2019
(iii) MFRS 112 <i>Income Taxes</i>	1 January 2019
(iv) MFRS 123 <i>Borrowing Costs</i>	1 January 2019
MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i> (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3 - Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 - Definition of Material	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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

The amendments are effective for annual periods beginning on or after 1 January 2019. The amendments must be applied retrospectively. Earlier application is permitted. These amendments are not expected to have a significant impact on the Group's and the Bank's financial statements.

**MFRS 16 Leases**

MFRS 16 was issued in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under MFRS 117. The Group and the Bank will apply the standard from its mandatory adoption date of 1 January 2019 and this standard will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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**A1. Basis of Preparation (cont'd.)**

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

**MFRS 16 Leases (cont'd.)**

During the financial year ended 31 December 2018, the Group and the Bank had also developed its approach for assessing the different types of leases including the exemptions covered in the standard, incorporating forward-looking information in taking certain decisions.

The overall governance of MFRS 16 project implementation is through the MFRS 16 Project Steering Committee which includes representation of Finance, IT and various Business sectors. In addition, the Audit Committee of the Board and the Board of Directors have provided effective oversight of the Group's and the Bank's progress in preparation of MFRS 16 adoption along with the regular updates on the MFRS 16 progress and readiness by the project team.

Overall, the Group and the Bank anticipate impact to the financial statements in the areas of classification and measurement for lease assets and lease liabilities. The classification and measurement requirements will affect the presentation and disclosures within the Group's and the Bank's financial statements. Following the Group's and the Bank's parallel run using the latest available information, the Group's and the Bank's Capital Adequacy Ratios indicate potential reduction of less than 10 basis points. The final impacts are still being assessed and may be adjusted as necessary.

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

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

Effective for annual periods beginning on or after 1 January 2019, entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. As the amendments eliminate ambiguity in the wording of the standard, the directors of the Bank do not expect the amendments to have any impact on the Group's and the Bank's financial statements.

**Annual Improvements to MFRSs 2015-2017 Cycle**

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

- MFRS 3 *Business Combinations*

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

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

- MFRS 11 *Joint Arrangements*

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

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

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**A1. Basis of Preparation (cont'd.)**

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

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

**(ii) Amendments to MFRS 112 *Income Taxes***

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

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

**(iii) Amendments to MFRS 123 *Borrowing Costs***

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

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

**MFRS 119 *Plan Amendment, Curtailment or Settlement* (Amendments to MFRS 119)**

The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement, which occurs during the reporting period. The amendments also clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements.

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted. These amendments will not have a significant impact on the Group's and the Bank's financial statements.

**IC Interpretation 23 *Uncertainty over Income Tax Treatments***

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

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

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group and the Bank will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.

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**A1. Basis of Preparation (cont'd.)**

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

**IC Interpretation 23 Uncertainty over Income Tax Treatments (cont'd.)**

The interpretation is effective for annual periods beginning on or after 1 January 2019, but certain transition reliefs are available.

**Revised Conceptual Framework for Financial Reporting**

The IASB issued an update to the Conceptual Framework in April 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The main changes in the Conceptual Framework are as follows:

- Reintroduces the concept of stewardship and the information needed to assess management's stewardship;
- Reintroduces the concept of prudence;
- Defines the concept of measurement uncertainty;
- Reinstates an explicit reference to the need to "faithfully represent the substance of the phenomena that it purports to represent"; and
- Made changes to the definitions of an Asset and a liability.

The revised conceptual framework is effective for annual periods beginning on or after 1 January 2020.

**Amendments to MFRS 3 - Definition of a Business**

Under MFRS 3, the amendments to the definition of a business is to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the following:

- Minimum requirements to be a business;
- Market participants' ability to replace missing elements;
- Assessing whether an acquired process is substantive;
- Narrowed the definitions of outputs; and
- Introduced an optional concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

**Amendments to MFRS 101 and MFRS 108 - Definition of Material**

Under MFRS 101 and MFRS108, the amendments were made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Effective for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

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**A1. Basis of Preparation (cont'd.)**

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

**MFRS 17 Insurance Contracts**

MFRS 17 will replace MFRS 4 *Insurance Contracts*. MFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with discretionary participation features.

The main features of the new accounting model for insurance contracts are, as follows:

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

Effective for annual periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17. Retrospective approach for estimating the CSM on the transition date is required. However, if full retrospective application for estimating the CSM, as defined by MFRS 108 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

(i) Modified retrospective approach

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

(ii) Fair value approach

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

**Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments clarify that:

- Gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and



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**A1. Basis of Preparation (cont'd.)**

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

**Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (cont'd.)**

The amendments clarify that (cont'd.):

- Gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

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

In preparing these audited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 2018.

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

During the fourth quarter and 12 months financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 2018.

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**A8. Changes in Debt and Equity Securities**

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2018:

(a) **Share capital**

The share capital of the Bank increased from RM44,250,380,043 as at 31 December 2017 to RM46,747,441,623 as at 31 December 2018 via:

- (A) Issuance of 158,063,100 new ordinary shares amounting to RM1,532,435,821 to eligible employees who exercised their options under the current Maybank Group Employees' Share Scheme ("ESS") which commenced on 23 June 2011, for a period of 7 years;
- (B) Issuance of 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; and
- (C) Issuance of 104,486,785 new ordinary shares amounting to RM918,685,326 arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the interim dividend of 10 sen per ordinary share in respect of the financial year ended 31 December 2018.

The issued ordinary shares of the Bank as at 31 December 2018 is 11,049,682,979 units (31 December 2017: 10,782,745,278 units).

(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
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
Issuance	12 December 2018	USD22.0 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
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

\* form a single series

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2018 (cont'd.):

(c) **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	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
Redemption	4 October 2018	RM19.0 million	Zero Coupon Notes	1 year
Redemption	9 October 2018	RM17.0 million	Zero Coupon Notes	1 year

(d) **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

(e) **Redemption of Tier 1 Capital Securities and Tier 2 Subordinated Notes 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 <sup>1</sup> 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	Perpetual  30 years
Redemption	13 August 2018	10 August 2068	SGD522.0 million	Innovative Tier 1 Capital Securities <sup>2</sup>	60 years
Redemption	25 September 2018	25 September 2068	RM1.1 billion	Innovative Tier 1 Capital Securities <sup>3</sup>	60 years
Redemption	28 December 2018	28 December 2023	RM250.0 million	Tier 2 Subordinated Notes <sup>4</sup>	12 years

<sup>1</sup> These capital securities were fully redeemed on 27 June 2018.

<sup>2</sup> These capital securities were fully redeemed on 13 August 2018.

<sup>3</sup> These capital securities were fully redeemed on 25 September 2018.

<sup>4</sup> These subordinated notes were fully redeemed on 28 December 2018.

(f) **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 <sup>5</sup>	10 years

<sup>5</sup> These notes were fully redeemed on 26 November 2018.

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2018 (cont'd.):

**(g) Issuance of Commercial Papers and Structured Notes by Maybank**

The aggregate nominal value of the commercial papers and structured notes issued by the Bank and outstanding as at 31 December 2018 are as follows:

Programme Name	Tenor	Nominal Value
USD500.0 million U.S. Commercial Paper Programme	61 - 360 days	RM2,067.8 million
RM10.0 billion Commercial Paper/ Medium Term Note Programme	174 - 363 days	RM420.6 million
RM3.0 billion Structured Note Programme	5 years	RM114.0 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	IDR645.0 billion	Fixed Rate Notes	5 years
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	16 April 2018	IDR626.0 billion	Fixed Rate Notes	370 days
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	IDR67.5 billion	Fixed Rate Notes	3 years
Issuance	18 June 2018	IDR293.0 billion	Fixed Rate Notes	370 days
Issuance	26 October 2018	IDR69.0 billion	Fixed Rate Notes	3 years
Issuance	26 October 2018	IDR75.0 billion	Fixed Rate Notes	5 years
Issuance	6 November 2018	IDR225.0 billion	Fixed Rate Notes	370 days
Issuance	20 December 2018	IDR40.0 billion	Fixed Rate Notes	2 years
Issuance	20 December 2018	IDR50.0 billion	Fixed Rate Notes	3 years
Issuance	30 December 2018	IDR411.5 billion	Fixed Rate Notes	370 days
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
Redemption	12 November 2018	IDR300.0 billion	Fixed Rate Notes	3 years
Redemption	6 December 2018	IDR500.0 billion	Fixed Rate Notes	7 years
Redemption	16 December 2018	IDR601.5 billion	Fixed Rate Notes	370 days
Redemption	22 December 2018	IDR397.0 billion	Fixed Rate Notes	3 years

**(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 31 December 2018 are as follows:

Programme Name	Tenor	Nominal Value
RM10.0 billion Islamic Commercial Paper/ Medium Term Note Programme	68 - 364 days	RM2,750.0 million

**(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 <sup>6</sup>	10 years

<sup>6</sup> These subordinated bonds were fully redeemed on 5 July 2018.

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

- (ii) The following are the changes in debt securities for the Group and the Bank subsequent to the fourth quarter and 12 months financial year ended 31 December 2018 and have not been reflected in the financial statements for the fourth quarter ended 31 December 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	29 January 2019	USD20.0 million	Floating Rate Notes	1.5 years
Issuance	15 February 2019	USD50.0 million	Fixed Rate Notes	10 years
Redemption	8 February 2019	JPY30,000.0 million	Fixed Rate Notes	5 years

- (b) **Redemption of Tier 2 Subordinated Notes pursuant to the RM20.0 billion Subordinated Note Programme by Maybank**

Redemption	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	29 January 2019	29 January 2024	RM1.6 billion	Tier 2 Subordinated Notes <sup>7</sup>	10 years

<sup>7</sup> These subordinated notes were fully redeemed on 29 January 2019.

- (c) **Issuance of Tier 2 Subordinated Sukuk Murabahah pursuant to the RM10.0 billion Sukuk Programme by Maybank**

Issuance	Issue Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	31 January 2019	31 January 2029	RM2.0 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5)	10 years
Issuance	31 January 2019	31 January 2031	RM1.7 billion	Tier 2 Subordinated Sukuk Murabahah (12 non-call 7)	10 years

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

**A9. Dividends Paid**

Dividends paid during the 12 months financial year ended 31 December 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 ended 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 payment date for cash dividend and crediting of ordinary shares under the DRP was completed on 30 October 2018.

- (c) Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM94,259,000 during the 12 months financial year ended 31 December 2018.

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**A10. Financial Investments Portfolio**

	Note	Group		Bank	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Financial assets designated upon initial recognition at fair value through profit or loss	(i)	15,716,038	13,187,127	-	-
Financial investments at fair value through profit or loss	(ii)	14,252,900	-	8,914,167	-
Financial investments held-for-trading	(iii)	-	11,930,366	-	7,896,677
Financial investments at fair value through other comprehensive income	(iv)	120,913,888	-	89,582,837	-
Financial investments available-for-sale	(v)	-	109,070,244	-	89,286,739
Financial investments at amortised cost	(vi)	27,069,261	-	22,857,070	-
Financial investments held-to-maturity	(vii)	-	20,184,773	-	17,763,565
		<b>177,952,087</b>	<b>154,372,510</b>	<b>121,354,074</b>	<b>114,946,981</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	167,484	243,699	-	-
Malaysian Government Investment Issues	409,107	142,181	-	-
Negotiable Islamic Certificates of Deposits	-	254,048	-	-
Foreign Government Securities	19,435	254,952	-	-
Foreign Government Treasury Bills	25,749	111,432	-	-
	<b>621,775</b>	<b>1,006,312</b>	<b>-</b>	<b>-</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	24,252	18,056	-	-
Unit trusts	24,932	-	-	-
<b>Outside Malaysia:</b>				
Shares, warrants and loan stocks	65,701	188,865	-	-
	<b>114,885</b>	<b>206,921</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Corporate Bonds and Sukuk	14,012,802	10,840,030	-	-
Structured deposits	272,111	386,594	-	-
<b>Outside Malaysia:</b>				
Corporate Bonds and Sukuk	694,465	747,270	-	-
	<b>14,979,378</b>	<b>11,973,894</b>	<b>-</b>	<b>-</b>
<b>Total financial assets designated upon initial recognition at fair value through profit or loss</b>	<b>15,716,038</b>	<b>13,187,127</b>	<b>-</b>	<b>-</b>

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

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	172,592	-	152,263	-
Malaysian Government Investment Issues	932,630	-	176,720	-
Cagamas Bonds	254,290	-	254,290	-
Negotiable instruments of deposits	176,621	-	176,621	-
Foreign Government Securities	1,793,844	-	1,738,814	-
Malaysian Government Treasury Bills	291,106	-	291,106	-
Bank Negara Malaysia Bills and Notes	75,896	-	75,896	-
Foreign Government Treasury Bills	13,965	-	13,965	-
	<u>3,710,944</u>	<u>-</u>	<u>2,879,675</u>	<u>-</u>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	3,709,009	-	87,898	-
Unit trusts	69,185	-	69,185	-
<b>Outside Malaysia:</b>				
Shares, warrants, mutual funds and loan stocks	554,123	-	13,286	-
Unit trusts	124,960	-	43,839	-
Corporate Bonds and Sukuk	14,163	-	-	-
Government Bonds	54,915	-	-	-
	<u>4,526,355</u>	<u>-</u>	<u>214,208</u>	<u>-</u>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Shares	770,229	-	600,549	-
Unit trusts	260,633	-	-	-
Corporate Bonds and Sukuk	1,376,170	-	1,778,334	-
<b>Outside Malaysia:</b>				
Shares	667	-	-	-
Unit trusts	3,393	-	-	-
Mutual Funds	42,021	-	-	-
Corporate Bonds and Sukuk	2,869,421	-	2,971,641	-
Government Bonds	477,466	-	469,760	-
Structured deposits	215,601	-	-	-
	<u>6,015,601</u>	<u>-</u>	<u>5,820,284</u>	<u>-</u>
<b>Total financial investments at fair value through profit or loss</b>	<u>14,252,900</u>	<u>-</u>	<u>8,914,167</u>	<u>-</u>

**(iii) Financial investments held-for-trading**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	-	1,077,730	-	128,081
<b>Outside Malaysia:</b>				
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>
<b>Unquoted securities:</b>				
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>
<b>Total financial investments held-for-trading</b>	<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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	13,016,540	-	12,994,902	-
Malaysian Government Investment Issues	26,548,415	-	16,453,295	-
Negotiable instruments of deposits	101,710	-	699,011	-
Foreign Government Securities	9,027,030	-	7,046,826	-
Foreign Government Treasury Bills	15,413,937	-	5,089,308	-
Khazanah Bonds	2,475,788	-	2,322,544	-
Cagamas Bonds	889,251	-	889,251	-
	<u>67,472,671</u>	<u>-</u>	<u>45,495,137</u>	<u>-</u>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	7,660	-	19,677	-
<b>Outside Malaysia:</b>				
Shares, warrants and loan stocks	2,748	-	-	-
Corporate Bonds and Sukuk	64,056	-	-	-
Government Bonds	114,702	-	-	-
	<u>189,166</u>	<u>-</u>	<u>19,677</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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Shares and loan stocks	335,393	-	280,744	-
Government Bonds	564,361	-	520,595	-
Corporate Bonds and Sukuk	24,976,821	-	18,096,677	-
<b>Outside Malaysia:</b>				
Shares	3,501	-	-	-
Government Bonds	11,273,252	-	10,567,929	-
Corporate Bonds and Sukuk	16,098,723	-	14,602,078	-
	<u>53,252,051</u>	<u>-</u>	<u>44,068,023</u>	<u>-</u>
<b>Total financial investments at fair value through other comprehensive income</b>	<b>120,913,888</b>	<b>-</b>	<b>89,582,837</b>	<b>-</b>

(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
	12-month 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 (Note A42)	37,885	20,938	314,057	372,880
At 1 January 2018, as restated	37,885	20,938	314,057	372,880
Transferred to Stage 1	1,305	(1,305)	-	-
Transferred to Stage 2	(92)	92	-	-
Transferred to Stage 3	(177)	-	177	-
Net remeasurement of allowances	(9,814)	(260)	81,601	71,527
New financial assets originated or purchased	14,436	895	-	15,331
Financial assets derecognised	(23,408)	(18,380)	(8,314)	(50,102)
Amount written-off/realised	-	-	(203,457)	(203,457)
Exchange differences	7,931	(401)	(734)	6,796
At 31 December 2018	<u>28,066</u>	<u>1,579</u>	<u>183,330</u>	<u>212,975</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.):

<b>Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	
<b>At 31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2018				
- effect of adopting MFRS 9 (Note A42)	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	1,305	(1,305)	-	-
Transferred to Stage 2	(78)	78	-	-
Transferred to Stage 3	(155)	-	155	-
Net remeasurement of allowances	(5,841)	(246)	38,575	32,488
New financial assets originated or purchased	11,131	860	-	11,991
Financial assets derecognised	(18,970)	(17,896)	(8,314)	(45,180)
Amount written-off/realised	-	-	(203,457)	(203,457)
Exchange differences	4,963	(270)	(1,776)	2,917
At 31 December 2018	<b>21,652</b>	<b>1,828</b>	<b>125,518</b>	<b>148,998</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>				
<b>Money market instruments:</b>				
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	-	-
	-	<b>54,919,782</b>	-	<b>43,705,255</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	-	2,682,254	-	196,592
<b>Outside Malaysia:</b>				
Shares, warrants, trust units and loan stocks	-	222,422	-	-
Foreign Corporate Bonds and Sukuk	-	66,283	-	-
Foreign Government Bonds	-	22,495	-	-
	-	<b>2,993,454</b>	-	<b>196,592</b>

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

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses</b>				
<b>Unquoted securities:</b>				
Shares, trust units and loan stocks in Malaysia <sup>#</sup>	-	360,644	-	280,825
Shares, trust units and loan stocks outside Malaysia <sup>#</sup>	-	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>
<b>Total financial investments available-for-sale</b>	<u>-</u>	<u>109,070,244</u>	<u>-</u>	<u>89,286,739</u>

<sup>#</sup> 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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
At 1 January				
- as previously stated	521,323	560,730	399,901	409,141
- effect of adopting MFRS 9 (Note A42)	<u>(521,323)</u>	<u>-</u>	<u>(399,901)</u>	<u>-</u>
At 1 January, 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 31 December	<u>-</u>	<u>521,323</u>	<u>-</u>	<u>399,901</u>

**(vi) Financial investments at amortised cost**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Money market instruments:</b>				
Malaysian Government Securities	3,343,923	-	3,343,819	-
Cagamas Bonds	50,253	-	50,253	-
Malaysian Government Investment Issues	5,974,162	-	4,433,186	-
Foreign Government Securities	1,902,111	-	-	-
Khazanah Bonds	236,635	-	236,635	-
Foreign Certificates of Deposits	154,150	-	-	-
	<u>11,661,234</u>	<u>-</u>	<u>8,063,893</u>	<u>-</u>

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

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Corporate Bonds and Sukuk	12,203,579	-	12,353,936	-
Others	2,044	-	2,044	-
<b>Outside Malaysia:</b>				
Corporate Bonds and Sukuk	2,952,669	-	2,505,578	-
Government Bonds	366,633	-	30,909	-
	<u>15,524,925</u>	<u>-</u>	<u>14,892,467</u>	<u>-</u>
Accumulated impairment losses	(116,898)	-	(99,290)	-
<b>Total financial investments at amortised cost</b>	<b><u>27,069,261</u></b>	<b><u>-</u></b>	<b><u>22,857,070</u></b>	<b><u>-</u></b>

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>At 31 December 2018</b>				<b>RM'000</b>
At 1 January 2018				
- as previously stated - MFRS 139				4,224
- effect of adopting MFRS 9 (Note A42)				<u>101,739</u>
At 1 January 2018, as restated	20,113	82,074	3,776	<u>105,963</u>
Transferred to Stage 1	20,370	(20,370)	-	-
Transferred to Stage 2	(113)	113	-	-
Transferred to Stage 3	(294)	-	294	-
Net remeasurement of allowances	(24,143)	(18,812)	51,170	8,215
New financial assets originated or purchased	8,728	-	-	8,728
Financial assets derecognised	(5,198)	(816)	-	(6,014)
Exchange differences	6	-	-	6
At 31 December 2018	<u>19,469</u>	<u>42,189</u>	<u>55,240</u>	<u>116,898</u>
	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
<b>Bank</b>				
<b>At 31 December 2018</b>				<b>RM'000</b>
At 1 January 2018				
- as previously stated - MFRS 139				3,776
- effect of adopting MFRS 9 (Note A42)				<u>76,190</u>
At 1 January 2018, as restated	7,780	68,410	3,776	<u>79,966</u>
Transferred to Stage 1	20,370	(20,370)	-	-
Transferred to Stage 2	(69)	69	-	-
Transferred to Stage 3	(294)	-	294	-
Net remeasurement of allowances	(17,527)	(14,559)	51,170	19,084
New financial assets originated or purchased	2,844	-	-	2,844
Financial assets derecognised	(1,937)	(816)	-	(2,753)
Exchange differences	149	-	-	149
At 31 December 2018	<u>11,316</u>	<u>32,734</u>	<u>55,240</u>	<u>99,290</u>

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

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>At amortised cost less accumulated impairment losses</b>				
<b>Money market instruments:</b>				
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>7,050,466</u>	-	<u>5,458,673</u>
<b>Unquoted securities:</b>				
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>13,138,531</u>	-	<u>12,308,668</u>
Accumulated impairment losses	-	<u>(4,224)</u>	-	<u>(3,776)</u>
<b>Total financial investments held-to-maturity</b>	-	<u>20,184,773</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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
At 1 January	-	24,282	-	3,776
Amount written back in respect of recoveries	-	(107)	-	-
Amount written-off	-	(20,053)	-	-
Exchange differences	-	102	-	-
At 31 December	-	<u>4,224</u>	-	<u>3,776</u>

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**A11. Loans, Advances and Financing**

	Note	Group		Bank	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Loans, advances and financing to financial institutions	(i)	1,576,199	2,026,276	17,052,024	18,614,231
Loans, advances and financing to customers	(ii)	505,507,620	483,558,086	213,314,768	272,383,738
		<b>507,083,819</b>	<b>485,584,362</b>	<b>230,366,792</b>	<b>290,997,969</b>
<b>(i) Loans, advances and financing to financial institutions<sup>^</sup>:</b>					
Gross loans, advances and financing to financial institutions at amortised cost		1,586,487	2,040,105	17,329,554	18,817,485
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12-month ECL		(10,288)	-	(24,693)	-
- Stage 2 - Lifetime ECL not credit impaired		-	-	(50,130)	-
- Stage 3 - Lifetime ECL credit impaired		-	-	(202,707)	-
- Individual allowance		-	-	-	(151,092)
- Collective allowance		-	(13,829)	-	(52,162)
Net loans, advances and financing to financial institutions		<b>1,576,199</b>	<b>2,026,276</b>	<b>17,052,024</b>	<b>18,614,231</b>
<b>(ii) Loans, advances and financing to customers:</b>					
(A) Loans, advances and financing to customers at fair value through profit or loss		396,950	-	396,950	-
(B) Loans, advances and financing to customers at fair value through other comprehensive income		8,968,438	-	8,680,217	-
(C) Loans, advances and financing to customers at amortised cost		603,897,146	591,764,524	211,710,171	279,859,642
		<b>613,262,534</b>	<b>591,764,524</b>	<b>220,787,338</b>	<b>279,859,642</b>
Unearned interest and income		(97,515,284)	(99,959,543)	(1,946,903)	(1,841,868)
Gross loans, advances and financing to customers		515,747,250	491,804,981	218,840,435	278,017,774
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12-month ECL		(1,644,653)	-	(632,504)	-
- Stage 2 - Lifetime ECL not credit impaired		(2,518,274)	-	(1,174,896)	-
- Stage 3 - Lifetime ECL credit impaired		(6,076,703)	-	(3,718,267)	-
- Individual allowance		-	(4,120,531)	-	(2,851,528)
- Collective allowance		-	(4,126,364)	-	(2,782,508)
Net loans, advances and financing to customers		<b>505,507,620</b>	<b>483,558,086</b>	<b>213,314,768</b>	<b>272,383,738</b>
Net loans, advances and financing	(i) & (ii)	<b>507,083,819</b>	<b>485,584,362</b>	<b>230,366,792</b>	<b>290,997,969</b>

<sup>^</sup> 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 RM17,223.2 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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>(iii) Loans, advances and financing to financial institutions and customers</b>				
Loans/financing to financial institutions	1,586,487	2,040,105	17,329,554	18,817,485
Overdrafts/cashline	21,299,471	20,132,843	8,106,770	9,002,080
Term loans:				
- Housing loans/financing	159,088,775	149,069,563	36,356,772	59,881,852
- Syndicated loans/financing	46,222,426	39,920,409	41,244,555	35,704,531
- Hire purchase receivables	75,934,569	73,150,529	16,408,151	25,862,558
- Lease receivables	242,882	120,939	-	-
- Other loans/financing	214,424,843	216,033,764	68,553,882	96,176,360
Credit card receivables	9,343,455	8,991,286	6,146,551	7,257,690
Bills receivables	3,789,648	3,868,214	3,110,604	3,722,569
Trust receipts	5,200,001	4,528,344	3,936,289	3,821,888
Claims on customers under acceptance credits	11,528,371	11,493,076	5,835,521	5,773,350
Revolving credits	56,468,421	54,764,740	28,623,423	29,825,692
Share margin financing	5,997,054	6,009,287	1,821,367	2,014,503
Staff loans	3,484,282	3,447,298	643,079	815,718
Loans to:				
- Directors of the Bank	3,007	4,253	302	212
- Directors of subsidiaries	4,439	4,811	72	639
Others	230,890	225,168	-	-
	<u>614,849,021</u>	<u>593,804,629</u>	<u>238,116,892</u>	<u>298,677,127</u>
Unearned interest and income	<u>(97,515,284)</u>	<u>(99,959,543)</u>	<u>(1,946,903)</u>	<u>(1,841,868)</u>
Gross loans, advances and financing	<u>517,333,737</u>	<u>493,845,086</u>	<u>236,169,989</u>	<u>296,835,259</u>
Allowances for impaired loans, advances and financing:				
- Stage 1 - 12-month ECL	(1,654,941)	-	(657,197)	-
- Stage 2 - Lifetime ECL not credit impaired	(2,518,274)	-	(1,225,026)	-
- Stage 3 - Lifetime ECL credit impaired	(6,076,703)	-	(3,920,974)	-
- Individual allowance	-	(4,120,531)	-	(3,002,620)
- Collective allowance	-	(4,140,193)	-	(2,834,670)
Net loans, advances and financing	<u>507,083,819</u>	<u>485,584,362</u>	<u>230,366,792</u>	<u>290,997,969</u>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Domestic banking institutions	6,908	16,084	17,220,465	18,059,723
Domestic non-banking financial institutions	26,193,612	25,554,508	18,552,066	20,265,706
Domestic business enterprises:				
- Small and medium enterprises	99,533,072	94,307,445	58,697,124	57,001,083
- Others	93,524,665	88,234,305	44,183,640	57,380,920
Government and statutory bodies	13,656,700	15,402,406	139,377	900,545
Individuals	237,263,494	228,084,123	61,001,130	110,824,453
Other domestic entities	9,795,754	8,657,197	1,836,429	1,361,032
Foreign entities	37,359,532	33,589,018	34,539,758	31,041,797
Gross loans, advances and financing	<u>517,333,737</u>	<u>493,845,086</u>	<u>236,169,989</u>	<u>296,835,259</u>

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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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Malaysia	301,734,794	289,103,366	141,519,718	142,852,051
Singapore	130,263,205	124,388,161	59,760,535	122,847,450
Indonesia	39,792,918	39,009,785	-	-
Labuan Offshore	17,829,128	14,478,182	17,829,128	14,478,182
Hong Kong SAR	8,824,183	8,571,662	8,583,851	8,266,943
United States of America	888,894	813,651	888,310	813,079
People's Republic of China	4,050,027	4,101,002	4,050,027	4,101,002
Vietnam	1,075,504	861,178	839,577	637,743
United Kingdom	1,627,168	1,692,984	1,627,123	1,692,934
Brunei	624,809	660,211	624,809	660,211
Cambodia	2,436,379	2,263,316	-	-
Bahrain	-	120,152	-	120,152
Philippines	6,143,148	5,860,871	-	-
Thailand	1,592,704	1,515,687	-	-
Laos	149,387	134,911	149,387	134,911
Myanmar	297,524	230,601	297,524	230,601
Others	3,965	39,366	-	-
Gross loans, advances and financing	<b>517,333,737</b>	<b>493,845,086</b>	<b>236,169,989</b>	<b>296,835,259</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Fixed rate:				
- Housing loans/financing	16,663,446	14,448,234	435,889	12,367,358
- Hire purchase receivables	65,297,909	62,031,596	14,531,517	23,507,256
- Other fixed rate loans/financing	64,927,250	65,233,033	42,800,462	49,151,305
Variable rate:				
- Base lending/financing rate/ base rate plus	198,416,862	186,900,601	82,756,689	86,193,316
- Cost plus	65,968,105	62,214,999	51,651,165	56,955,905
- Other variable rates	106,060,165	103,016,623	43,994,267	68,660,119
Gross loans, advances and financing	<b>517,333,737</b>	<b>493,845,086</b>	<b>236,169,989</b>	<b>296,835,259</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Purchase of securities	35,527,786	33,963,031	8,286,409	9,428,608
Purchase of transport vehicles	66,604,915	64,175,135	13,483,796	22,793,620
Purchase of landed properties:				
- Residential	114,371,528	106,334,633	35,594,858	66,085,358
- Non-residential	39,220,906	40,756,217	18,948,128	28,602,987
Purchase of fixed assets (excluding landed properties)	4,818,811	5,883,215	4,308,283	5,842,763
Personal use	10,820,029	10,376,625	4,548,602	6,351,673
Credit card	9,534,058	9,168,555	6,287,421	7,393,984
Purchase of consumer durables	10,882	4,565	10,580	4,235
Constructions	16,078,361	16,761,677	10,481,392	10,827,248
Mergers and acquisitions	1,542,456	876,464	1,504,698	850,019
Working capital	170,484,232	160,235,663	93,428,944	97,562,331
Others	48,319,773	45,309,306	39,286,878	41,092,433
Gross loans, advances and financing	<b>517,333,737</b>	<b>493,845,086</b>	<b>236,169,989</b>	<b>296,835,259</b>



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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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Within one year	135,610,572	130,156,691	76,164,888	84,077,790
One year to three years	59,706,901	56,735,002	43,006,884	41,663,942
Three years to five years	59,767,404	58,058,485	34,936,137	40,131,495
After five years	262,248,860	248,894,908	82,062,080	130,962,032
Gross loans, advances and financing	<b>517,333,737</b>	<b>493,845,086</b>	<b>236,169,989</b>	<b>296,835,259</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
At 1 January				
- as previously stated	11,549,903	11,055,380	8,070,841	7,180,389
- effect of adopting MFRS 9	551,347	-	183,360	-
At 1 January, as restated	<b>12,101,250</b>	11,055,380	<b>8,254,201</b>	7,180,389
Impaired during the financial year	6,162,782	7,105,386	3,721,057	3,875,729
Reclassified as non-impaired	(797,493)	(2,276,061)	(434,523)	(997,473)
Amount recovered	(2,524,215)	(2,262,161)	(1,619,357)	(1,151,312)
Amount written-off	(2,553,154)	(1,648,146)	(1,671,973)	(648,610)
Transferred to subsidiaries, net	-	-	(526,697)	-
Exchange differences	97,251	(424,495)	332,281	(187,882)
Gross impaired loans at 31 December	<b>12,486,421</b>	11,549,903	<b>8,054,989</b>	8,070,841
Less: Stage 3 - Lifetime ECL credit impaired	(6,229,987)	-	(4,074,258)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net impaired loans at 31 December	<b>6,256,434</b>	<b>7,429,372</b>	<b>3,980,731</b>	<b>5,068,221</b>

Calculation of ratio of net impaired loans:

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Gross impaired loans at 31 December (excluding financing funded by Investment Account*)	12,423,002	11,483,939	8,054,989	8,070,841
Less: Stage 3 - Lifetime ECL credit impaired	(6,229,987)	-	(4,074,258)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net impaired loans	<b>6,193,015</b>	<b>7,363,408</b>	<b>3,980,731</b>	<b>5,068,221</b>
Gross loans, advances and financing	517,333,737	493,845,086	236,169,989	296,835,259
Less: Funded by Investment Account*	(23,565,061)	(24,555,445)	-	-
Less: Allowances for impaired loans, advances and financing at fair value through other comprehensive income and at amortised cost	(10,435,012)	-	(5,983,091)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net loans, advances and financing	<b>483,333,664</b>	<b>465,169,110</b>	<b>230,186,898</b>	<b>293,832,639</b>
Ratio of net impaired loans	<b>1.28%</b>	1.58%	<b>1.73%</b>	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	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Purchase of securities	171,949	275,691	125,050	163,430
Purchase of transport vehicles	423,797	369,622	90,792	100,104
Purchase of landed properties:				
- Residential	963,061	717,419	320,823	376,994
- Non-residential	1,059,724	992,952	874,210	872,588
Purchase of fixed assets (excluding landed properties)	1,292,213	1,512,007	1,275,586	1,483,691
Personal use	208,488	160,019	135,469	128,583
Credit card	77,281	90,831	35,826	63,872
Purchase of consumer durables	6,068	106	6,060	98
Constructions	1,720,827	1,504,782	1,301,329	1,106,035
Working capital	4,660,840	5,381,439	2,246,575	3,425,896
Others	1,902,173	545,035	1,643,269	349,550
Gross impaired loans, advances and financing	<b>12,486,421</b>	<b>11,549,903</b>	<b>8,054,989</b>	<b>8,070,841</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Malaysia	5,756,439	5,619,324	3,652,980	3,896,008
Singapore	4,425,988	2,931,842	3,842,394	2,897,765
Indonesia	1,472,115	1,417,698	-	-
Labuan Offshore	306,498	244,722	306,498	244,722
Hong Kong SAR	7,296	886,737	6,384	878,849
United States of America	583	572	-	-
People's Republic of China	56,929	1,054	56,929	1,054
Vietnam	58,073	68,271	57,336	67,121
Brunei	69,737	38,529	69,737	38,529
Cambodia	97,093	97,667	-	-
Bahrain	-	5,063	-	5,063
Philippines	135,879	123,185	-	-
Thailand	33,093	38,438	-	-
Laos	62,731	41,730	62,731	41,730
Others	3,967	35,071	-	-
Gross impaired loans, advances and financing	<b>12,486,421</b>	<b>11,549,903</b>	<b>8,054,989</b>	<b>8,070,841</b>

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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 fair value through other comprehensive income

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 31 December 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9 (Note A42)	12,822	1,503	-	14,325
At 1 January 2018, as restated	12,822	1,503	-	14,325
Transferred to Stage 1	1,503	(1,503)	-	-
Transferred to Stage 2	(179)	179	-	-
Transferred to Stage 3	(3,416)	-	3,416	-
Net remeasurement of allowances	(3,845)	586	147,611	144,352
New financial assets originated or purchased	20,864	3,885	-	24,749
Financial assets derecognised	(1,056)	-	-	(1,056)
Changes in models/risk parameters	(2,475)	-	-	(2,475)
Exchange differences	2,942	-	2,257	5,199
At 31 December 2018	27,160	4,650	153,284	185,094

Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 31 December 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9 (Note A42)	12,300	1,503	-	13,803
At 1 January 2018, as restated	12,300	1,503	-	13,803
Transferred to Stage 1	1,503	(1,503)	-	-
Transferred to Stage 2	(179)	179	-	-
Transferred to Stage 3	(3,416)	-	3,416	-
Net remeasurement of allowances	(1,191)	586	147,611	147,006
New financial assets originated or purchased	19,510	84	-	19,594
Financial assets derecognised	(534)	-	-	(534)
Changes in models/risk parameters	(2,475)	-	-	(2,475)
Exchange differences	243	-	2,257	2,500
At 31 December 2018	25,761	849	153,284	179,894

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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 amortised cost**

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<b>Group</b>	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2018</b>				
At 1 January 2018				
- as previously stated - MFRS 139				8,260,724
- effect of adopting MFRS 9 (Note A42)				<u>2,829,359</u>
At 1 January 2018, as restated	1,543,575	2,938,959	6,607,549	11,090,083
Transferred to Stage 1	945,849	(707,258)	(238,591)	-
Transferred to Stage 2	(90,441)	293,774	(203,333)	-
Transferred to Stage 3	(33,896)	(183,954)	217,850	-
Net remeasurement of allowances	(812,424)	328,459	3,375,978	2,892,013
New financial assets originated or purchased	763,810	491,892	-	1,255,702
Financial assets derecognised	(431,843)	(425,141)	(1,434,518)	(2,291,502)
Changes in models/risk parameters	(124,517)	(67,123)	(724)	(192,364)
Amount related to Restricted Investment Account	-	-	50,553	50,553
Amount written-off	-	-	(2,553,152)	(2,553,152)
Exchange differences	(105,172)	(151,334)	255,091	(1,415)
At 31 December 2018	<u>1,654,941</u>	<u>2,518,274</u>	<u>6,076,703</u>	<u>10,249,918</u>

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<b>Bank</b>	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2018</b>				
At 1 January 2018				
- as previously stated - MFRS 139				5,837,290
- effect of adopting MFRS 9 (Note A42)				<u>1,392,447</u>
At 1 January 2018, as restated	733,695	1,741,729	4,754,313	7,229,737
Transferred to Stage 1	492,559	(411,492)	(81,067)	-
Transferred to Stage 2	(36,211)	185,718	(149,507)	-
Transferred to Stage 3	(27,407)	(78,165)	105,572	-
Net remeasurement of allowances	(398,402)	102,185	2,091,616	1,795,399
New financial assets originated or purchased	273,210	161,544	-	434,754
Financial assets derecognised	(257,135)	(265,438)	(919,985)	(1,442,558)
Changes due to change in credit risk				-
Modifications to contractual cash flows of financial assets				-
Changes in models/risk parameters	(43,673)	(78,064)	-	(121,737)
Changes in risk parameters				-
Transferred to subsidiaries, net	(80,972)	(135,982)	(245,789)	(462,743)
Amount written-off	-	-	(1,671,973)	(1,671,973)
Exchange differences	1,533	2,991	37,794	42,318
At 31 December 2018	<u>657,197</u>	<u>1,225,026</u>	<u>3,920,974</u>	<u>5,803,197</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	
	31 December 2018** RM'000	31 December 2017 RM'000	31 December 2018** RM'000	31 December 2017 RM'000
<b>Individual Allowance</b>				
At 1 January	-	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 31 December	-	4,120,531	-	3,002,620
	Group		Bank	
	31 December 2018** RM'000	31 December 2017 RM'000	31 December 2018** RM'000	31 December 2017 RM'000
<b>Collective Allowance</b>				
At 1 January	-	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 31 December	-	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.

\*\* Upon adoption of MFRS 9 on 1 January 2018, the Group and the Bank disclose ECL by stages as disclosed in Note A11(xii).

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**A12. Reinsurance/Retakaful Assets and Other Insurance Receivables**

	Note	Group	
		31 December 2018	31 December 2017
		RM'000	RM'000
Reinsurance/retakaful assets	(i)	3,285,269	3,222,455
Other insurance receivables	(ii)	514,778	711,317
		<u>3,800,047</u>	<u>3,933,772</u>

(i) Reinsurance/retakaful assets		Group	
		31 December 2018	31 December 2017
		RM'000	RM'000
Reinsurers' share of:		2,983,564	2,884,125
Life insurance contract liabilities		49,111	32,963
General insurance contract liabilities		2,934,453	2,851,162
Retakaful operators' share of:		305,975	338,330
Family takaful certificate liabilities		73,802	76,166
General takaful certificate liabilities		232,173	262,164
Stage 1 - 12-month ECL	(iii)	(4,270)	-
		<u>3,285,269</u>	<u>3,222,455</u>

(ii) Other insurance receivables		Group	
		31 December 2018	31 December 2017
		RM'000	RM'000
Due premium including agents/brokers and co-insurers balances		262,391	283,197
Due from reinsurers and cedants/retakaful operators		268,559	444,868
		530,950	728,065
Allowance for impairment losses	(iii)	(16,172)	(16,748)
		<u>514,778</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
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 31 December 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				16,748
- as previously stated				16,748
- effect of adopting MFRS 9 (Note A42)				13,093
At 1 January 2018, as restated	29,841	-	-	29,841
Net remeasurement of allowances	(5,985)	-	-	(5,985)
Exchange differences	(3,414)	-	-	(3,414)
At 31 December 2018	<u>20,442</u>	<u>-</u>	<u>-</u>	<u>20,442</u>

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**A13. Other Assets**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Other debtors, net of expected credit losses	6,426,560	5,554,056	5,041,129	4,328,113
Amount due from brokers and clients	1,679,116	2,346,536	-	-
Prepayments and deposits	1,343,267	1,420,247	196,746	443,875
Tax recoverable	136,131	88,297	-	-
Foreclosed properties	288,266	289,004	29,410	29,409
	<b>9,873,340</b>	<b>9,698,140</b>	<b>5,267,285</b>	<b>4,801,397</b>

**A14. Deposits from Customers**

**(i) By type of deposit**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	312,630,907	285,822,118	123,641,231	167,002,740
- More than one year	6,262,601	11,605,917	1,049,608	9,296,982
	<b>318,893,508</b>	<b>297,428,035</b>	<b>124,690,839</b>	<b>176,299,722</b>
Money market deposits	26,939,821	18,167,679	26,939,821	18,167,679
Savings deposits	72,552,819	71,591,820	27,308,716	47,602,272
Demand deposits	114,346,475	114,829,911	76,220,939	86,868,927
	<b>532,732,623</b>	<b>502,017,445</b>	<b>255,160,315</b>	<b>328,938,600</b>

**(ii) By type of customer**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Business enterprises	243,864,537	238,688,009	156,302,192	166,333,827
Individuals	208,707,696	205,434,319	75,316,213	141,356,982
Government and statutory bodies	35,291,078	28,731,383	8,806,390	9,327,767
Others	44,869,312	29,163,734	14,735,520	11,920,024
	<b>532,732,623</b>	<b>502,017,445</b>	<b>255,160,315</b>	<b>328,938,600</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Within six months	257,314,133	226,669,904	103,502,412	124,598,343
Six months to one year	55,316,775	59,152,214	20,138,819	42,404,397
One year to three years	5,821,123	10,813,684	984,301	9,221,071
Three years to five years	441,477	792,233	65,307	75,911
	<b>318,893,508</b>	<b>297,428,035</b>	<b>124,690,839</b>	<b>176,299,722</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Licensed banks	39,504,617	37,657,509	51,341,923	35,529,964
Licensed finance companies	64,257	75,407	64,257	75,407
Licensed investment banks	98,277	31,021	98,277	31,021
Other financial institutions	4,183,426	4,834,194	1,436,290	2,008,742
	<b>43,850,577</b>	<b>42,598,131</b>	<b>52,940,747</b>	<b>37,645,134</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
One year or less	41,092,831	39,516,290	52,405,495	36,024,326
More than one year	2,757,746	3,081,841	535,252	1,620,808
	<b>43,850,577</b>	<b>42,598,131</b>	<b>52,940,747</b>	<b>37,645,134</b>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Structured deposits</b>	<b>1,640,430</b>	<b>2,366,966</b>	<b>1,254,743</b>	<b>1,474,271</b>
<b>Borrowings</b>				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	6,598,010	3,362,727	6,598,010	3,362,727
- RM	654,251	646,122	654,251	646,122
	<b>7,252,261</b>	<b>4,008,849</b>	<b>7,252,261</b>	<b>4,008,849</b>
Total financial liabilities at fair value through profit or loss	<b>8,892,691</b>	<b>6,375,815</b>	<b>8,507,004</b>	<b>5,483,120</b>

The carrying amount of both structured deposits and borrowings designated at FVTPL of the Group and of the Bank as at 31 December 2018 were RM9,616,975,000 and RM9,231,989,000 (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	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
<b>(i) Borrowings</b>				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	684	668	-	-
- PHP	-	80	-	-
- IDR	1,123,402	1,159,884	-	-
- VND	12,493	5,138	-	-
	<u>1,136,579</u>	<u>1,165,770</u>	<u>-</u>	<u>-</u>
- More than one year				
Denominated in:				
- SGD	236,572	236,302	-	-
- IDR	1,628,153	1,982,846	-	-
	<u>1,864,725</u>	<u>2,219,148</u>	<u>-</u>	<u>-</u>
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	71,515	74,588	-	-
	<u>71,515</u>	<u>74,588</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>3,072,819</u>	<u>3,459,506</u>	<u>-</u>	<u>-</u>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	3,159,728	4,272,752	2,346,972	3,861,646
- SGD	1,390,760	1,616,118	-	-
- THB	1,249,281	1,232,326	-	-
- HKD	77,913	121,905	-	-
- IDR	994,104	30,788	-	-
- VND	-	3	-	-
- INR	11,801	6,358	-	-
- JPY	1,733	5	-	-
- EURO	-	193,671	-	193,671
- RM	411,361	2,533,470	411,361	2,533,470
	<u>7,296,681</u>	<u>10,007,396</u>	<u>2,758,333</u>	<u>6,588,787</u>
- More than one year				
Denominated in:				
- USD	4,862,217	3,746,250	4,862,217	3,746,250
- JPY	-	1,970	-	-
- IDR	547,870	519,091	-	-
	<u>5,410,087</u>	<u>4,267,311</u>	<u>4,862,217</u>	<u>3,746,250</u>

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

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>(i) Borrowings (cont'd.)</b>				
Unsecured (cont'd.)				
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	509,232	1,768,020	509,232	1,768,020
- HKD	641,654	357,950	641,654	357,950
- SGD	219	164,087	219	164,087
- JPY	1,879,013	668,664	1,879,013	668,664
- AUD	242,059	3,250	242,059	3,250
- CNH	606,377	449,015	606,377	449,015
- CHF	39	39	39	39
- CNY	7,292	5,801	7,292	5,801
- RM	100,967	476,918	100,967	476,918
	<b>3,986,852</b>	<b>3,893,744</b>	<b>3,986,852</b>	<b>3,893,744</b>
- More than one year				
Denominated in:				
- USD	4,389,228	3,705,750	4,389,228	3,705,750
- HKD	2,843,328	2,432,872	2,843,328	2,432,872
- JPY	2,503,979	4,197,152	2,503,979	4,197,152
- AUD	175,344	328,346	175,344	328,346
- CNH	899,073	956,940	899,073	956,940
- CHF	420,088	414,301	420,088	414,301
- CNY	602,718	622,300	602,718	622,300
- RM	-	220,000	-	220,000
	<b>11,833,758</b>	<b>12,877,661</b>	<b>11,833,758</b>	<b>12,877,661</b>
Total unsecured borrowings	<b>28,527,378</b>	<b>31,046,112</b>	<b>23,441,160</b>	<b>27,106,442</b>
Total borrowings	<b>31,600,197</b>	<b>34,505,618</b>	<b>23,441,160</b>	<b>27,106,442</b>
	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>(ii) Subordinated Obligations</b>				
Unsecured				
- More than one year				
Denominated in:				
- RM	8,186,575	8,937,055	7,076,627	7,327,196
- USD	2,080,683	2,035,330	2,080,683	2,035,330
- IDR	449,747	1,006,938	-	-
	<b>10,717,005</b>	<b>11,979,323</b>	<b>9,157,310</b>	<b>9,362,526</b>

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

	Group		Bank	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
<b>(iii) Capital Securities</b>				
Unsecured				
- More than one year				
Denominated in:				
- RM	3,531,029	4,672,482	3,531,029	4,672,482
- SGD	-	1,611,698	-	1,611,698
	<u>3,531,029</u>	<u>6,284,180</u>	<u>3,531,029</u>	<u>6,284,180</u>

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

Group	Note	31 December 2018 RM'000	31 December 2017 RM'000
Insurance/takaful contract liabilities	(i)	26,176,660	24,577,568
Other insurance payables	(ii)	676,442	541,275
		<u>26,853,102</u>	<u>25,118,843</u>

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

At 31 December 2018	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Life insurance/family takaful	20,779,777	(122,913)	20,656,864
General insurance/general takaful	5,396,883	(3,162,356)	2,234,527
	<u>26,176,660</u>	<u>(3,285,269)</u>	<u>22,891,391</u>
<b>At 31 December 2017</b>			
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**

	31 December 2018 RM'000	31 December 2017 RM'000
Due to agents and intermediaries	136,397	81,154
Due to reinsurers and cedants	492,310	371,874
Due to retakaful operators	47,735	88,247
	<u>676,442</u>	<u>541,275</u>

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**A19. Other Liabilities**

	Note	Group		Bank	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Amount due to brokers and clients		3,038,388	2,807,623	-	-
Deposits, other creditors and accruals		11,383,153	10,426,200	6,775,654	11,787,648
Defined benefit pension plans		474,018	531,809	-	-
Provisions for commitments and contingencies		32,003	41,953	27,416	41,953
Allowances for impairment losses on loan commitments and financial guarantee contracts	(i)	287,436	-	229,103	-
Finance lease liabilities		272,311	290,559	-	-
Structured deposits		6,301,362	5,080,996	308,888	5,080,996
		<b>21,788,671</b>	<b>19,179,140</b>	<b>7,341,061</b>	<b>16,910,597</b>

(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 RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
<b>At 31 December 2018</b>				
At 1 January 2018				
- effect of adopting MFRS 9 (Note A42)	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	8,664	(8,383)	(281)	-
Transferred to Stage 2	(594)	24,579	(23,985)	-
Transferred to Stage 3	(117)	(33)	150	-
Net remeasurement of allowances	12,188	(21,314)	(3,158)	(12,284)
New financial assets originated or purchased	29,707	23,756	118,811	172,274
Financial assets derecognised	(53,040)	(40,669)	(18,453)	(112,162)
Changes in models/risk parameters	(1,489)	(779)	-	(2,268)
Exchange differences	(1,416)	356	3,172	2,112
At 31 December 2018	<b>84,477</b>	<b>52,676</b>	<b>150,283</b>	<b>287,436</b>

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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-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
<b>Bank</b>				
<b>At 31 December 2018</b>				
At 1 January 2018				
- effect of adopting MFRS 9 (Note A42)	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	7,798	(7,654)	(144)	-
Transferred to Stage 2	(517)	24,053	(23,536)	-
Transferred to Stage 3	(117)	(33)	150	-
Net remeasurement of allowances	(1,596)	(21,633)	(1,847)	(25,076)
New financial assets originated or purchased	23,059	19,868	118,542	161,469
Financial assets derecognised	(41,625)	(36,315)	(16,110)	(94,050)
Changes in models/risk parameters	24	-	-	24
Transfer to subsidiary	(1,522)	(654)	-	(2,176)
Exchange differences	1,036	(270)	1,059	1,825
At 31 December 2018	<u>40,038</u>	<u>43,868</u>	<u>145,197</u>	<u>229,103</u>

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**A20. Other Reserves**

The breakdown and movement of other reserves are as follows:

<===== Non-Distributable =====>					
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
<b>At 1 January 2018</b>	13,557	(2,428)	(41,302)	(374,996)	(405,169)
Other comprehensive income	-	-	57,805	7,896	65,701
Defined benefit plan actuarial gain	-	-	57,805	-	57,805
Net gain on net investment hedge	-	-	-	7,017	7,017
Net gain on cash flow hedge	-	-	-	879	879
<b>Total comprehensive income for the financial year</b>	-	-	57,805	7,896	65,701
Transfer to retained profits	-	(284)	-	-	(284)
<b>Total other equity movements</b>	-	(284)	-	-	(284)
<b>At 31 December 2018</b>	13,557	(2,712)	16,503	(367,100)	(339,752)

<===== 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
<b>At 1 January 2017</b>	13,557	8,147	(54,360)	(443,684)	(476,340)
Other comprehensive income	-	-	13,058	68,688	81,746
Defined benefit plan actuarial gain	-	-	13,058	-	13,058
Net gain on net investment hedge	-	-	-	69,135	69,135
Net loss on cash flow hedge	-	-	-	(447)	(447)
<b>Total comprehensive income for the financial year</b>	-	-	13,058	68,688	81,746
Transfer to retained profits	-	(10,575)	-	-	(10,575)
<b>Total other equity movements</b>	-	(10,575)	-	-	(10,575)
<b>At 31 December 2017</b>	13,557	(2,428)	(41,302)	(374,996)	(405,169)

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**A21. Interest Income**

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Loans, advances and financing	4,414,414	4,086,658	16,902,847	16,465,364
Money at call and deposits and placements with financial institutions	222,459	209,123	804,384	781,866
Financial assets purchased under resale agreements	19,218	34,924	169,991	119,247
Financial assets at FVTPL	277,583	226,672	1,081,791	956,075
Financial investments at fair value through other comprehensive income	883,913	-	3,208,682	-
Financial investments at amortised cost	210,678	-	762,608	-
Financial investments available-for-sale	-	798,490	-	3,061,837
Financial investments held-to-maturity	-	162,850	-	617,810
	<b>6,028,265</b>	<b>5,518,717</b>	<b>22,930,303</b>	<b>22,002,199</b>
Accretion of discounts, net	51,847	40,337	263,368	54,135
	<b>6,080,112</b>	<b>5,559,054</b>	<b>23,193,671</b>	<b>22,056,334</b>

  

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Loans, advances and financing	2,953,568	2,930,786	12,231,807	11,675,791
Money at call and deposits and placements with financial institutions	278,369	215,640	907,081	855,031
Financial assets purchased under resale agreements	7,887	21,991	112,556	57,403
Financial assets at FVTPL	64,260	44,430	262,529	263,415
Financial investments at fair value through other comprehensive income	751,764	-	2,771,555	-
Financial investments at amortised cost	225,994	-	822,863	-
Financial investments available-for-sale	-	671,383	-	2,566,120
Financial investments held-to-maturity	-	163,586	-	574,497
	<b>4,281,842</b>	<b>4,047,816</b>	<b>17,108,391</b>	<b>15,992,257</b>
Accretion of discounts, net	76,563	56,922	359,113	107,688
	<b>4,358,405</b>	<b>4,104,738</b>	<b>17,467,504</b>	<b>16,099,945</b>

Included in interest income for the 12 months financial year ended 31 December 2018 was interest on impaired assets amounting to approximately RM387,346,000 (31 December 2017: RM313,375,000) for the Group and RM273,634,000 (31 December 2017: RM250,421,000) for the Bank.

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**A22. Interest Expense**

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Deposits and placements from financial institutions	301,454	204,662	1,180,629	671,140
Deposits from customers	1,970,799	1,665,036	7,255,369	6,636,215
Loans sold to Cagamas	16,321	16,320	64,750	71,108
Obligations on financial assets sold under repurchase agreements	74,711	25,341	176,634	77,619
Borrowings	291,338	295,067	1,060,928	1,097,184
Subordinated notes	132,432	148,380	547,594	683,401
Subordinated bonds	3,417	8,620	24,091	34,209
Capital securities	56,659	99,527	342,493	394,863
Structured deposits	35,495	32,353	127,817	108,806
Financial liabilities at fair value through profit or loss	89,216	41,562	340,460	134,748
	<b>2,971,842</b>	<b>2,536,868</b>	<b>11,120,765</b>	<b>9,909,293</b>

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Deposits and placements from financial institutions	322,567	177,966	1,146,577	629,109
Deposits from customers	1,372,694	1,227,064	5,500,634	4,744,993
Loans sold to Cagamas	16,321	16,320	64,750	71,108
Obligations on financial assets sold under repurchase agreements	91,234	25,341	193,157	77,619
Borrowings	155,719	178,106	548,916	639,336
Subordinated notes	105,141	105,893	419,339	506,105
Capital securities	56,656	99,527	342,490	395,175
Structured deposits	14,938	32,353	107,236	108,806
Financial liabilities at fair value through profit or loss	89,216	41,562	340,460	134,748
	<b>2,224,486</b>	<b>1,904,132</b>	<b>8,663,559</b>	<b>7,306,999</b>

**A23. Net Earned Insurance Premiums**

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Gross earned premiums	1,777,172	1,695,043	7,067,209	6,219,425
Premiums ceded to reinsurers	(275,019)	(261,281)	(1,133,646)	(968,535)
	<b>1,502,153</b>	<b>1,433,762</b>	<b>5,933,563</b>	<b>5,250,890</b>



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**A24. Dividends from Subsidiaries and Associates**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Bank</b>				
Gross dividend income from:				
Subsidiaries	786,264	31,399	2,393,421	1,910,288
Associates	-	(9)	398	9,856
	<b>786,264</b>	<b>31,390</b>	<b>2,393,819</b>	<b>1,920,144</b>

**A25. Other Operating Income**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Group</b>				
(a) Fee income:				
Commission	337,955	322,705	1,332,486	1,329,124
Service charges and fees	308,279	423,760	1,375,602	1,448,488
Underwriting fees	5,717	14,327	38,984	80,237
Brokerage income	83,654	104,021	397,870	452,874
Fees on loans, advances and financing	46,442	83,369	212,601	253,102
	<b>782,047</b>	<b>948,182</b>	<b>3,357,543</b>	<b>3,563,825</b>
(b) Investment income:				
Net (loss)/gain on disposal of financial assets at FVTPL	(266,386)	13,463	(402,854)	308,466
Net loss on disposal of financial investments at fair value through other comprehensive income	(83,046)	-	(13,331)	-
Net gain on redemption of financial investments at amortised cost	4	-	1,777	-
Net gain on disposal of financial investments available-for-sale	-	159,424	-	657,483
Net gain on redemption of financial investments held-to-maturity	-	12	-	182
Net loss on disposal of deemed control entity	-	-	(15,409)	-
Net (loss)/gain on liquidation of subsidiaries	(2,781)	9	(2,781)	(1,988)
Net (loss)/gain on dilution of interest in associates	(372)	(9,317)	896	(30,719)
	<b>(352,581)</b>	<b>163,591</b>	<b>(431,702)</b>	<b>933,424</b>
(c) Gross dividend income from:				
Financial investments portfolio	17,340	47,646	113,514	123,263
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets designated upon initial recognition at FVTPL	4,069	(27,581)	(10,883)	(36,272)
Financial investments at FVTPL	(31,790)	-	(226,583)	-
Financial investments held-for-trading	-	29,778	-	179,112
Financial liabilities at FVTPL	171,516	(8,683)	709,918	20,824
Derivatives	190,548	(183,087)	(148,607)	(125,342)
Loans, advances and financing at FVTPL	9,943	-	9,943	-
	<b>344,286</b>	<b>(189,573)</b>	<b>333,788</b>	<b>38,322</b>
(e) Other income:				
Foreign exchange gain, net	244,682	190,755	842,311	558,867
Realised gain on derivatives	35,948	178,008	369,087	398,606
Rental income	14,634	12,250	45,467	43,574
Gain on disposal of property, plant and equipment	379	185,513	70,596	201,003
(Loss)/gain on disposal of foreclosed properties	(6,435)	1,339	(8,702)	1,493
Others	80,661	60,398	227,095	164,927
	<b>369,869</b>	<b>628,263</b>	<b>1,545,854</b>	<b>1,368,470</b>
Total other operating income	<b>1,160,961</b>	<b>1,598,109</b>	<b>4,918,997</b>	<b>6,027,304</b>

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

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Bank</b>				
(a) Fee income:				
Commission	261,468	299,552	1,160,457	1,155,792
Service charges and fees	198,213	238,027	1,020,233	1,058,425
Underwriting fees	2,463	2,719	15,825	24,073
Fees on loans, advances and financing	26,927	52,719	130,093	139,580
	<b>489,071</b>	<b>593,017</b>	<b>2,326,608</b>	<b>2,377,870</b>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	16,553	29,281	82,456	129,630
Net (loss)/gain on disposal of financial investments at fair value through other comprehensive income	(61,076)	-	11,018	-
Net gain on redemption of financial investments at amortised cost	4	-	1,777	-
Net gain on disposal of financial investments available-for-sale	-	40,681	-	212,536
Net gain on redemption of financial investments held-to-maturity	-	12	-	182
Net loss on disposal of deemed control entity	-	-	(27,902)	-
Net gain on liquidation of subsidiaries	-	-	-	101
	<b>(44,519)</b>	<b>69,974</b>	<b>67,349</b>	<b>342,449</b>
(c) Gross dividend income from:				
Financial investments portfolio	2,230	12,937	5,792	16,663
(d) Unrealised gain/(loss) on revaluation of:				
Financial investments at FVTPL	27,751	-	25,664	-
Financial investments held-for-trading	-	(12,931)	-	31,878
Financial liabilities at FVTPL	171,516	(8,683)	709,918	20,824
Derivatives	176,284	(185,490)	(209,827)	(104,489)
Loans, advances and financing at FVTPL	9,943	-	9,943	-
	<b>385,494</b>	<b>(207,104)</b>	<b>535,698</b>	<b>(51,787)</b>
(e) Other income:				
Foreign exchange gain, net	191,162	209,230	837,330	559,006
Realised gain on derivatives	2,691	186,667	210,205	374,827
Rental income	13,120	8,355	36,913	32,165
Gain on disposal of property, plant and equipment	701	48,014	61,117	62,415
Gain on disposal of foreclosed properties	-	300	-	300
Others	3,437	8,048	17,606	(32,660)
	<b>211,111</b>	<b>460,614</b>	<b>1,163,171</b>	<b>996,053</b>
Total other operating income	<b>1,043,387</b>	<b>929,438</b>	<b>4,098,618</b>	<b>3,681,248</b>

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

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Gross benefits and claims paid	934,534	1,148,046	3,584,747	3,862,105
Claims ceded to reinsurers	(138,708)	(429,019)	(485,839)	(732,284)
Gross change to contract liabilities	10,040	286,978	1,502,083	1,062,601
Change in contract liabilities ceded to reinsurers	23,952	207,163	(27,980)	632,337
<b>Net insurance benefits and claims incurred</b>	<b>829,818</b>	<b>1,213,168</b>	<b>4,573,011</b>	<b>4,824,759</b>
Net fee and commission expenses	53,506	49,979	239,820	226,972
Change in expense liabilities	92,723	(31,646)	89,073	(9,845)
Taxation of life and takaful fund	(5,713)	11,295	5,625	45,456
<b>Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund</b>	<b>140,516</b>	<b>29,628</b>	<b>334,518</b>	<b>262,583</b>
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<b>970,334</b>	<b>1,242,796</b>	<b>4,907,529</b>	<b>5,087,342</b>

**A27. Overhead Expenses**

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,346,676	1,195,352	4,938,739	4,685,520
Social security cost	7,854	10,411	40,489	43,640
Pension costs - defined contribution plan	170,219	134,849	595,443	531,482
ESS expenses	212	4,619	3,946	17,083
Other staff related expenses	226,034	211,298	870,907	850,287
	<b>1,750,995</b>	<b>1,556,529</b>	<b>6,449,524</b>	<b>6,128,012</b>
(b) Establishment costs				
Depreciation of property, plant and equipment	99,890	134,505	400,991	418,917
Amortisation of intangible assets	57,085	64,904	236,071	273,673
Rental of leasehold land and premises	91,792	90,826	347,060	374,128
Repairs and maintenance of property, plant and equipment	46,095	42,842	166,277	170,723
Information technology expenses	215,693	153,328	647,084	631,651
Fair value adjustments on investments properties	(31,677)	60,093	(32,025)	60,173
Others	12,964	12,919	47,689	51,644
	<b>491,842</b>	<b>559,417</b>	<b>1,813,147</b>	<b>1,980,909</b>
(c) Marketing expenses				
Advertisement and publicity	62,344	64,666	209,560	217,446
Others	80,830	88,621	333,238	297,638
	<b>143,174</b>	<b>153,287</b>	<b>542,798</b>	<b>515,084</b>

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

Group (cont'd.)	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
(d) Administration and general expenses				
Fees and brokerage	273,607	244,485	1,011,899	995,078
Administrative expenses	154,299	149,247	575,519	592,002
General expenses	245,722	247,837	805,026	970,959
Others	8,797	2,461	15,754	144,802
	<b>682,425</b>	<b>644,030</b>	<b>2,408,198</b>	<b>2,702,841</b>
Total overhead expenses	<b>3,068,436</b>	<b>2,913,263</b>	<b>11,213,667</b>	<b>11,326,846</b>
<b>Cost to income ratio ("CIR")<sup>1</sup></b>	<b>48.7%</b>	<b>48.1%</b>	<b>47.4%</b>	<b>48.6%</b>

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

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	795,095	727,639	3,038,161	2,867,817
Social security cost	5,165	4,682	21,209	19,749
Pension costs - defined contribution plan	118,343	100,887	449,330	410,587
ESS expenses	-	2,550	2,426	11,106
Other staff related expenses	127,024	138,801	500,853	485,970
	<b>1,045,627</b>	<b>974,559</b>	<b>4,011,979</b>	<b>3,795,229</b>
(b) Establishment costs				
Depreciation of property, plant and equipment	35,801	44,698	160,150	186,605
Amortisation of intangible assets	14,982	22,534	76,737	99,177
Rental of leasehold land and premises	31,015	36,365	137,926	151,534
Repairs and maintenance of property, plant and equipment	26,655	27,423	97,570	98,379
Information technology expenses	261,066	248,114	861,986	850,743
Others	1,581	1,637	8,861	7,493
	<b>371,100</b>	<b>380,771</b>	<b>1,343,230</b>	<b>1,393,931</b>
(c) Marketing expenses				
Advertisement and publicity	33,173	42,809	111,950	118,891
Others	55,710	59,636	223,306	215,719
	<b>88,883</b>	<b>102,445</b>	<b>335,256</b>	<b>334,610</b>
(d) Administration and general expenses				
Fees and brokerage	184,168	188,145	684,400	664,526
Administrative expenses	60,639	69,173	248,355	278,537
General expenses	93,534	108,972	354,079	365,431
Others	4,841	(181)	10,756	116,205
	<b>343,182</b>	<b>366,109</b>	<b>1,297,590</b>	<b>1,424,699</b>
(e) Overhead expenses allocated to subsidiaries	<b>(304,793)</b>	<b>(253,157)</b>	<b>(1,182,344)</b>	<b>(1,067,766)</b>
Total overhead expenses	<b>1,543,999</b>	<b>1,570,727</b>	<b>5,805,711</b>	<b>5,880,703</b>
<b>Cost to income ratio ("CIR")<sup>2</sup></b>	<b>39.0%</b>	<b>49.7%</b>	<b>38.0%</b>	<b>40.9%</b>

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

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

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
(Writeback of)/allowances for impairment losses				
on loans, advances and financing:				
- Stage 1 - 12-month ECL, net	(135,487)	-	(604,120)	-
- Stage 2 - Lifetime ECL not credit impaired, net	178,377	-	293,552	-
- Stage 3 - Lifetime ECL credit impaired, net	181,730	-	2,185,547	-
- collective allowance made	-	(8,632)	-	836,425
- collective allowance written back	-	(238)	-	(390)
- individual allowance made	-	451,909	-	1,830,104
- individual allowance written back	-	(83,069)	-	(326,072)
Bad debts and financing written-off	22,340	25,183	104,806	101,765
Bad debts and financing recovered	(159,711)	(192,852)	(388,635)	(485,473)
(Writeback of)/allowances for impairment losses on other debts	(5,902)	7,506	106	2,701
	<b>81,347</b>	<b>199,807</b>	<b>1,591,256</b>	<b>1,959,060</b>

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
(Writeback of)/allowances for impairment losses				
on loans, advances and financing:				
- Stage 1 - 12-month ECL, net	(197,864)	-	(430,828)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(31,011)	-	(117,183)	-
- Stage 3 - Lifetime ECL credit impaired, net	270,022	-	1,419,827	-
- collective allowance made, net	-	(85,387)	-	346,381
- individual allowance made	-	254,288	-	1,237,538
- individual allowance written back	-	(96,797)	-	(238,042)
Bad debts and financing written-off	12,572	19,462	79,669	74,245
Bad debts and financing recovered	(67,129)	(80,936)	(222,065)	(259,169)
(Writeback of)/allowances for impairment losses on other debts	(869)	1,426	391	2,285
	<b>(14,279)</b>	<b>12,056</b>	<b>729,811</b>	<b>1,163,238</b>

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**A29. Allowances for Impairment Losses on Financial Investments, net**

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	1,287	-	(18,786)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(4,065)	-	(17,745)	-
- Stage 3 - Lifetime ECL credit impaired, net	50,999	-	73,287	-
Financial investments AFS				
- Allowance made	-	36,349	-	69,725
- Amount written back in respect of recoveries	-	3,695	-	(856)
Net	<b>48,221</b>	<b>40,044</b>	<b>36,756</b>	<b>68,869</b>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	(5,991)	-	(20,613)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(8,907)	-	(19,628)	-
- Stage 3 - Lifetime ECL credit impaired, net	51,227	-	51,170	-
Financial investments HTM				
- Amount written back in respect of recoveries	-	(107)	-	(107)
Net	<b>36,329</b>	<b>(107)</b>	<b>10,929</b>	<b>(107)</b>
	<b>84,550</b>	<b>39,937</b>	<b>47,685</b>	<b>68,762</b>
Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	716	-	(13,680)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(4,005)	-	(17,282)	-
- Stage 3 - Lifetime ECL credit impaired, net	30,423	-	30,261	-
Financial investments AFS				
- Allowance made	-	(4)	-	1,071
- Amount written back in respect of recoveries	-	2	-	(3,288)
Net	<b>27,134</b>	<b>(2)</b>	<b>(701)</b>	<b>(2,217)</b>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	(9,073)	-	(16,620)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(5,411)	-	(15,375)	-
- Stage 3 - Lifetime ECL credit impaired, net	51,227	-	51,170	-
Net	<b>36,743</b>	<b>-</b>	<b>19,175</b>	<b>-</b>
	<b>63,877</b>	<b>(2)</b>	<b>18,474</b>	<b>(2,217)</b>

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**A30. Allowances for/(writeback of) Impairment Losses on Other Financial Assets, net**

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	6,871	-	(10,652)	-
- Stage 2 - Lifetime ECL not credit impaired	2	-	-	-
Net	<u>6,873</u>	<u>-</u>	<u>(10,652)</u>	<u>-</u>
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	(4,969)	-	3,312	-
Net	<u>(4,969)</u>	<u>-</u>	<u>3,312</u>	<u>-</u>
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	2,883	-	2,045	-
Net	<u>2,883</u>	<u>-</u>	<u>2,045</u>	<u>-</u>
Other assets				
- Stage 1 - 12-month ECL, net	(2,106)	-	(671)	-
- Stage 2 - Lifetime ECL not credit impaired	(38)	-	(38)	-
- Stage 3 - Lifetime ECL credit impaired	(7,673)	-	(7,673)	-
Net	<u>(9,817)</u>	<u>-</u>	<u>(8,382)</u>	<u>-</u>
Reinsurance/retakaful assets and other insurance receivables				
- Stage 1 - 12-month ECL, net	1,544	-	(5,985)	-
Net	<u>1,544</u>	<u>-</u>	<u>(5,985)</u>	<u>-</u>
Statutory deposit with central banks				
- Stage 1 - 12-month ECL, net	(73)	-	(6,366)	-
Net	<u>(73)</u>	<u>-</u>	<u>(6,366)</u>	<u>-</u>
	<u>(3,559)</u>	<u>-</u>	<u>(26,028)</u>	<u>-</u>
Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	8,328	-	(6,474)	-
- Stage 2 - Lifetime ECL not credit impaired	2	-	-	-
Net	<u>8,330</u>	<u>-</u>	<u>(6,474)</u>	<u>-</u>
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	(4,623)	-	3,139	-
Net	<u>(4,623)</u>	<u>-</u>	<u>3,139</u>	<u>-</u>
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	1,424	-	1,424	-
Net	<u>1,424</u>	<u>-</u>	<u>1,424</u>	<u>-</u>
Other assets				
- Stage 1 - 12-month ECL, net	(4,129)	-	(4,129)	-
Net	<u>(4,129)</u>	<u>-</u>	<u>(4,129)</u>	<u>-</u>
	<u>1,002</u>	<u>-</u>	<u>(6,040)</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 =====>							
	<===== Group Global Banking =====>						Head Office and Others RM'000	Total RM'000
	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Group		
<b>Twelve Months Ended</b>								
<b>31 December 2018</b>								
Net interest income and income from IBS operations								
- External	10,623,365	5,541,925	375,348	10,037	1,133,270	665	17,684,610	
- Inter-segment	-	-	(11,568)	2,183	29,737	(20,352)	-	
	<u>10,623,365</u>	<u>5,541,925</u>	<u>363,780</u>	<u>12,220</u>	<u>1,163,007</u>	<u>(19,687)</u>	<u>17,684,610</u>	
Net interest income and income from IBS operations	10,623,365	5,541,925	363,780	12,220	1,163,007	(19,687)	17,684,610	
Net earned insurance premiums	-	-	-	-	5,933,563	-	5,933,563	
Other operating income	2,918,580	2,474,031	860,318	83,590	(352,883)	(1,064,639)	4,918,997	
Total operating income	<u>13,541,945</u>	<u>8,015,956</u>	<u>1,224,098</u>	<u>95,810</u>	<u>6,743,687</u>	<u>(1,084,326)</u>	<u>28,537,170</u>	
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(5,165,661)	258,132	(4,907,529)	
Net operating income	<u>13,541,945</u>	<u>8,015,956</u>	<u>1,224,098</u>	<u>95,810</u>	<u>1,578,026</u>	<u>(826,194)</u>	<u>23,629,641</u>	
Overhead expenses	<u>(7,215,944)</u>	<u>(2,048,503)</u>	<u>(1,016,804)</u>	<u>(140,582)</u>	<u>(791,834)</u>	<u>-</u>	<u>(11,213,667)</u>	
Operating profit/(loss) before impairment losses	6,326,001	5,967,453	207,294	(44,772)	786,192	(826,194)	12,415,974	
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(761,385)	(844,803)	11,105	(660)	4,487	-	(1,591,256)	
(Allowances for)/writeback of impairment losses on financial investments, net	(186)	(8,261)	2,263	(41,064)	(437)	-	(47,685)	
Writeback of impairment losses on other financial assets, net	4,757	11,886	3,629	23	5,733	-	26,028	
Operating profit/(loss)	<u>5,569,187</u>	<u>5,126,275</u>	<u>224,291</u>	<u>(86,473)</u>	<u>795,975</u>	<u>(826,194)</u>	<u>10,803,061</u>	
Share of profits in associates and joint ventures	-	97,568	717	-	-	-	98,285	
<b>Profit/(loss) before taxation and zakat</b>	<u>5,569,187</u>	<u>5,223,843</u>	<u>225,008</u>	<u>(86,473)</u>	<u>795,975</u>	<u>(826,194)</u>	<u>10,901,346</u>	
Taxation and zakat							<u>(2,545,410)</u>	
<b>Profit after taxation and zakat</b>							<u>8,355,936</u>	
Non-controlling interests							<u>(242,676)</u>	
<b>Profit for the period - attributable to equity holders of the Bank</b>							<u>8,113,260</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			
<b>Twelve Months Ended 31 December 2018</b>								
<b>Included in other operating income are:</b>								
Fee income:								
Commission	1,167,727	161,351	72,172	4,435	-	(73,199)	1,332,486	
Service charges and fees	869,402	464,796	169,704	96,961	987	(226,248)	1,375,602	
Underwriting fees	117	15,825	23,159	-	-	(117)	38,984	
Brokerage income	-	-	397,870	-	-	-	397,870	
Fees on loans, advances and financing	100,674	110,581	148	-	311	887	212,601	
Fee income from IBS operations	258,740	119,630	50,011	-	-	(48,704)	379,677	
<b>Included in overhead expenses are:</b>								
Depreciation of property, plant and equipment	(246,480)	(70,547)	(52,545)	(9,918)	(21,501)	-	(400,991)	
Amortisation of intangible assets	(136,089)	(47,481)	(24,653)	(8,495)	(19,353)	-	(236,071)	

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

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

	<===== Business Segments =====>						Total RM'000
	<===== Group Global Banking =====>						
Twelve Months Ended 31 December 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	10,579,751	5,366,277	394,301	8,765	1,043,745	(345,547)	17,047,292
- Inter-segment	-	-	(6,954)	(9,659)	49,830	(33,217)	-
	<u>10,579,751</u>	<u>5,366,277</u>	<u>387,347</u>	<u>(894)</u>	<u>1,093,575</u>	<u>(378,764)</u>	<u>17,047,292</u>
Net interest income and income from IBS operations	10,579,751	5,366,277	387,347	(894)	1,093,575	(378,764)	17,047,292
Net earned insurance premiums	-	-	-	-	5,250,890	-	5,250,890
Other operating income	2,917,299	2,291,371	949,917	248,273	821,149	(1,200,705)	6,027,304
Total operating income	<u>13,497,050</u>	<u>7,657,648</u>	<u>1,337,264</u>	<u>247,379</u>	<u>7,165,614</u>	<u>(1,579,469)</u>	<u>28,325,486</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(5,305,089)	217,747	(5,087,342)
Net operating income	<u>13,497,050</u>	<u>7,657,648</u>	<u>1,337,264</u>	<u>247,379</u>	<u>1,860,525</u>	<u>(1,361,722)</u>	<u>23,238,144</u>
Overhead expenses	(7,221,988)	(2,004,442)	(1,143,866)	(167,090)	(789,460)	-	(11,326,846)
Operating profit/(loss) before impairment losses	<u>6,275,062</u>	<u>5,653,206</u>	<u>193,398</u>	<u>80,289</u>	<u>1,071,065</u>	<u>(1,361,722)</u>	<u>11,911,298</u>
Allowances for impairment losses on loans, advances, financing and other debts, net	(963,760)	(977,631)	(11,347)	(502)	(5,820)	-	(1,959,060)
Allowances for impairment losses on financial investments, net	-	(1,307)	(3,721)	(7,202)	(56,532)	-	(68,762)
Operating profit/(loss)	<u>5,311,302</u>	<u>4,674,268</u>	<u>178,330</u>	<u>72,585</u>	<u>1,008,713</u>	<u>(1,361,722)</u>	<u>9,883,476</u>
Share of profits in associates and joint ventures	-	214,235	385	-	-	-	214,620
<b>Profit/(loss) before taxation and zakat</b>	<u>5,311,302</u>	<u>4,888,503</u>	<u>178,715</u>	<u>72,585</u>	<u>1,008,713</u>	<u>(1,361,722)</u>	<u>10,098,096</u>
Taxation and zakat							(2,301,222)
<b>Profit after taxation and zakat</b>							<u>7,796,874</u>
Non-controlling interests							(276,332)
<b>Profit for the period - attributable to equity holders of the Bank</b>							<u>7,520,542</u>

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

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

	<===== Business Segments =====>							
	<===== Group Global Banking =====>							
Twelve Months Ended 31 December 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	Total RM'000	
<b>Included in other operating income are:</b>								
Fee income:								
Commission	1,133,831	171,763	60,828	14,832	-	(52,130)	1,329,124	
Service charges and fees	909,402	420,276	241,349	82,552	2,580	(207,671)	1,448,488	
Underwriting fees	-	24,064	56,164	-	-	9	80,237	
Brokerage income	-	-	452,874	-	-	-	452,874	
Fees on loans, advances and financing	132,850	118,997	53	-	1,072	130	253,102	
Fee income from IBS operations	244,781	132,001	79,775	-	-	(53,764)	402,793	
<b>Included in overhead expenses are:</b>								
Depreciation of property, plant and equipment	(263,429)	(74,419)	(61,648)	(830)	(18,591)	-	(418,917)	
Amortisation of intangible assets	(168,681)	(46,152)	(43,007)	(478)	(15,355)	-	(273,673)	

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**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 fourth quarter and 12 months financial year ended 31 December 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 31 December 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
<b><u>Contingent liabilities</u></b>						
Direct credit substitutes	11,317,594	10,576,726	6,071,968	12,970,421	12,064,534	6,552,472
Certain transaction-related contingent items	17,430,332	8,393,068	5,303,752	18,427,282	9,348,060	6,086,500
Short-term self-liquidating trade-related contingencies	5,086,749	888,197	525,082	6,029,951	1,107,435	694,977
Obligations under underwriting agreements	350,106	-	-	-	-	-
	<b>34,184,781</b>	<b>19,857,991</b>	<b>11,900,802</b>	<b>37,427,654</b>	<b>22,520,029</b>	<b>13,333,949</b>
<b><u>Commitments</u></b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	118,062,536	20,228,370	9,690,283	102,342,408	20,083,466	10,313,630
- Maturity exceeding one year	32,001,526	26,577,486	11,034,057	37,907,505	26,263,062	12,565,526
	<b>150,064,062</b>	<b>46,805,856</b>	<b>20,724,340</b>	<b>140,249,913</b>	<b>46,346,528</b>	<b>22,879,156</b>
Miscellaneous commitments and contingencies	11,702,032	3,495,252	395,741	12,098,705	412,246	180,312
Total credit-related commitments and contingencies	<b>195,950,875</b>	<b>70,159,099</b>	<b>33,020,883</b>	<b>189,776,272</b>	<b>69,278,803</b>	<b>36,393,417</b>

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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 31 December 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
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
- Less than one year	287,282,306	2,409,408	690,829	281,135,919	4,013,251	1,058,177
- One year to less than five years	32,474,807	493,586	295,405	30,150,396	1,450,112	1,176,205
- Five years and above	2,895,022	357,517	363,386	4,084,188	89,195	48,174
	<b>322,652,135</b>	<b>3,260,511</b>	<b>1,349,620</b>	<b>315,370,503</b>	<b>5,552,558</b>	<b>2,282,556</b>
Interest rate related contracts:						
- Less than one year	80,323,763	1,209,318	638,948	77,147,663	434,138	193,277
- One year to less than five years	192,871,756	5,591,544	3,777,488	163,085,655	4,039,064	1,659,736
- Five years and above	71,574,767	992,323	1,253,145	56,135,013	1,867,117	1,613,596
	<b>344,770,286</b>	<b>7,793,185</b>	<b>5,669,581</b>	<b>296,368,331</b>	<b>6,340,319</b>	<b>3,466,609</b>
Equity and commodity related contracts:						
- Less than one year	7,127,130	218,094	136,698	5,631,415	10,492	3,792
- One year to less than five years	2,377,639	672,088	327,610	4,193,817	10,944	1,976
- Five years and above	27,063	-	-	33,663	-	-
	<b>9,531,832</b>	<b>890,182</b>	<b>464,308</b>	<b>9,858,895</b>	<b>21,436</b>	<b>5,768</b>
Credit related contracts:						
- Less than one year	50,000	-	-	-	-	-
Total treasury-related commitments and contingencies						
	<b>677,004,253</b>	<b>11,943,878</b>	<b>7,483,509</b>	<b>621,597,729</b>	<b>11,914,313</b>	<b>5,754,933</b>
Total commitments and contingencies						
	<b>872,955,128</b>	<b>82,102,977</b>	<b>40,504,392</b>	<b>811,374,001</b>	<b>81,193,116</b>	<b>42,148,350</b>
<b>Bank</b>						
<b>Contingent liabilities</b>						
Direct credit substitutes	8,923,891	8,308,592	4,103,156	10,665,916	10,373,876	5,071,621
Certain transaction-related contingent items	13,406,870	6,456,096	3,815,720	14,618,417	7,207,090	4,429,669
Short-term self-liquidating trade-related contingencies	4,382,002	660,908	355,990	5,600,847	937,807	548,026
	<b>26,712,763</b>	<b>15,425,596</b>	<b>8,274,866</b>	<b>30,885,180</b>	<b>18,518,773</b>	<b>10,049,316</b>
<b>Commitments</b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	76,917,938	8,653,953	4,522,825	79,885,420	14,787,173	6,948,719
- Maturity exceeding one year	16,466,024	19,622,244	8,697,626	30,199,078	23,168,096	10,967,370
	<b>93,383,962</b>	<b>28,276,197</b>	<b>13,220,451</b>	<b>110,084,498</b>	<b>37,955,269</b>	<b>17,916,089</b>
Miscellaneous commitments and contingencies						
	<b>7,281,538</b>	<b>3,207,675</b>	<b>355,374</b>	<b>9,798,574</b>	<b>411,803</b>	<b>180,312</b>
Total credit-related commitments and contingencies						
	<b>127,378,263</b>	<b>46,909,468</b>	<b>21,850,691</b>	<b>150,768,252</b>	<b>56,885,845</b>	<b>28,145,717</b>

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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.):

Bank (cont'd.)	As at 31 December 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
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- Less than one year	279,483,984	2,364,015	562,348	273,366,420	3,815,458	991,438
- One year to less than five years	31,402,000	433,705	264,475	30,556,992	1,366,385	1,118,455
- Five years and above	2,895,022	331,951	348,215	4,084,188	243	125
	<b>313,781,006</b>	<b>3,129,671</b>	<b>1,175,038</b>	<b>308,007,600</b>	<b>5,182,086</b>	<b>2,110,018</b>
Interest rate related contracts:						
- Less than one year	78,303,166	833,030	550,428	75,797,820	296,628	148,788
- One year to less than five years	181,037,946	4,044,624	2,745,023	163,096,687	3,484,049	1,374,343
- Five years and above	71,694,423	835,447	1,091,735	55,929,064	1,879,885	1,610,746
	<b>331,035,535</b>	<b>5,713,101</b>	<b>4,387,186</b>	<b>294,823,571</b>	<b>5,660,562</b>	<b>3,133,877</b>
Equity and commodity related contracts:						
- Less than one year	5,538,336	110,116	102,339	3,649,780	10,492	3,792
- One year to less than five years	2,377,639	672,088	327,610	4,192,152	10,944	1,976
	<b>7,915,975</b>	<b>782,204</b>	<b>429,949</b>	<b>7,841,932</b>	<b>21,436</b>	<b>5,768</b>
Credit related contracts:						
- Less than one year	50,000	-	-	-	-	-
Total treasury-related commitments and contingencies						
	<b>652,782,516</b>	<b>9,624,976</b>	<b>5,992,173</b>	<b>610,673,103</b>	<b>10,864,084</b>	<b>5,249,663</b>
Total commitments and contingencies						
	<b>780,160,779</b>	<b>56,534,444</b>	<b>27,842,864</b>	<b>761,441,355</b>	<b>67,749,929</b>	<b>33,395,380</b>

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

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 31 December 2018, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM6,963.5 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 financial year ended 31 December 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) Capital Ratio	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 financial year ended 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 financial year ended 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.

(iv) For Maybank Singapore Limited, the computation of capital adequacy ratios are based on MAS Notice 637 dated 14 September 2012 (last revised on 13 November 2018) issued by the Monetary Authority of Singapore ("MAS"). The total RWA are computed based on the following approaches:

- (A) Credit risk under Internal Ratings-Based Approach;
- (B) Market risk under Standardised Approach;
- (C) Operational risk under Basic Indicator Approach; and
- (D) Capital floor adjustment to RWA under MAS Notice 637.

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 6.5%, 8.0% and 10.0% of total RWA for the financial year ended 31 December 2018.

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

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

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

In respect of the financial year ended 31 December 2018, the Board has proposed the payment of a final single-tier dividend of 32 sen per ordinary share, which consists of a cash portion of 15 sen and an electable portion of 17 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank shares in accordance with the DRP. The proposed single-tier final dividend will be subject to shareholders' approval.

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

	Group		Bank	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
CET1 Capital Ratio	15.029%	14.773%	13.757%	15.853%
Tier 1 Capital Ratio	15.983%	16.459%	14.871%	17.950%
Total Capital Ratio	19.024%	19.383%	18.266%	19.313%

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**A36. Capital Adequacy (cont'd.)**

**(d) Components of capital:**

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>CET1 Capital</b>				
Share capital	46,747,442	44,250,380	46,747,442	44,250,380
Retained profits <sup>1</sup>	19,905,842	20,451,568	14,410,042	13,582,048
Other reserves <sup>1</sup>	2,154,645	3,619,581	4,111,140	4,612,799
Qualifying non-controlling interests	133,264	137,081	-	-
Less: Shares held-in-trust	-	(183,438)	-	(183,438)
CET1 Capital before regulatory adjustments	<b>68,941,193</b>	68,275,172	<b>65,268,624</b>	62,261,789
Less: Regulatory adjustments applied on CET1 Capital:				
Deferred tax assets	<b>(1,026,818)</b>	(802,593)	<b>(345,186)</b>	(315,013)
Goodwill	<b>(5,547,431)</b>	(5,756,367)	<b>(81,015)</b>	(81,015)
Other intangibles	<b>(1,011,272)</b>	(855,056)	<b>(279,850)</b>	(487,015)
Gains on financial instruments classified as 'fair value through other comprehensive income'	<b>(43,006)</b>	-	<b>(32,049)</b>	-
Gains on financial instruments classified as 'available-for-sale'	-	(17,922)	-	-
Regulatory reserve	<b>(2,127,290)</b>	(2,747,285)	<b>(1,778,997)</b>	(2,233,563)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>3</sup>	<b>(2,884,910)</b>	(2,685,548)	<b>(31,857,847)</b>	(17,974,763)
<b>Total CET1 Capital</b>	<b>56,300,466</b>	55,410,401	<b>30,893,680</b>	41,170,420
<b>Additional Tier 1 Capital</b>				
Capital securities	<b>3,500,000</b>	6,244,010	<b>3,500,000</b>	6,244,010
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	<b>71,182</b>	80,195	-	-
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities <sup>3</sup>	-	-	<b>(1,000,000)</b>	(800,000)
<b>Total Tier 1 Capital</b>	<b>59,871,648</b>	61,734,606	<b>33,393,680</b>	46,614,430
<b>Tier 2 Capital</b>				
Subordinated obligations	<b>9,066,767</b>	9,271,613	<b>9,066,767</b>	9,271,613
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	<b>405,381</b>	488,385	-	-
General provisions <sup>4</sup>	<b>348,148</b>	-	<b>51,305</b>	-
Collective allowance <sup>2</sup>	-	278,397	-	136,641
Surplus of total eligible provision over total expected loss	<b>1,572,006</b>	1,601,682	<b>988,691</b>	1,171,604
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities <sup>3</sup>	-	(671,387)	<b>(2,482,391)</b>	(7,038,871)
<b>Total Tier 2 Capital</b>	<b>11,392,302</b>	10,968,690	<b>7,624,372</b>	3,540,987
<b>Total Capital</b>	<b>71,263,950</b>	72,703,296	<b>41,018,052</b>	50,155,417

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

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

<sup>3</sup> For the Bank, the regulatory adjustment includes cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of 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.

<sup>4</sup> 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:**

	<b>Maybank Islamic Berhad</b>	<b>Maybank Investment Bank Berhad</b>	<b>PT Bank Maybank Indonesia Tbk</b>	<b>Maybank Singapore Limited</b>
<b><u>At 31 December 2018</u></b>				
CET1 Capital Ratio	<b>16.368%</b>	<b>24.574%</b>	-	<b>15.455%</b>
Tier 1 Capital Ratio	<b>17.984%</b>	<b>24.574%</b>	-	<b>15.455%</b>
Total Capital Ratio	<b>22.545%</b>	<b>26.198%</b>	<b>19.041%</b>	<b>15.696%</b>
<b><u>At 31 December 2017</u></b>				
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 31 December 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	Maybank Singapore Limited RM'000
Standardised Approach exposure	53,335,879	22,273,148	5,647,539	1,288,808	33,427,795	17,910,238
Internal Ratings-Based Approach exposure after scaling factor	262,000,921	164,781,857	60,816,283	-	-	21,449,331
Credit valuation adjustment	-	-	-	-	-	238,260
<b>Total RWA for credit risk</b>	<b>315,336,800</b>	<b>187,055,005</b>	<b>66,463,822</b>	<b>1,288,808</b>	<b>33,427,795</b>	<b>39,597,829</b>
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(13,113,007)	-	-	-
Total RWA for market risk	17,476,305	13,726,342	1,152,312	125,253	494,675	4,976
Total RWA for operational risk	41,792,895	23,777,893	7,381,566	748,111	5,254,843	3,565,646
Total capital floor adjustment to RWA	-	-	-	-	-	3,659,889
<b>Total RWA</b>	<b>374,606,000</b>	<b>224,559,240</b>	<b>61,884,693</b>	<b>2,162,172</b>	<b>39,177,313</b>	<b>46,828,340</b>

**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	Maybank Singapore Limited 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	266,947,028	195,267,276	60,246,868	-	-	-
<b>Total RWA for credit risk</b>	<b>320,652,491</b>	<b>225,053,211</b>	<b>69,043,049</b>	<b>1,023,110</b>	<b>32,949,975</b>	<b>-</b>
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	-
<b>Total RWA</b>	<b>375,079,769</b>	<b>259,696,616</b>	<b>60,618,081</b>	<b>1,911,912</b>	<b>38,528,767</b>	<b>-</b>

\* 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 -----> Assets RM'000		Liabilities RM'000	Principal Amount RM'000	<----- Fair Value -----> Assets RM'000		Liabilities RM'000
<b>At 31 December 2018</b>								
<b>Trading derivatives</b>								
<u>Foreign exchange related contracts</u>								
Currency forwards:								
- Less than one year	31,194,544	340,334	(224,885)	22,636,448	205,364	(195,765)		
- One year to three years	2,419,856	45,870	(18,400)	1,970,597	45,856	(18,356)		
- More than three years	97,073	528	(5,593)	294,686	528	(17,956)		
	<u>33,711,473</u>	<u>386,732</u>	<u>(248,878)</u>	<u>24,901,731</u>	<u>251,748</u>	<u>(232,077)</u>		
Currency swaps:								
- Less than one year	240,620,998	1,526,191	(1,796,461)	239,968,781	1,626,372	(1,837,297)		
- One year to three years	326,248	-	(16,607)	473,554	14	(16,651)		
	<u>240,947,246</u>	<u>1,526,191</u>	<u>(1,813,068)</u>	<u>240,442,335</u>	<u>1,626,386</u>	<u>(1,853,948)</u>		
Currency spots:								
- Less than one year	2,374,825	3,429	(3,976)	3,158,817	3,423	(3,860)		
Currency options:								
- Less than one year	3,033,745	9,491	(22,956)	2,882,626	7,966	(20,363)		
- One year to three years	730,832	21,942	(14,104)	731,273	20,732	(9,280)		
- More than three years	1,276,970	169,270	(224,131)	1,282,935	85,454	(114,836)		
	<u>5,041,547</u>	<u>200,703</u>	<u>(261,191)</u>	<u>4,896,834</u>	<u>114,152</u>	<u>(144,479)</u>		
Cross currency interest rate swaps:								
- Less than one year	8,934,360	381,262	(412,543)	9,713,478	489,087	(496,897)		
- One year to three years	13,236,175	333,367	(295,928)	12,575,553	325,751	(270,406)		
- More than three years	12,017,581	443,496	(437,216)	11,703,330	437,900	(410,959)		
	<u>34,188,116</u>	<u>1,158,125</u>	<u>(1,145,687)</u>	<u>33,992,361</u>	<u>1,252,738</u>	<u>(1,178,262)</u>		
<u>Interest rate related contracts</u>								
Interest rate swaps:								
- Less than one year	73,235,461	63,566	(91,014)	73,056,163	59,536	(84,512)		
- One year to three years	81,782,048	332,846	(659,335)	80,165,902	309,787	(638,721)		
- More than three years	159,933,739	2,314,314	(2,265,464)	156,468,330	2,280,842	(2,245,824)		
	<u>314,951,248</u>	<u>2,710,726</u>	<u>(3,015,813)</u>	<u>309,690,395</u>	<u>2,650,165</u>	<u>(2,969,057)</u>		
Interest rate futures:								
- Less than one year	5,638,880	294,289	(296,322)	4,556,489	293,949	(296,123)		
- One year to three years	660,095	199	(481)	289,695	199	-		
	<u>6,298,975</u>	<u>294,488</u>	<u>(296,803)</u>	<u>4,846,184</u>	<u>294,148</u>	<u>(296,123)</u>		
Interest rate options:								
- Less than one year	932,109	32	(119)	483,589	-	(87)		
- One year to three years	6,308,531	3,664	(2,204)	3,775,048	4,673	(1,790)		
- More than three years	14,718,530	419,925	(591,386)	11,226,386	400,873	(572,180)		
	<u>21,959,170</u>	<u>423,621</u>	<u>(593,709)</u>	<u>15,485,023</u>	<u>405,546</u>	<u>(574,057)</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 ---->	
<b>At 31 December 2018 (cont'd.)</b>	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000	RM'000
<b>Trading derivatives (cont'd.)</b>						
<u>Equity related contracts</u>						
Index futures:						
- More than three years	27,063	1,865	-	-	-	-
Equity options:						
- Less than one year	225,554	21,246	(240,799)	-	-	-
Equity swaps:						
- Less than one year	1,484,325	63,626	(172,649)	121,085	26,312	(285)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,977,049	70,641	(70,641)	3,977,049	70,641	(70,641)
- One year to three years	1,058,800	43,926	(43,926)	1,058,800	43,926	(43,926)
	<u>5,035,849</u>	<u>114,567</u>	<u>(114,567)</u>	<u>5,035,849</u>	<u>114,567</u>	<u>(114,567)</u>
Commodity swaps:						
- Less than one year	1,440,202	132,434	(134,542)	1,440,202	132,434	(134,542)
- One year to three years	1,301,886	77,543	(76,070)	1,301,886	77,543	(76,070)
- More than three years	16,953	796	(729)	16,953	796	(729)
	<u>2,759,041</u>	<u>210,773</u>	<u>(211,341)</u>	<u>2,759,041</u>	<u>210,773</u>	<u>(211,341)</u>
<u>Credit related contracts</u>						
Credit default swaps						
- Less than one year	50,000	302	-	50,000	302	-
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	1,123,834	3,274	(117,548)	1,123,834	3,273	(117,546)
- One year to three years	3,233,806	145,501	(28,254)	3,233,806	145,501	(28,254)
- More than three years	2,031,288	24,501	(34,107)	2,031,288	24,501	(34,107)
	<u>6,388,928</u>	<u>173,276</u>	<u>(179,909)</u>	<u>6,388,928</u>	<u>173,275</u>	<u>(179,907)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	517,313	1,495	(1,117)	206,925	-	(1,117)
- One year to three years	236,572	520	-	-	-	-
- More than three years	807,008	10,519	(14,960)	807,008	10,519	(14,960)
	<u>1,560,893</u>	<u>12,534</u>	<u>(16,077)</u>	<u>1,013,933</u>	<u>10,519</u>	<u>(16,077)</u>
Netting effects under MFRS 132 Amendments						
	-	(338,683)	338,683	-	(334,991)	334,991
<b>Total</b>	<b>677,004,253</b>	<b>6,963,521</b>	<b>(7,975,784)</b>	<b>652,782,516</b>	<b>6,799,063</b>	<b>(7,439,049)</b>

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**A37. Derivative Financial Instruments (cont'd.)**

<b>At 31 December 2017</b>	<b>Principal Amount RM'000</b>	<b>Group &lt;---- Fair Value ----&gt;</b>		<b>Principal Amount RM'000</b>	<b>Bank &lt;---- Fair Value ----&gt;</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>Trading derivatives</b>						
<b>Foreign exchange related contracts</b>						
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>
<b>Interest rate related contracts</b>						
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.)**

<b>At 31 December 2017 (cont'd.)</b>	<b>Principal</b>	<b>Group</b>		<b>Principal</b>	<b>Bank</b>	
	<b>Amount</b>	<b>&lt;---- Fair Value ----&gt;</b>		<b>Amount</b>	<b>&lt;---- Fair Value ----&gt;</b>	
	<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</b>	<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</b>
		<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>
<b>Trading derivatives (cont'd.)</b>						
<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>
<b>Hedging derivatives</b>						
<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
<b>Total</b>	<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 31 December 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	
<b>At 31 December 2018</b>				
Non-financial assets measured at fair value:				
<b>Investment properties</b>	-	-	895,769	895,769
Financial assets measured at fair value:				
<b>Financial assets designated upon initial recognition at fair value through profit or loss</b>	114,885	15,601,153	-	15,716,038
Money market instruments	-	621,775	-	621,775
Quoted securities	114,885	-	-	114,885
Unquoted securities	-	14,979,378	-	14,979,378
<b>Financial investments at fair value through profit or loss</b>	4,526,355	8,946,598	779,947	14,252,900
Money market instruments	-	3,710,944	-	3,710,944
Quoted securities	4,526,355	-	-	4,526,355
Unquoted securities*	-	5,235,654	779,947	6,015,601
<b>Financial investments at fair value through other comprehensive income</b>	189,166	120,211,367	513,355	120,913,888
Money market instruments	-	67,472,671	-	67,472,671
Quoted securities	189,166	-	-	189,166
Unquoted securities*	-	52,738,696	513,355	53,252,051
<b>Loans, advances and financing at fair value through profit or loss</b>	-	-	396,950	396,950
<b>Loans, advances and financing at fair value through other comprehensive income</b>	-	-	8,968,438	8,968,438

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

Group (cont'd.) At 31 December 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 (cont'd.):				
<b>Derivative assets</b>	-	6,759,574	203,947	6,963,521
Foreign exchange related contracts	-	3,448,456	-	3,448,456
Interest rate related contracts	-	3,441,369	-	3,441,369
Equity and commodity related contracts	-	208,130	203,947	412,077
Credit related contracts	-	302	-	302
Netting effects under MFRS 132 Amendments	-	(338,683)	-	(338,683)
	<b>4,830,406</b>	<b>151,518,692</b>	<b>10,862,637</b>	<b>167,211,735</b>

Financial liabilities measured at fair value:

<b>Financial liabilities designated at fair value through profit or loss</b>	-	8,892,691	-	8,892,691
Structured deposits	-	1,640,430	-	1,640,430
Borrowings	-	7,252,261	-	7,252,261
<b>Derivative liabilities</b>	-	7,771,837	203,947	7,975,784
Foreign exchange related contracts	-	3,652,709	-	3,652,709
Interest rate related contracts	-	3,922,402	-	3,922,402
Equity and commodity related contracts	-	535,409	203,947	739,356
Netting effects under MFRS 132 Amendments	-	(338,683)	-	(338,683)
	-	<b>16,664,528</b>	<b>203,947</b>	<b>16,868,475</b>

Group 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	
Non-financial assets measured at fair value:				
<b>Investment properties</b>	-	-	753,555	753,555
Financial assets measured at fair value:				
<b>Financial investments held-for-trading</b>	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
<b>Financial assets designated upon initial recognition at fair value through profit or loss</b>	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
<b>Financial investments available-for-sale</b>	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

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

Group (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.):				
<b>Derivative assets</b>	-	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:				
<b>Financial liabilities designated at fair value through profit or loss</b>	-	6,375,815	-	6,375,815
Structured deposits	-	2,366,966	-	2,366,966
Borrowings	-	4,008,849	-	4,008,849
<b>Derivative liabilities</b>	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>
Bank				
At 31 December 2018				
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	Total RM'000
Financial assets measured at fair value:				
<b>Financial investments at fair value through profit or loss</b>	214,208	8,099,410	600,549	8,914,167
Money market instruments	-	2,879,675	-	2,879,675
Quoted securities	214,208	-	-	214,208
Unquoted securities*	-	5,219,735	600,549	5,820,284
<b>Financial investments at fair value through other comprehensive income</b>	19,677	89,104,103	459,057	89,582,837
Money market instruments	-	45,495,137	-	45,495,137
Quoted securities	19,677	-	-	19,677
Unquoted securities*	-	43,608,966	459,057	44,068,023
<b>Loans, advances and financing at fair value through profit or loss</b>	-	-	396,950	396,950
<b>Loans, advances and financing at fair value through other comprehensive income</b>	-	-	8,680,217	8,680,217
<b>Derivative assets</b>	-	6,595,116	203,947	6,799,063
Foreign exchange related contracts	-	3,421,722	-	3,421,722
Interest rate related contracts	-	3,360,378	-	3,360,378
Equity and commodity related contracts	-	147,705	203,947	351,652
Credit related contracts	-	302	-	302
Netting effects under MFRS 132 Amendments	-	(334,991)	-	(334,991)
	<u>233,885</u>	<u>103,798,629</u>	<u>10,340,720</u>	<u>114,373,234</u>

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

Bank (cont'd.) At 31 December 2018	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial liabilities measured at fair value:				
<b>Financial liabilities designated at fair value through profit or loss</b>	-	8,507,004	-	8,507,004
Structured deposits	-	1,254,743	-	1,254,743
Borrowings	-	7,252,261	-	7,252,261
<b>Derivative liabilities</b>	-	7,235,102	203,947	7,439,049
Foreign exchange related contracts	-	3,592,533	-	3,592,533
Interest rate related contracts	-	3,855,314	-	3,855,314
Equity and commodity related contracts	-	122,246	203,947	326,193
Netting effects under MFRS 132 Amendments	-	(334,991)	-	(334,991)
	-	15,742,106	203,947	15,946,053

Bank At 31 December 2017	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
<b>Financial investments held-for-trading</b>	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
<b>Financial investments available-for-sale</b>	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
<b>Derivative assets</b>	-	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:				
<b>Financial liabilities designated at fair value through profit or loss</b>	-	5,483,120	-	5,483,120
Structured deposits	-	1,474,271	-	1,474,271
Borrowings	-	4,008,849	-	4,008,849
<b>Derivative liabilities</b>	-	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

Financial liabilities measured at fair value:				
<b>Financial liabilities designated at fair value through profit or loss</b>	-	5,483,120	-	5,483,120
Structured deposits	-	1,474,271	-	1,474,271
Borrowings	-	4,008,849	-	4,008,849
<b>Derivative liabilities</b>	-	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.

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

**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 profit or loss and 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.

*Investment properties*

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

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

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

<b>Group</b>	<b>At 1 January 2018</b>	<b>Effect of adopting MFRS 9</b>	<b>Restated as at 1 January 2018</b>	<b>Other gains recognised in income statements*</b>	<b>Unrealised gains/(losses) recognised in income statements#</b>	<b>Unrealised gains recognised in other comprehensive income</b>	<b>Purchases/ Issuances/ Additions</b>	<b>Sales</b>	<b>Settlements</b>	<b>Exchange differences</b>	<b>Transfer into Level 3</b>	<b>Transfer out from Level 3</b>	<b>At 31 December 2018</b>
<b>At 31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial investments at fair value through profit or loss</b>													
Unquoted securities	-	260,501	260,501	-	519,446	-	-	-	-	-	-	-	779,947
<b>Financial investments at fair value through other comprehensive income</b>													
Unquoted securities	508,225	(182,136)	326,089	-	-	197,846	533	-	(2,677)	(8,436)	-	-	513,355
<b>Loans, advances and financing at fair value through profit or loss</b>													
	-	-	-	-	9,943	-	386,867	-	-	140	-	-	396,950
<b>Loans, advances and financing at fair value through other comprehensive income</b>													
	-	3,816,059	3,816,059	-	-	46,364	6,203,564	-	(1,097,549)	-	-	-	8,968,438
<b>Derivative assets</b>													
Equity and commodity related contracts	479,534	-	479,534	238,048	(242,123)	-	120,274	-	(391,786)	-	-	-	203,947
<b>Total Level 3 financial assets</b>	<b>987,759</b>	<b>3,894,424</b>	<b>4,882,183</b>	<b>238,048</b>	<b>287,266</b>	<b>244,210</b>	<b>6,711,238</b>	<b>-</b>	<b>(1,492,012)</b>	<b>(8,296)</b>	<b>-</b>	<b>-</b>	<b>10,862,637</b>
<b>Derivative liabilities</b>													
Equity and commodity related contracts	(478,473)	-	(478,473)	243,703	(240,212)	-	(125,703)	-	396,738	-	-	-	(203,947)
<b>Total Level 3 financial liabilities</b>	<b>(478,473)</b>	<b>-</b>	<b>(478,473)</b>	<b>243,703</b>	<b>(240,212)</b>	<b>-</b>	<b>(125,703)</b>	<b>-</b>	<b>396,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203,947)</b>
<b>Total net Level 3 financial assets</b>	<b>509,286</b>	<b>3,894,424</b>	<b>4,403,710</b>	<b>481,751</b>	<b>47,054</b>	<b>244,210</b>	<b>6,585,535</b>	<b>-</b>	<b>(1,095,274)</b>	<b>(8,296)</b>	<b>-</b>	<b>-</b>	<b>10,658,690</b>

\* 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
<b>Financial assets held-for-trading</b>											
Unquoted securities	-	(19)	-	-	551	(532)	-	-	-	-	-
<b>Financial assets designated at fair value through profit or loss</b>											
Unquoted securities	80,814	3,540	(21,754)	-	-	(62,600)	-	-	-	-	-
<b>Financial investments available-for-sale</b>											
Unquoted securities	767,606	(3,925)	-	(32,323)	2,925	(90,155)	(35,860)	(6,621)	59,211	(152,633)	508,225
<b>Derivative assets</b>											
Equity and commodity related contracts	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534
<b>Total Level 3 financial assets</b>	<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>
<b>Derivative liabilities</b>											
Equity and commodity related contracts	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
<b>Total Level 3 financial liabilities</b>	<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>
<b>Total net Level 3 financial assets/ (liabilities)</b>	<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	Effect of adopting MFRS 9	Restated as at 1 January 2018	Other gains recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains recognised in other comprehensive income	Purchases/ Issuances/ Additions	Sales	Settlements	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 31 December 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>													
<b>At 31 December 2018</b>													
<b>Financial investments at fair value through profit or loss</b>													
Unquoted securities	-	91,562	91,562	-	508,987	-	-	-	-	-	-	-	600,549
<b>Financial investments at fair value through other comprehensive income</b>													
Unquoted securities	355,414	(91,562)	263,852	-	-	197,882	-	-	(2,677)	-	-	-	459,057
<b>Loans, advances and financing at fair value through profit or loss</b>													
	-	-	-	-	9,943	-	386,867	-	-	140	-	-	396,950
<b>Loans, advances and financing at fair value through other comprehensive income</b>													
	-	3,600,803	3,600,803	-	-	39,842	5,885,565	-	(845,993)	-	-	-	8,680,217
<b>Derivative assets</b>													
Equity and commodity related contracts	479,534	-	479,534	238,048	(242,123)	-	120,274	-	(391,786)	-	-	-	203,947
<b>Total Level 3 financial assets</b>	<b>834,948</b>	<b>3,600,803</b>	<b>4,435,751</b>	<b>238,048</b>	<b>276,807</b>	<b>237,724</b>	<b>6,392,706</b>	<b>-</b>	<b>(1,240,456)</b>	<b>140</b>	<b>-</b>	<b>-</b>	<b>10,340,720</b>
<b>Derivative liabilities</b>													
Equity and commodity related contracts	(478,473)	-	(478,473)	243,703	(240,212)	-	(125,703)	-	396,738	-	-	-	(203,947)
<b>Total Level 3 financial liabilities</b>	<b>(478,473)</b>	<b>-</b>	<b>(478,473)</b>	<b>243,703</b>	<b>(240,212)</b>	<b>-</b>	<b>(125,703)</b>	<b>-</b>	<b>396,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203,947)</b>
<b>Total net Level 3 financial assets</b>	<b>356,475</b>	<b>3,600,803</b>	<b>3,957,278</b>	<b>481,751</b>	<b>36,595</b>	<b>237,724</b>	<b>6,267,003</b>	<b>-</b>	<b>(843,718)</b>	<b>140</b>	<b>-</b>	<b>-</b>	<b>10,136,773</b>

\* 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.):

<b>Bank</b>	<b>At 1 January</b>	<b>Other</b>	<b>Unrealised</b>	<b>Unrealised</b>							<b>At</b>	
<b>At 31 December 2017</b>	<b>2017</b>	<b>(losses)/gains</b>	<b>gains/(losses)</b>	<b>gains recognised in</b>	<b>comprehensive</b>	<b>Purchases/</b>	<b>Sales</b>	<b>Settlements</b>	<b>Exchange</b>	<b>Transfer</b>	<b>Transfer</b>	<b>31 December</b>
	<b>RM'000</b>	<b>recognised in</b>	<b>recognised in</b>	<b>income</b>	<b>income</b>	<b>Issuances</b>	<b>RM'000</b>	<b>RM'000</b>	<b>differences</b>	<b>into</b>	<b>out from</b>	<b>2017</b>
		<b>income</b>	<b>income</b>	<b>comprehensive</b>	<b>income</b>				<b>RM'000</b>	<b>Level 3</b>	<b>Level 3</b>	<b>RM'000</b>
		<b>statements*</b>	<b>statements#</b>	<b>income</b>	<b>income</b>					<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>							
<b>Financial investments available-for-sale</b>												
Unquoted securities	495,504	(8,676)	-	3,739	-	(5,904)	(35,861)	-	59,211	(152,599)	355,414	
<b>Derivative assets</b>												
Equity and commodity related contracts	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534	
<b>Total Level 3 financial assets</b>	<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>	
<b>Derivative liabilities</b>												
Equity and commodity related contracts	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)	
<b>Total Level 3 financial liabilities</b>	<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>	
<b>Total net Level 3 financial assets/ (liabilities)</b>	<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 12 months financial year ended 31 December 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 12 months financial year ended 31 December 2018.

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**A39. Credit Exposure Arising from Credit Transactions with Connected Parties**

	Group		Bank	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Outstanding credit exposures with connected parties (RM'000)	<b>14,665,381</b>	20,923,529	<b>23,098,379</b>	32,673,755
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>1.8%</b>	2.7%	<b>5.0%</b>	6.0%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	-	-	-	-

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

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

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**A40. Audited 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 Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows:

**(a) Audited Income Statements for the Financial Year Ended 31 December 2018**

Group Twelve-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	445,460	409,905	451,880	416,707	67,680	72,318	222,083	222,154	1,187,103	1,121,084
Interest expense	-	-	-	-	-	-	(24,095)	(34,222)	(24,095)	(34,222)
Net interest income	445,460	409,905	451,880	416,707	67,680	72,318	197,988	187,932	1,163,008	1,086,862
Net earned insurance premiums	2,285,876	1,884,285	1,281,050	1,172,398	1,065,758	1,008,741	1,300,879	1,185,466	5,933,563	5,250,890
Other operating income	(314,506)	468,248	(77,601)	145,385	(3,601)	6,628	28,747	186,365	(366,961)	806,626
Total operating income	2,416,830	2,762,438	1,655,329	1,734,490	1,129,837	1,087,687	1,527,614	1,559,763	6,729,610	7,144,378
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(2,231,262)	(2,480,379)	(1,627,697)	(1,681,228)	(1,131,125)	(1,088,315)	(175,577)	(24,955)	(5,165,661)	(5,274,877)
Net operating income/(loss)	185,568	282,059	27,632	53,262	(1,288)	(628)	1,352,037	1,534,808	1,563,949	1,869,501
Overhead expenses	(185,702)	(261,572)	(26,104)	(26,756)	(402)	(24)	(563,470)	(519,548)	(775,678)	(807,900)
Operating (loss)/profit before impairment losses	(134)	20,487	1,528	26,506	(1,690)	(652)	788,567	1,015,260	788,271	1,061,601
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	445	(188)	(1,456)	(212)	1,428	905	4,069	(6,325)	4,486	(5,820)
(Allowances for)/writeback of impairment losses on financial investments, net	(160)	(20,299)	(72)	(26,294)	262	(253)	(467)	(9,687)	(437)	(56,533)
(Allowances for)/writeback of impairment losses on other financial assets, net	(151)	-	-	-	-	-	5,883	-	5,732	-
Operating profit	-	-	-	-	-	-	798,052	999,248	798,052	999,248
Share of profits in associates	-	-	-	-	-	-	-	-	-	-
Profit before taxation and zakat	-	-	-	-	-	-	798,052	999,248	798,052	999,248
Taxation and zakat	-	-	-	-	-	-	(102,232)	(243,607)	(102,232)	(243,607)
Profit for the financial year	-	-	-	-	-	-	695,820	755,641	695,820	755,641

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**A40. Audited 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 Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows (cont'd.):

**(b) Audited Statements of Financial Position as at 31 December 2018**

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>										
Cash and short-term funds	132,562	225,549	9,787	45,708	73,218	34,132	369,725	259,948	585,292	565,337
Deposits and placements with financial institutions	980,609	642,249	737,368	582,981	132,863	202,299	636,764	743,745	2,487,604	2,171,274
Financial investments at fair value through profit or loss	9,970,035	9,061,661	6,542,722	5,299,221	86,911	-	2,058,860	113,121	18,658,528	14,474,003
Financial investments at fair value through other comprehensive income	1,163,070	-	3,257,876	-	1,494,223	-	2,352,084	-	8,267,253	-
Financial investments available-for-sale	-	1,132,277	-	3,922,491	-	1,510,604	-	4,214,734	-	10,780,106
Loans, advances and financing	234,673	230,585	-	-	-	-	57,517	56,036	292,190	286,621
Derivative assets	4,647	3,319	-	-	-	-	81	1,848	4,728	5,167
Reinsurance/retakaful assets and other insurance receivables	91,112	81,501	73,802	188,038	298,697	345,028	3,336,436	3,319,205	3,800,047	3,933,772
Other assets	125,759	194,918	168,989	175,929	6,423	3,349	303,407	423,843	604,578	798,039
Investment properties	762,240	635,709	-	-	-	-	128,432	113,724	890,672	749,433
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	86,256	86,160	-	-	-	-	54,709	63,001	140,965	149,161
Intangible assets	43,949	33,780	-	-	-	-	51,863	47,259	95,812	81,039
Deferred tax assets	5,960	6,109	3,471	5,459	8,841	5,867	23,393	20,598	41,665	38,033
<b>TOTAL ASSETS</b>	<b>13,600,872</b>	<b>12,333,817</b>	<b>10,794,015</b>	<b>10,219,827</b>	<b>2,101,176</b>	<b>2,101,279</b>	<b>9,373,423</b>	<b>9,377,214</b>	<b>35,869,486</b>	<b>34,032,137</b>
<b>LIABILITIES</b>										
Derivative liabilities	14,168	25,791	-	-	-	-	33	-	14,201	25,791
Insurance/takaful contract liabilities and other insurance payables	10,407,488	9,446,728	10,313,387	9,873,134	1,789,053	1,755,432	4,343,174	4,043,549	26,853,102	25,118,843
Other liabilities #	3,157,901	2,840,515	480,726	345,960	310,265	345,048	(2,038,275)	(1,802,610)	1,910,617	1,728,913
Provision for taxation and zakat	(199)	(5,953)	(1,803)	(852)	-	-	284,373	83,115	282,371	76,310
Deferred tax liabilities	21,514	26,736	1,705	1,585	1,858	799	316,496	566,070	341,573	595,190
Subordinated obligations	-	-	-	-	-	-	301,189	811,307	301,189	811,307
<b>TOTAL LIABILITIES</b>	<b>13,600,872</b>	<b>12,333,817</b>	<b>10,794,015</b>	<b>10,219,827</b>	<b>2,101,176</b>	<b>2,101,279</b>	<b>3,206,990</b>	<b>3,701,431</b>	<b>29,703,053</b>	<b>28,356,354</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES</b>										
Share capital	-	-	-	-	-	-	660,865	660,865	660,865	660,865
Other reserves	-	-	-	-	-	-	5,505,568	5,014,918	5,505,568	5,014,918
	-	-	-	-	-	-	6,166,433	5,675,783	6,166,433	5,675,783
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13,600,872</b>	<b>12,333,817</b>	<b>10,794,015</b>	<b>10,219,827</b>	<b>2,101,176</b>	<b>2,101,279</b>	<b>9,373,423</b>	<b>9,377,214</b>	<b>35,869,486</b>	<b>34,032,137</b>

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

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**A41. The Operations of Islamic Banking Scheme**

**A41a. Income Statements for the Fourth Quarter and Financial Year Ended 31 December 2018**

<b>Group</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>Fourth Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	2,254,312	1,932,856	8,831,808	7,045,382
Income derived from investment of investment account funds	278,621	353,733	1,099,068	1,526,848
Income derived from investment of Islamic Banking Funds	166,417	87,872	511,559	402,161
Writeback of/(allowances for) impairment losses on financing and advances, net	32,469	15,408	(370,417)	(152,181)
Writeback of impairment losses on financial investments, net	746	-	7,569	-
Writeback of impairment losses on other financial assets, net	1	-	200	-
<b>Total distributable income</b>	<b>2,732,566</b>	<b>2,389,869</b>	<b>10,079,787</b>	<b>8,822,210</b>
Profit distributed to depositors	(1,277,692)	(1,133,966)	(5,031,029)	(3,994,498)
Profit distributed to investment account holders	(140,205)	(202,787)	(597,724)	(913,276)
<b>Total net income</b>	<b>1,314,669</b>	<b>1,053,116</b>	<b>4,451,034</b>	<b>3,914,436</b>
Finance cost	(83,377)	(48,609)	(343,485)	(137,092)
Overhead expenses	(421,080)	(356,343)	(1,500,245)	(1,417,008)
<b>Profit before taxation and zakat</b>	<b>810,212</b>	<b>648,164</b>	<b>2,607,304</b>	<b>2,360,336</b>
Taxation	(188,847)	(140,424)	(653,915)	(494,426)
Zakat	(11,188)	(7,211)	(24,314)	(19,670)
<b>Profit for the period/year</b>	<b>610,177</b>	<b>500,529</b>	<b>1,929,075</b>	<b>1,846,240</b>

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

<b>Group</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>Fourth Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	2,254,312	1,932,856	8,831,808	7,045,382
Income derived from investment of investment account funds	278,621	353,733	1,099,068	1,526,848
Income derived from investment of Islamic Banking Funds	166,417	87,872	511,559	402,161
Total income before allowances for impairment losses on financial assets and overhead expenses	2,699,350	2,374,461	10,442,435	8,974,391
Profit distributed to depositors	(1,277,692)	(1,133,966)	(5,031,029)	(3,994,498)
Profit distributed to investment account holders	(140,205)	(202,787)	(597,724)	(913,276)
	1,281,453	1,037,708	4,813,682	4,066,617
Finance cost	(83,377)	(48,609)	(343,485)	(137,092)
Net of intercompany income and expenses	301,785	246,509	1,141,507	970,726
Income from Islamic Banking Scheme	1,499,861	1,235,608	5,611,704	4,900,251

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41b. Audited Statements of Comprehensive Income for the Fourth Quarter and Financial Year Ended 31 December 2018**

<u>Group</u>	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2018 RM'000	31 December 2017 RM'000	Cumulative 12 Months Ended 31 December 2018 RM'000	31 December 2017 RM'000
<b>Profit for the period/year</b>	<b>610,177</b>	500,529	<b>1,929,075</b>	1,846,240
<b>Other comprehensive income/(loss):</b>				
<b><i>Items that will not be reclassified subsequently to profit or loss:</i></b>				
Defined benefit plan actuarial gain/(loss)	15	(25)	505	496
Income tax effect	(3)	6	(126)	(124)
	<b>12</b>	(19)	<b>379</b>	372
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>				
Net gain/(loss) on foreign exchange translation	6,569	(7,825)	20,035	(65,600)
Net (loss)/gain on financial investments at fair value through other comprehensive income	(1,507)	-	25,103	-
- Net (loss)/gain from change in fair value	(3,489)	-	27,873	-
- Changes in expected credit losses	1,145	-	3,920	-
- Income tax effect	837	-	(6,690)	-
Net (loss)/gain on financial investments available-for-sale	-	(12,562)	-	22,946
- Net (loss)/gain from change in fair value	-	(16,529)	-	30,185
- Income tax effect	-	3,967	-	(7,239)
	<b>5,062</b>	(20,387)	<b>45,138</b>	(42,654)
Other comprehensive income/(loss) for the period/year, net of tax	<b>5,074</b>	(20,406)	<b>45,517</b>	(42,282)
<b>Total comprehensive income for the financial period/year</b>	<b>615,251</b>	480,123	<b>1,974,592</b>	1,803,958

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41c. Audited Statement of Financial Position as at 31 December 2018**

<u>Group</u>	Note	31 December 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>			
Cash and short-term funds		21,944,445	17,150,402
Deposits and placements with financial institutions		251,328	-
Financial investments portfolio		20,051,272	13,092,564
Financing and advances	A41e	174,288,168	162,214,033
Derivative assets		403,993	487,989
Other assets		4,835,851	7,233,195
Statutory deposit with central banks		4,205,000	3,242,000
Property, plant and equipment		-	1,053
Intangible assets		-	2,541
Deferred tax assets		30,143	37,378
<b>Total Assets</b>		<b>226,010,200</b>	<b>203,461,155</b>
<b>LIABILITIES</b>			
Customers' funding:			
- Deposits from customers	A41f	147,781,751	130,068,988
- Investment accounts of customers <sup>1</sup>	A41g	23,565,061	24,555,445
Deposits and placements from financial institutions		32,174,135	28,251,271
Financial liabilities at fair value through profit or loss	A41h	385,687	892,695
Bills and acceptances payable		11,050	8,854
Derivatives liabilities		391,949	650,320
Other liabilities		2,555,728	660,680
Provision for taxation and zakat		35,826	148,510
Term funding	A41i	4,738,180	4,945,437
Subordinated sukuk	A41j	2,534,301	2,534,105
Capital securities	A41k	1,002,441	1,002,441
<b>Total Liabilities</b>		<b>215,176,109</b>	<b>193,718,746</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic Banking Funds		7,473,540	5,769,752
Retained profits		3,050,868	3,499,853
Other reserves		309,683	472,804
		<b>10,834,091</b>	<b>9,742,409</b>
<b>Total Liabilities and Islamic Banking Capital Funds</b>		<b>226,010,200</b>	<b>203,461,155</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>59,033,318</b>	<b>53,480,858</b>

<sup>1</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note A41e(ii).



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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 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 RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	
<b>At 1 January 2018</b>								
- 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	-	(493,501)	1,350	-	-	-	(361,412)	(853,563)
At 1 January 2018, as restated	5,769,752	15,199	(30,968)	(5,723)	1,697	448	3,138,441	8,888,846
Profit for the financial year	-	-	-	-	-	-	1,929,075	1,929,075
Other comprehensive income	-	-	25,103	20,035	-	379	-	45,517
Net gain on foreign exchange translation	-	-	-	20,035	-	-	-	20,035
Net gain on financial investments at fair value through other comprehensive income	-	-	25,103	-	-	-	-	25,103
Defined benefit plan actuarial gain	-	-	-	-	-	379	-	379
<b>Total comprehensive income for the financial year</b>	-	-	25,103	20,035	-	379	1,929,075	1,974,592
Transfer to conventional banking operations	(11,827)	-	-	(14,785)	-	(19)	(2,716)	(29,347)
Transfer to regulatory reserve	-	298,317	-	-	-	-	(298,317)	-
Issue of ordinary shares	1,715,615	-	-	-	-	-	-	1,715,615
Dividends paid	-	-	-	-	-	-	(1,715,615)	(1,715,615)
<b>At 31 December 2018</b>	<b>7,473,540</b>	<b>313,516</b>	<b>(5,865)</b>	<b>(473)</b>	<b>1,697</b>	<b>808</b>	<b>3,050,868</b>	<b>10,834,091</b>

<sup>1</sup>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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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 2018 (cont'd.)**

<u>Group</u>	←----- Non-distributable -----→									
	Islamic Banking Funds RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	Equity contribution from the holding company RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
<b>At 1 January 2017</b>	595,076	5,200,228	409,672	393,700	(55,264)	(2,897)	1,697	85	2,881,471	9,423,768
Profit for the financial year	-	-	-	-	-	-	-	-	1,846,240	1,846,240
Other comprehensive income/(loss)	-	-	-	-	22,946	(65,600)	-	372	-	(42,282)
Net loss on foreign exchange translation	-	-	-	-	-	(65,600)	-	-	-	(65,600)
Net gain on financial investments available-for-sale	-	-	-	-	22,946	-	-	-	-	22,946
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	372	-	372
<b>Total comprehensive income/ (loss) for the financial year</b>	-	-	-	-	22,946	(65,600)	-	372	1,846,240	1,803,958
Transfer (to)/from conventional banking operations	(25,552)	-	-	-	-	62,774	-	(9)	14,766	51,979
Transfer to regulatory reserve	-	-	-	115,000	-	-	-	-	(115,000)	-
Transfer from statutory reserve	-	-	(409,672)	-	-	-	-	-	409,672	-
Transfer from share premium	5,200,228	(5,200,228)	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(1,537,296)	(1,537,296)
<b>At 31 December 2017</b>	<b>5,769,752</b>	<b>-</b>	<b>-</b>	<b>508,700</b>	<b>(32,318)</b>	<b>(5,723)</b>	<b>1,697</b>	<b>448</b>	<b>3,499,853</b>	<b>9,742,409</b>

<sup>1</sup>This equity contribution reserve from holding company is pertaining to waiver of intercompany balance between respective subsidiaries and its holding company.

<sup>2</sup>Available-for-sale reserve was transferred to fair value through other comprehensive income reserve effective 1 January 2018.

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41e. Financing and Advances**

	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b><u>Group</u></b>		
Financing and advances to customers:		
(A) Financing and advances to customers at fair value through other comprehensive income	471,122	-
(B) Financing and advances to customers at amortised cost	<u>271,246,935</u>	<u>261,036,338</u>
	<b>271,718,057</b>	<b>261,036,338</b>
Unearned income	<u>(94,879,202)</u>	<u>(97,335,170)</u>
Gross financing and advances	<b>176,838,855</b>	<b>163,701,168</b>
Allowances for impaired financing and advances:		
- Stage 1 - 12-month ECL	(510,311)	-
- Stage 2 - Lifetime ECL not credit impaired	(984,565)	-
- Stage 3 - Lifetime ECL credit impaired	(1,055,811)	-
- Individual allowance	-	(661,181)
- Collective allowance	-	(825,954)
Net financing and advances	<u><b>174,288,168</b></u>	<u><b>162,214,033</b></u>

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41e. Financing and Advances (cont'd.)**

<b>Group</b>	<b>Bai'^</b>	<b>Murabahah</b>	<b>Musarakah</b>	<b>Al-Ijarah</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total</b>
<b>As at 31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Al-Bai (AITAB)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Financing and Advances</b>
				<b>RM'000</b>				<b>RM'000</b>
Cashline	-	6,113,118	-	-	-	126	-	6,113,244
Term financing								
- Housing financing	15,968,002	65,870,117	2,140,367	-	-	-	627	83,979,113
- Syndicated financing	-	1,432,287	-	-	-	-	-	1,432,287
- Hire purchase receivables	-	224,525	-	37,895,766	-	-	-	38,120,291
- Lease receivables	-	-	-	-	9,450	-	-	9,450
- Other term financing	17,475,558	99,485,955	563,979	-	102,001	127,395	17,280	117,772,168
Bills receivables	-	163	-	-	-	-	799	962
Trust receipts	-	145,613	-	-	-	-	-	145,613
Claims on customers under acceptance credits	-	4,921,799	-	-	-	-	-	4,921,799
Staff financing	517,202	1,670,905	8,965	156,713	2,539	-	52,723	2,409,047
Credit card receivables	-	-	-	-	-	-	1,104,219	1,104,219
Revolving credit	-	15,681,860	-	-	-	-	-	15,681,860
Share margin financing	-	22,322	-	-	-	-	-	22,322
Financing to:	-	-	-	-	-	-	-	-
- Directors of the Bank	-	2,503	-	465	-	-	8	2,976
- Directors of subsidiaries	-	2,030	-	676	-	-	-	2,706
	<b>33,960,762</b>	<b>195,573,197</b>	<b>2,713,311</b>	<b>38,053,620</b>	<b>113,990</b>	<b>127,521</b>	<b>1,175,656</b>	<b>271,718,057</b>
Unearned income								<b>(94,879,202)</b>
Gross financing and advances^^								<b>176,838,855</b>
Allowances for impaired financing and advances:								
- Stage 1 - 12-month ECL								<b>(510,311)</b>
- Stage 2 - Lifetime ECL not credit impaired								<b>(984,565)</b>
- Stage 3 - Lifetime ECL credit impaired								<b>(1,055,811)</b>
Net financing and advances								<b>174,288,168</b>

^ 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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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41e. Financing and Advances (cont'd.)**

<b>Group</b>	<b>Bai'^</b>	<b>Murabahah</b>	<b>Musarakah</b>	<b>Al-Ijarah</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total</b>
<b>As at 31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Al-Bai (AITAB)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Financing</b>
				<b>Thumma</b>				<b>and</b>
				<b>RM'000</b>				<b>Advances</b>
								<b>RM'000</b>
Cashline	-	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:								
- Directors of the Bank	2,258	865	-	918	-	-	-	4,041
- 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^^								<u>163,701,168</u>
Allowances for impaired financing and advances:								
- Individual allowance								(661,181)
- Collective allowance								(825,954)
Net financing and advances								<u><u>162,214,033</u></u>

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

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

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41e. Financing and Advances (cont'd.)**

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

<u>Group</u>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
At 1 January		
- as previously stated	1,755,299	1,667,994
- effect of adopting MFRS 9	121,438	-
At 1 January, as restated	<u>1,876,737</u>	1,667,994
Newly impaired	1,367,882	1,289,639
Reclassified as non-impaired	(228,568)	(531,863)
Amount recovered	(444,519)	(405,108)
Amount written-off	(442,632)	(265,363)
Transferred to holding company	(34,496)	-
Exchange differences	(297)	-
Gross impaired financing at 31 December	<u>2,094,107</u>	1,755,299
Less: Stage 3 - Lifetime ECL credit impaired	(1,055,811)	-
Individual allowance	-	(661,181)
Net impaired financing at 31 December	<u>1,038,296</u>	<u>1,094,118</u>
<u>Calculation of ratio of net impaired financing:</u>		
Gross impaired financing at 31 December (excluding financing funded by RPSIA and IA)	2,030,688	1,689,335
Less: Stage 3 - Lifetime ECL credit impaired	(1,055,811)	-
Individual allowance	-	(661,181)
Net impaired financing at 31 December	<u>974,877</u>	<u>1,028,154</u>
Gross financing and advances (excluding financing funded by RPSIA and IA)	137,331,642	122,450,621
Less: Allowances for impaired financing and advances at amortised cost and at fair value through other comprehensive income	(2,555,886)	-
Individual allowance	-	(661,181)
Net financing and advances	<u>134,775,756</u>	<u>121,789,440</u>
Net impaired financing as a percentage of net financing and advances	<u>0.72%</u>	<u>0.84%</u>

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41e. Financing and Advances (cont'd.)**

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

**At fair value through other comprehensive income**

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
<b>At 31 December 2018</b>				
At 1 January 2018				
- effect of adopting MFRS 9	522	-	-	522
At 1 January 2018, as restated	522	-	-	522
Net remeasurement of allowances	45	-	-	45
New financial assets originated or purchased	1,354	3,800	-	5,154
Financial assets derecognised	(522)	-	-	(522)
At 31 December 2018	1,399	3,800	-	5,199

**At amortised cost**

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
<b>At 31 December 2018</b>				
At 1 January 2018				
- as previously stated - MFRS 139				1,487,135
- effect of adopting MFRS 9				1,076,449
At 1 January 2018, as restated	409,534	1,061,080	1,092,970	2,563,584
Transferred to Stage 1	410,336	(263,234)	(147,102)	-
Transferred to Stage 2	(32,812)	69,092	(36,280)	-
Transferred to Stage 3	(2,942)	(96,473)	99,415	-
Net remeasurement of allowances*	(329,067)	180,529	723,244	574,706
New financial assets originated or purchased	194,867	128,773	-	323,640
Financial assets derecognised	(70,166)	(88,990)	(270,168)	(429,324)
Changes in models/risk parameters	(69,473)	(6,644)	(1,683)	(77,800)
Amount written-off	-	-	(442,632)	(442,632)
Transferred to holding company	-	-	37,371	37,371
Exchange differences	34	432	676	1,142
At 31 December 2018	510,311	984,565	1,055,811	2,550,687

	31 December 2018 RM'000	31 December 2017 RM'000
<u>Individual allowance</u>		
At 1 January	-	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 31 December	-	661,181

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41e. Financing and Advances (cont'd.)**

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

	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<u>Collective allowance</u>		
At 1 January	-	758,418
Allowance made*	-	178,389
Amount written-off	-	(115,476)
Transferred from individual allowance	-	5,191
Exchange differences	-	(568)
At 31 December	<u>-</u>	<u>825,954</u>
As a percentage of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)		<u>1.20%</u>

\* As at 31 December 2018, the gross exposure of the financing funded by RPSIA was RM15,942.2 million (31 December 2017: RM16,695.1 million). The expected credit loss relating to these financing amounting to RM274.5 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 31 December 2018 was RM23,565.1 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.

**A41f. Deposits from Customers**

<u>Group</u>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b>Savings deposit</b>		
Qard	<u>16,081,568</u>	<u>14,629,051</u>
<b>Demand deposit</b>		
Qard	<u>18,403,934</u>	<u>18,734,884</u>
<b>Term deposit</b>		
Murabahah	111,692,152	94,379,313
Qard	<u>1,604,097</u>	<u>2,325,740</u>
	<u>113,296,249</u>	<u>96,705,053</u>
Total deposits from customers	<u>147,781,751</u>	<u>130,068,988</u>



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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41g. Investment Accounts of Customers**

<u>Group</u>	31 December 2018 RM'000	31 December 2017 RM'000
<b>Mudharabah</b>		
Unrestricted Investment accounts	23,445,562	24,555,445
Restricted Investment accounts*	119,499	-
	<b>23,565,061</b>	<b>24,555,445</b>

\* Net of credit losses associated with the financing assets funded by the Restricted Investment Accounts.

(i) Investment accounts are sourced from the following customers:

<u>Group</u>	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>As at 31 December 2018</b>			
Business enterprises	11,814,357	119,499	11,933,856
Individuals	10,475,578	-	10,475,578
Government and statutory bodies	128,414	-	128,414
Others	1,027,213	-	1,027,213
	<b>23,445,562</b>	<b>119,499</b>	<b>23,565,061</b>
<b>As at 31 December 2017</b>			
Business enterprises	9,841,269	-	9,841,269
Individuals	13,255,075	-	13,255,075
Government and statutory bodies	218,371	-	218,371
Others	1,240,730	-	1,240,730
	<b>24,555,445</b>	<b>-</b>	<b>24,555,445</b>

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

<u>Group</u>	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>As at 31 December 2018</b>			
- without maturity	13,067,406	-	13,067,406
- with maturity			
Due within six months	8,233,509	119,499	8,353,008
Six months to one year	2,125,559	-	2,125,559
One year to three years	5,176	-	5,176
Three years to five years	13,912	-	13,912
	<b>10,378,156</b>	<b>119,499</b>	<b>10,497,655</b>
Total investment accounts of customers	<b>23,445,562</b>	<b>119,499</b>	<b>23,565,061</b>

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41g. Investment Accounts of Customers (cont'd.)**

(ii) Maturity structure of investment accounts are as follows (cont'd.):

<u>Group</u>	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>As at 31 December 2017</b>			
- without maturity	9,948,920	-	9,948,920
- with maturity			
Due within six months	12,053,209	-	12,053,209
Six months to one year	2,532,512	-	2,532,512
One year to three years	2,564	-	2,564
Three years to five years	18,240	-	18,240
	<u>14,606,525</u>	<u>-</u>	<u>14,606,525</u>
Total investment accounts of customers	<u>24,555,445</u>	<u>-</u>	<u>24,555,445</u>

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

<u>Group</u>	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>As at 31 December 2018</b>			
Retail financing	21,644,759	-	21,644,759
Non-retail financing	1,800,803	119,499	1,920,302
	<u>23,445,562</u>	<u>119,499</u>	<u>23,565,061</u>
<b>As at 31 December 2017</b>			
Retail financing	24,554,642	-	24,554,642
Non-retail financing	803	-	803
	<u>24,555,445</u>	<u>-</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 (%)
<b>As at 31 December 2018</b>		
Unrestricted investment accounts	55.00	2.82
Restricted investment accounts	99.95	4.31
<b>As at 31 December 2017</b>		
Unrestricted investment accounts	60.00	3.07
Restricted investment accounts	-	-

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**A41. The Operations of Islamic Banking Scheme (cont'd.)**

**A41h. Financial Liabilities at Fair Value Through Profit or Loss**

<u>Group</u>	31 December 2018 RM'000	31 December 2017 RM'000
Structured deposits	<u>385,687</u>	<u>892,695</u>

The carrying amount of structured deposits designated at fair value through profit or loss of the Group as at 31 December 2018 was RM384,986,000 (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.

**A41i. Term Funding**

<u>Group</u>	31 December 2018 RM'000	31 December 2017 RM'000
Unsecured term funding:		
(i) Commercial Papers		
- Less than one year	<u>2,734,958</u>	<u>2,459,845</u>
(ii) Medium Term Notes		
- Less than one year	-	482,370
- More than one year	<u>2,003,222</u>	<u>2,003,222</u>
	<u>2,003,222</u>	<u>2,485,592</u>
Total term funding	<u>4,738,180</u>	<u>4,945,437</u>

**A41j. Subordinated Sukuk**

<u>Group</u>	31 December 2018 RM'000	31 December 2017 RM'000
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,516,593	1,516,397
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	<u>1,017,708</u>	<u>1,017,708</u>
	<u>2,534,301</u>	<u>2,534,105</u>

**A41k. Capital Securities**

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

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**A42. 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**

	<b>31 December 2017 RM'000</b>	<b>Classification and remeasurement RM'000</b>	<b>Expected credit losses RM'000</b>	<b>1 January 2018 RM'000</b>
<b>ASSETS</b>				
Cash and short-term funds	50,334,290	-	(35,952)	50,298,338
Deposits and placements with financial institutions	16,988,391	-	(5,757)	16,982,634
Financial assets purchased under resale agreements	8,514,283	-	(1,552)	8,512,731
Financial investments at fair value through profit or loss	25,117,493	2,246,003	-	27,363,496
Financial investments at fair value through other comprehensive income	-	107,012,013	521,323	107,533,336
Financial investments at amortised cost	-	20,512,206	(101,739)	20,410,467
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	(2,829,359)	482,783,691
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	-	115,226 <sup>1</sup>	9,813,366
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	9,831	104,489	973,638
<b>TOTAL ASSETS</b>	<b>765,301,766</b>	<b>553,724</b>	<b>(2,253,326)</b>	<b>763,602,164</b>

<sup>1</sup> Include tax recoverable of RM115.7 million.

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**A42. 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 (cont'd.)**

	31 December 2017 RM'000	Classification and remeasurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
<b>LIABILITIES</b>				
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	3,000,594	-	9,376,409
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	-	(517,755)	228,739
Deferred tax liabilities	732,079	19,489	-	751,568
Borrowings	34,505,618	(3,052,163)	-	31,453,455
Subordinated obligations	11,979,323	-	-	11,979,323
Capital securities	6,284,180	-	-	6,284,180
<b>TOTAL LIABILITIES</b>	<b>690,118,161</b>	<b>(32,477)</b>	<b>(279,760)</b>	<b>689,805,924</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>				
Share capital	44,250,380	-	-	44,250,380
Shares held-in-trust	(183,438)	-	-	(183,438)
Regulatory reserve	2,747,285	(760,278)	-	1,987,007
Retained profits	25,268,743	1,254,933	(2,352,541)	24,171,135
Reserves	905,644	72,114	387,205	1,364,963
	72,988,614	566,769	(1,965,336)	71,590,047
<b>Non-controlling interests</b>	<b>2,194,991</b>	<b>19,432</b>	<b>(8,230)</b>	<b>2,206,193</b>
	75,183,605	586,201	(1,973,566)	73,796,240
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>765,301,766</b>	<b>553,724</b>	<b>(2,253,326)</b>	<b>763,602,164</b>

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**A42. 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
<b>ASSETS</b>				
Cash and short-term funds	30,714,527	-	(27,267)	30,687,260
Deposits and placements with financial institutions	21,382,493	-	(5,447)	21,377,046
Financial assets purchased under resale agreements	7,633,503	-	(417)	7,633,086
Financial investments at fair value through profit or loss	7,896,677	1,875,647	-	9,772,324
Financial investments at fair value through other comprehensive income	-	87,871,926	399,901	88,271,827
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	(1,392,447)	289,634,813
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	5,886	-	320,899
<b>TOTAL ASSETS</b>	<b>509,666,821</b>	<b>496,011</b>	<b>(1,101,867)</b>	<b>509,060,965</b>
<b>LIABILITIES</b>				
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	3,000,594	-	8,483,714
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	-	(369,382)	16,494
Borrowings	27,106,442	(3,052,163)	-	24,054,279
Subordinated obligations	9,362,526	-	-	9,362,526
Capital securities	6,284,180	-	-	6,284,180
<b>TOTAL LIABILITIES</b>	<b>447,414,273</b>	<b>(51,569)</b>	<b>(182,295)</b>	<b>447,180,409</b>

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**A42. 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
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>				
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	785,939	(1,283,614)	13,074,560
Reserves	2,379,808	56,796	364,042	2,800,646
	<u>62,252,548</u>	<u>547,580</u>	<u>(919,572)</u>	<u>61,880,556</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>509,666,821</u>	<u>496,011</u>	<u>(1,101,867)</u>	<u>509,060,965</u>

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

	<b>Impact of adopting MFRS 9 and Revised Financial Reporting Policy document as at 1 January 2018</b>	
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Regulatory reserve</b>		
Closing balance at 31 December 2017	2,747,285	2,233,563
- Transfer to retained profits	(760,278)	(295,155)
Opening balance at 1 January 2018	<u>1,987,007</u>	<u>1,938,408</u>
<b>Reserves</b>		
Closing balance at 31 December 2017	905,644	2,379,808
- Recognition of expected credit loss	387,563	364,042
- Unrealised gain on financial assets at FVOCI	74,181	45,301
- Deferred tax in respect of unrealised gain on FVOCI	4,806	11,495
Non-controlling interests share of impact arising from:-		
- expected credit loss	(358)	-
- classification and measurement	(6,873)	-
Opening balance at 1 January 2018	<u>1,364,963</u>	<u>2,800,646</u>

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**A42. 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 Policy document issued by BNM on the statements of financial position of the Group and of the Bank (cont'd.):

	<b>Impact of adopting MFRS 9 and Revised Financial Reporting Policy document as at 1 January 2018</b>	
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Retained profits</b>		
Closing balance at 31 December 2017	25,268,743	13,572,235
- Transfer from regulatory reserve	760,278	295,155
- Unrealised gain on financial assets at FVTPL	436,587	444,824
- Unrealised gain on financial liabilities at FVTPL	51,569	51,569
- Recognition of expected credit loss	(3,065,514)	(1,652,996)
- Deferred tax in respect of unrealised gain on FVTPL and expected credit loss	90,026	(5,609)
- Provision for taxation	517,755	369,382
- Tax recoverable	115,662	-
- 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>24,171,135</u>	<u>13,074,560</u>
<b>Non-controlling interests</b>		
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:

	<b>Impact of adopting MFRS 9 and Revised Financial Reporting Policy document</b>		
	<b>31 December 2017</b>	<b>Policy document</b>	<b>1 January 2018</b>
<b>Group</b>			
CET1 Capital (RM'000)	55,410,401	(1,185,983)	54,224,418
Tier 1 Capital (RM'000)	61,734,606	(1,185,983)	60,548,623
Total Capital (RM'000)	72,703,296	(1,185,983)	71,517,313
Risk Weighted Assets (RM'000)	375,079,769	464,913	375,544,682
CET1 Capital Ratio	14.773%	(0.334%)	14.439%
Tier 1 Capital Ratio	16.459%	(0.336%)	16.123%
Total Capital Ratio	<u>19.383%</u>	<u>(0.339%)</u>	<u>19.044%</u>
<b>Bank</b>			
CET1 Capital (RM'000)	41,170,420	(446,765)	40,723,655
Tier 1 Capital (RM'000)	46,614,430	(446,765)	46,167,665
Total Capital (RM'000)	50,155,417	(446,765)	49,708,652
Risk Weighted Assets (RM'000)	259,696,616	490,125	260,186,741
CET1 Capital Ratio	15.853%	(0.201%)	15.652%
Tier 1 Capital Ratio	17.950%	(0.206%)	17.744%
Total Capital Ratio	<u>19.313%</u>	<u>(0.208%)</u>	<u>19.105%</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 RM8,113.3 million for the financial year ended 31 December 2018, an increase of RM592.7 million or 7.9% compared to the previous corresponding financial year ended 31 December 2017.

The Group's net interest income and Islamic Banking income for the financial year ended 31 December 2018 increased by RM637.3 million or 3.7% to RM17,684.6 million compared to the previous corresponding financial year ended 31 December 2017.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM682.7 million or 13.0% to RM5,933.6 million for the financial year ended 31 December 2018 compared to the previous corresponding financial year ended 31 December 2017.

Other operating income of the Group for the financial year ended 31 December 2018 was RM4,919.0 million, a decrease of RM1,108.3 million or 18.4% from RM6,027.3 million in the previous corresponding financial year ended 31 December 2017. The decrease was mainly due to net loss in investment income of RM431.7 million for the financial year ended 31 December 2018 as compared to net gain in investment income of RM933.4 million in the previous corresponding financial year ended 31 December 2017, lower fee income of RM206.3 million, lower gain on disposal of property, plant and equipment of RM130.4 million, lower realised gain on derivatives of RM29.5 million and lower gross dividend income of RM9.7 million compared to the previous corresponding financial year ended 31 December 2017. The decrease was, however, mitigated by higher foreign exchange gain of RM283.4 million and higher unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL, derivatives and loans, advances and financing of RM295.5 million compared to the previous corresponding financial year ended 31 December 2017.

The Group's overhead expenses for the financial year ended 31 December 2018 recorded a decrease of RM113.2 million or 1.0% to RM11,213.7 million compared to the previous corresponding financial year ended 31 December 2017. The decrease in overhead expenses was mainly due to lower administration and general expenses of RM294.6 million and lower establishment costs of RM167.8 million. The decrease was, however, offset by higher personnel expenses of RM321.5 million and higher marketing expenses of RM27.7 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM367.8 million or 18.8% to RM1,591.3 million for the financial year ended 31 December 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 financial year ended 31 December 2018 compared to the previous corresponding financial year ended 31 December 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 RM257.9 million or 4.9% to RM5,569.2 million for the financial year ended 31 December 2018 from RM5,311.3 million for the previous corresponding financial year ended 31 December 2017. The increase was mainly due to lower allowances for impairment losses on loans, advances, financing and other debts of RM202.4 million, higher net interest income and income from IBS operations of RM43.6 million and lower overhead expenses of RM6.0 million.

**Group Global Banking**

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

Group Corporate Banking & Global Markets' profit before taxation and zakat increased by RM335.3 million or 6.9% to RM5,223.8 million for the financial year ended 31 December 2018 from RM4,888.5 million for the previous corresponding financial year ended 31 December 2017. The increase was mainly due to higher other operating income of RM182.7 million, higher net interest income and income from IBS operations of RM175.6 million and lower net allowances for impairment losses on loans, advances, financing and other debts of RM132.8 million. The increase was, however, offset by lower share of profits in associates and joint ventures of RM116.7 million and higher overhead expenses of RM44.1 million.

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

Group Investment Banking's profit before taxation and zakat increased by RM46.3 million or 25.9% to RM225.0 million for the financial year ended 31 December 2018 from RM178.7 million for the previous corresponding financial year ended 31 December 2017. The increase was mainly driven by lower overhead expenses of RM127.1 million and higher writeback of impairment losses on loans, advances, financing and other debts of RM22.5 million. The increase was, however, offset by lower other operating income of RM89.6 million and lower net interest income and income from IBS operations of RM23.6 million.

**c) Group Asset Management**

Group Asset Management recorded a loss before taxation and zakat of RM86.5 million for the financial year ended 31 December 2018 compared to a profit before taxation and zakat of RM72.6 million for the previous corresponding financial year ended 31 December 2017. The loss was mainly due to lower other operating income of RM164.7 million, higher net allowances for impairment losses on financial investments and other financial assets of RM33.8 million. This loss was, however, mitigated by lower overhead expenses of RM26.5 million and higher net interest income and income from IBS operations of RM13.1 million.

**Group Insurance and Takaful**

Group Insurance and Takaful's profit before taxation and zakat decreased by RM212.7 million or 21.1% to RM796.0 million for the financial year ended 31 December 2018 from RM1,008.7 million for the previous corresponding financial year ended 31 December 2017. The decrease was contributed mainly by lower other operating income of RM1,174.0 million. This was mitigated by higher net earned insurance premiums of RM682.7 million, lower net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM139.4 million and higher net interest income of RM69.4 million.

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**B1. Performance Review (cont'd.)**

**(ii) Current Quarter vs Previous Period Corresponding Quarter**

The Group posted profit after tax attributable to equity holders of RM2,326.4 million for the quarter ended 31 December 2018, an increase of RM194.3 million or 9.1% compared to the previous period corresponding quarter ended 31 December 2017.

The Group's net interest income and Islamic Banking income for the quarter ended 31 December 2018 increased by RM350.3 million or 8.2% compared to the previous period corresponding quarter ended 31 December 2017.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries for the quarter ended 31 December 2018 increased by RM68.4 million or 4.8% to RM1,502.2 million compared to the previous period corresponding quarter ended 31 December 2017.

The Group's other operating income decreased by RM437.1 million or 27.4% to RM1,161.0 million for the quarter ended 31 December 2018 compared to the previous period corresponding quarter ended 31 December 2017. The decrease was mainly contributed by net loss in investment income of RM352.6 million for the quarter ended 31 December 2018 as compared to net gain in investment income of RM163.6 million for the previous period corresponding quarter ended 31 December 2017, lower gain on disposal of property, plant and equipment of RM185.1 million, lower fee income of RM166.1 million and lower realised gain on derivatives of RM142.1 million. The decrease was, however, mitigated by unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL, derivatives and loan, advances and financing of RM344.3 million for the quarter ended 31 December 2018 as compared to unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM189.6 million for the previous period corresponding quarter ended 31 December 2017 and higher foreign exchange gain of RM53.9 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 31 December 2018 decreased by RM272.5 million or 21.9% to RM970.3 million compared to the previous period corresponding quarter ended 31 December 2017. The decrease was mainly attributable to lower net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM383.4 million.

The Group's overhead expenses for the quarter ended 31 December 2018 increased by RM155.2 million or 5.3% compared to the previous period corresponding quarter ended 31 December 2017. The increase was mainly contributed by the increase in personnel expenses of RM194.5 million and higher administration and general expenses of RM38.4 million. The increase was, however, mitigated by lower establishment costs of RM67.6 million and marketing expenses of RM10.1 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM118.5 million to RM81.3 million for the quarter ended 31 December 2018 compared to the previous period corresponding quarter ended 31 December 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 31 December 2018 compared to the previous period corresponding quarter ended 31 December 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 RM196.8 million or 13.5% to RM1,256.9 million for the quarter ended 31 December 2018 from RM1,453.7 million for the previous period corresponding quarter ended 31 December 2017. The decrease was mainly due to higher overhead expenses of RM238.4 million and higher allowance for impairment losses on loans, advances, financing and other debts of RM22.6 million. The decrease was, however, mitigated by higher net interest income and income from IBS operations of RM36.7 million and higher other operating income of RM23.6 million.

**Group Global Banking**

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

Group Corporate Banking & Global Markets' profit before taxation and zakat increased by RM388.5 million or 27.3% to RM1,812.1 million for the quarter ended 31 December 2018 from RM1,423.6 million for the previous period corresponding quarter ended 31 December 2017. The increase was mainly due to higher other operating income of RM306.0 million, higher net interest income and income from IBS operations of RM133.8 million and higher writeback of impairment losses on loans, advances, financing and other debts of RM120.6 million. The increase was, however, offset by higher overhead expenses of RM101.4 million and higher allowance for impairment losses on financial investments and other financial assets of RM64.0 million.

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

Group Investment Banking recorded a loss before taxation and zakat of RM2.3 million for the quarter ended 31 December 2018 compared to a profit before taxation and zakat of RM69.9 million for the previous period corresponding quarter ended 31 December 2017. The loss was mainly attributable to lower other operating income of RM168.5 million and lower net interest income and income from IBS operation of RM9.1 million. This was mitigated by lower overhead expenses of RM80.0 million, lower allowance for impairment losses on loans, advances, financing and other debts of RM15.8 million and higher writeback of impairment losses on financial investments and other financial assets of RM9.8 million.

**c) Group Asset Management**

Group Asset Management recorded a loss before taxation and zakat of RM14.7 million for the quarter ended 31 December 2018 compared to a profit before taxation and zakat of RM0.4 million for the previous period corresponding quarter ended 31 December 2017. The loss was mainly attributable to lower other operating income of RM30.5 million, higher allowance for impairment losses on financial investments and other financial assets of RM13.2 million. This was mitigated by lower overhead expenses of RM28.6 million.

**Group Insurance and Takaful**

Group Insurance and Takaful's profit before taxation and zakat decreased by RM71.1 million or 17.1% to RM345.0 million for the quarter ended 31 December 2018 from RM416.1 million for the previous period corresponding quarter ended 31 December 2017. The decrease was contributed mainly by lower other operating income of RM551.7 million. This was mitigated by lower net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM275.1 million, lower overhead expenses of RM76.0 million, higher net earned insurance premiums of RM68.4 million and lower allowance for impairment losses on financial investments and other financial assets of RM22.6 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 for the quarter ended 31 December 2018 increased by RM369.5 million to RM2,326.4 million against the preceding quarter ended 30 September 2018 of RM1,956.9 million.

The Group's net interest income for the quarter ended 31 December 2018 increased by RM123.6 million to RM3,108.3 million against the preceding quarter of RM2,984.7 million. Income from Islamic Banking Scheme operations increased by RM96.2 million to RM1,499.9 million for the quarter ended 31 December 2018 compared to RM1,403.7 million in the preceding quarter ended 30 September 2018.

The Group's net earned insurance premiums for the quarter ended 31 December 2018 increased by RM72.2 million to RM1,502.2 million compared to RM1,430.0 million in the preceding quarter ended 30 September 2018.

Other operating income of the Group for the quarter ended 31 December 2018 decreased by RM287.5 million to RM1,161.0 million compared to RM1,448.5 million in the preceding quarter ended 30 September 2018. The decrease was mainly due to higher net investment loss of RM250.1 million for the quarter ended 31 December 2018, lower fee income of RM100.6 million, lower realised gain on derivatives of RM28.5 million and lower gross dividend income of RM17.3 million. The decrease, however, was mitigated by an increase in higher foreign exchange gain of RM45.7 million and higher unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL, derivatives and loans, advances and financing by RM11.5 million for the quarter ended 31 December 2018.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund decreased by RM602.7 million to RM970.3 million for the quarter ended 31 December 2018 compared to RM1,573.0 million in the preceding quarter ended 30 September 2018. The decrease was mainly attributable to lower net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM657.3 million.

The Group posted an increase of RM369.6 million in overhead expenses to RM3,068.4 million for the quarter ended 31 December 2018 compared to RM2,698.8 million in the preceding quarter ended 30 September 2018. The increase was mainly due to higher personnel expenses of RM193.8 million, higher administration and general expenses of RM123.1 million, higher establishment costs of RM43.9 million and higher marketing expenses of RM8.8 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts decreased by RM337.1 million to RM81.3 million in the quarter ended 31 December 2018 compared to RM418.5 million in the preceding quarter ended 30 September 2018.

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**B3. Prospects**

Global GDP growth is expected to ease in 2019 to +3.6% from +3.8% in 2018 on continued normalising of monetary policies globally, which include rising interest rates and reversal of quantitative easing measures by major central banks, coupled with spill over effects from the US-China trade war. Moderating global GDP growth is expected to be led by major advanced economies including the US (2019E: +2.5%; 2018E: +2.9%) and Eurozone (2019E: +1.7%; 2018: +1.9%), as well as selected BRIC markets such as China (2019E: +6.3%; 2018: +6.6%) and Russia (2019E: +1.5%; 2018E: +1.7%).

A similar pace of slower growth is likely to be seen in the ASEAN-6 countries (2019E: +4.8%; 2018E: +5.0%) on the back of global macroeconomic headwinds causing uncertainty. Out of Maybank Group's three home markets, Malaysia is expected to chart stable growth at +4.9% in 2019 (2018: 4.7%) on improved growth in the mining and agriculture sectors, private investment, as well as positive net external demand. Some considerations that could impact Malaysia's economic growth include the outcome of the US-China trade talks and the Government's long term economic growth policy.

Singapore's economic growth is forecasted to grow at +2.2% in 2019 (2018: 3.2%). Impact from trade tensions and tightening global monetary conditions continues to weigh on growth and the negative impact is broadening to services, no longer just exports and manufacturing. Indonesia's economy is expected to grow at +5.1% in 2019 (2018: +5.2%), supported by consumption that is boosted by a minimum wage increase and low inflation rate, but mitigated by potentially lower domestic and foreign direct investments ahead of the parliamentary and presidential elections in April 2019.

Against the backdrop of a moderating global growth and uncertainty over trade tensions, Maybank Group will maintain its balance sheet expansion in line with forecast economic growth of its three home markets and in tandem with the Group's risk posture. Maybank Group will continue building on its diversified franchise and footprint to expand income streams through cross business collaborations and from focusing on diligent pricing of its assets and liabilities.

Indonesia is expected to maintain its GDP growth 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.

Other key on-going priorities for Maybank Group into 2019 include our emphasis to improve productivity levers, upskilling of our workforce to be ready for a digital economy, proactively manage asset quality in line with new accounting standards (MFRS 9) and prioritising capital and liquidity strength given increasing capital markets volatility and global macroeconomic headwinds.

Barring any unforeseen circumstances, the Group expects its financial performance for 2019 to be satisfactory in line with the expected growth prospects of its key home markets. The Group has set its Headline Key Performance Indicator ("KPI") for Return on Equity ("ROE") of approximately 11%.

**B4. Profit Forecast or Profit Guarantee**

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the fourth quarter and 12 months financial year ended 31 December 2018.

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**B5. Taxation and Zakat**

The analysis of the tax expense for the fourth quarter and 12 months financial year ended 31 December 2018 are as follows:

<b>Group</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>Fourth Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	651,643	687,508	2,582,593	2,159,444
Foreign income tax	140,329	97,357	410,350	312,728
	<b>791,972</b>	<b>784,865</b>	<b>2,992,943</b>	<b>2,472,172</b>
Over provision in respect of prior period/year:				
Malaysian income tax	(45,146)	(194)	(79,168)	(15,409)
Foreign income tax	(4,683)	(10,873)	(13,255)	(48,272)
	<b>742,143</b>	<b>773,798</b>	<b>2,900,520</b>	<b>2,408,491</b>
Deferred tax				
- Relating to origination and reversal of temporary differences	(117,125)	(105,159)	(396,032)	(130,945)
Tax expense for the financial period/year	<b>625,018</b>	668,639	<b>2,504,488</b>	2,277,546
Zakat	19,777	6,425	40,922	23,676
	<b>644,795</b>	<b>675,064</b>	<b>2,545,410</b>	<b>2,301,222</b>

The Group's effective tax rate for the financial year ended 31 December 2018 was lower than the statutory tax rate due to certain income not subject to tax.

<b>Bank</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>Fourth Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	203,646	419,648	1,499,417	1,329,138
Foreign income tax	1,787	11,186	6,978	12,751
	<b>205,433</b>	<b>430,834</b>	<b>1,506,395</b>	<b>1,341,889</b>
(Over)/under provision in respect of prior period/year:				
Malaysian income tax	(26,481)	-	(26,481)	1,272
Foreign income tax	(369)	(11,005)	(8,408)	(50,134)
	<b>178,583</b>	<b>419,829</b>	<b>1,471,506</b>	<b>1,293,027</b>
Deferred tax				
- Relating to origination and reversal of temporary differences	151,110	(51,725)	(30,891)	(63,288)
Tax expense for the financial period/year	<b>329,693</b>	368,104	<b>1,440,615</b>	1,229,739

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

There are no corporate proposals announced but not completed during the financial year ended 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 A41g.

**B9. Derivative Financial Instruments**

Please refer to Note A37.

**B10. Changes in Material Litigation**

There is no material litigation during the financial year ended 31 December 2018.

**B11. Dividend**

**(i) Proposed final dividend**

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2018 of 32 sen single-tier dividend per ordinary share, amounting to a net dividend payable of RM3,535,898,553 (based on 11,049,682,979 ordinary shares in issue as at 31 December 2018) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 15 sen per ordinary share to be paid in cash amounting to RM1,657,452,447 and an electable portion of 17 sen per ordinary share amounting to RM1,878,446,106.

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

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

**(ii) Total dividend**

Total dividend for the financial year ended 31 December 2018 are as follows:

- a) Single-tier interim dividend of 25 sen per ordinary share declared on 30 August 2018 and paid on 30 October 2018;  
and
- b) Proposed single-tier final dividend of 32 sen per ordinary share, subject to shareholders' approval.



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**B12. Earnings Per Share ("EPS")**

**Basic EPS**

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

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2018	31 December 2017	Cumulative 12 Months Ended 31 December 2018	31 December 2017
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	<b>2,326,355</b>	2,132,099	<b>8,113,260</b>	7,520,542
Weighted average number of ordinary shares in issue ('000)	<b>11,049,683</b>	10,698,850	<b>10,933,614</b>	10,439,428
Basic earnings per share	<b>21.05 sen</b>	19.93 sen	<b>74.20 sen</b>	72.04 sen

**Diluted EPS**

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

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

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2018	31 December 2017	Cumulative 12 Months Ended 31 December 2018	31 December 2017
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	<b>2,326,355</b>	2,132,099	<b>8,113,260</b>	7,520,542
Weighted average number of ordinary shares in issue ('000)	<b>11,049,683</b>	10,698,850	<b>10,933,614</b>	10,439,428
Effects of dilution ('000)	-	1,178	-	2,317
Adjusted weighted average number of ordinary shares in issue ('000)	<b>11,049,683</b>	10,700,028	<b>10,933,614</b>	10,441,745
Diluted earnings per share	<b>21.05 sen</b>	19.93 sen	<b>74.20 sen</b>	72.02 sen

By Order of the Board

**Wan Marzimin Wan Muhammad**  
LS0009924  
Company Secretary  
26 February 2019