

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

<u>Group</u>	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Interest income	A21	6,138,608	5,865,183	18,192,354	17,113,559
Interest expense	A22	(2,978,597)	(2,880,477)	(9,181,241)	(8,148,923)
Net interest income		3,160,011	2,984,706	9,011,113	8,964,636
Income from Islamic Banking Scheme operations	A40a	1,494,563	1,403,696	4,394,121	4,111,843
Net earned insurance premiums	A23	1,749,070	1,430,003	4,999,459	4,431,410
Other operating income	A25	2,148,550	1,448,460	5,806,280	3,758,036
Total operating income		8,552,194	7,266,865	24,210,973	21,265,925
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(2,053,990)	(1,573,042)	(5,962,932)	(3,937,195)
Net operating income		6,498,204	5,693,823	18,248,041	17,328,730
Overhead expenses	A27	(2,963,605)	(2,698,843)	(8,592,932)	(8,145,231)
Operating profit before impairment losses		3,534,599	2,994,980	9,655,109	9,183,499
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(957,984)	(418,450)	(1,953,622)	(1,509,909)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	32,088	15,825	(16,433)	36,865
(Allowances for)/writeback of impairment losses on other financial assets, net	A30	(8,988)	15,395	(54,451)	22,469
Operating profit		2,599,715	2,607,750	7,630,603	7,732,924
Share of profits in associates and joint ventures		48,542	31,760	119,673	72,827
<b>Profit before taxation and zakat</b>		<b>2,648,257</b>	<b>2,639,510</b>	<b>7,750,276</b>	<b>7,805,751</b>
Taxation and zakat	B5	(603,370)	(628,792)	(1,842,491)	(1,900,615)
<b>Profit for the period</b>		<b>2,044,887</b>	<b>2,010,718</b>	<b>5,907,785</b>	<b>5,905,136</b>
<b>Attributable to:</b>					
Equity holders of the Bank		1,998,809	1,956,856	5,748,944	5,786,905
Non-controlling interests		46,078	53,862	158,841	118,231
		2,044,887	2,010,718	5,907,785	5,905,136
<b>Earnings per share attributable to equity holders of the Bank</b>	B12				
Basic		17.78 sen	17.91 sen	51.63 sen	53.12 sen
Fully diluted		17.78 sen	17.90 sen	51.63 sen	53.07 sen

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Profit for the period</b>	<b>2,044,887</b>	2,010,718	<b>5,907,785</b>	5,905,136
<b>Other comprehensive (loss)/income:</b>				
<b><i>Items that will not be reclassified subsequently to profit or loss:</i></b>				
Defined benefit plan actuarial (loss)/gain	(1,015)	(239)	2,896	4,655
Income tax effect	-	29	147	(335)
Net gain on disposal of financial investments at fair value through other comprehensive income	10,550	18,487	10,594	18,487
	<b>9,535</b>	18,277	<b>13,637</b>	22,807
<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	593,864	376,985	2,785,761	(341,326)
- Net gain/(loss) from change in fair value	806,919	799,929	3,371,131	(322,422)
- Changes in expected credit losses	(13,460)	(224,403)	223,279	(78,574)
- Income tax effect	(199,595)	(198,541)	(808,649)	59,670
Net gain/(loss) on foreign exchange translation	8,493	390,010	466,496	(644,858)
Net (loss)/gain on cash flow hedge	(217)	(167)	(368)	1,593
Net (loss)/gain on net investment hedge	(2,011)	(19,529)	(2,068)	6,941
Net gain on fair value hedge	825	-	7,211	-
Net gain on capital reserve	-	112	-	112
Share of change in associates' reserve	81,208	(39,086)	(201,768)	(262,382)
	<b>682,162</b>	708,325	<b>3,055,264</b>	(1,239,920)
Other comprehensive income/(loss) for the period, net of tax	<b>691,697</b>	726,602	<b>3,068,901</b>	(1,217,113)
<b>Total comprehensive income for the period</b>	<b>2,736,584</b>	2,737,320	<b>8,976,686</b>	4,688,023
<b>Other comprehensive income/(loss) for the period attributable to:</b>				
Equity holders of the Bank	669,834	735,169	3,012,355	(1,201,284)
Non-controlling interests	21,863	(8,567)	56,546	(15,829)
	<b>691,697</b>	726,602	<b>3,068,901</b>	(1,217,113)
<b>Total comprehensive income for the period attributable to:</b>				
Equity holders of the Bank	2,668,643	2,692,025	8,761,299	4,585,621
Non-controlling interests	67,941	45,295	215,387	102,402
	<b>2,736,584</b>	2,737,320	<b>8,976,686</b>	4,688,023

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

<u>Bank</u>	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Interest income	A21	4,050,018	4,537,596	12,160,291	13,109,099
Interest expense	A22	(2,019,541)	(2,330,815)	(6,379,205)	(6,439,073)
Net interest income		2,030,477	2,206,781	5,781,086	6,670,026
Dividends from subsidiaries and associates	A24	1,368,157	30,945	3,103,320	1,607,555
Other operating income	A25	1,200,828	857,379	2,920,530	3,055,231
		2,568,985	888,324	6,023,850	4,662,786
Net operating income		4,599,462	3,095,105	11,804,936	11,332,812
Overhead expenses	A27	(1,242,023)	(1,397,710)	(3,537,367)	(4,261,712)
Operating profit before impairment losses		3,357,439	1,697,395	8,267,569	7,071,100
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(688,670)	(301,526)	(1,415,874)	(744,090)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	42,575	5,387	(5,634)	45,403
(Allowances for)/writeback of impairment losses on other financial assets, net	A30	(2,764)	4,652	(20,131)	7,042
<b>Profit before taxation and zakat</b>		2,708,580	1,405,908	6,825,930	6,379,455
Taxation and zakat	B5	(307,128)	(324,628)	(873,576)	(1,110,922)
<b>Profit for the period</b>		2,401,452	1,081,280	5,952,354	5,268,533

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

<u>Bank</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Profit for the period</b>	<b>2,401,452</b>	1,081,280	<b>5,952,354</b>	5,268,533
<b>Other comprehensive income/(loss):</b>				
<b><i>Items that will not be reclassified subsequently to profit or loss:</i></b>				
Net gain on disposal of financial investments at fair value through other comprehensive income	<b>10,550</b>	2,688	<b>10,594</b>	2,688
<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	<b>395,282</b>	294,546	<b>2,184,433</b>	(303,577)
- Net gain/(loss) from change in fair value	<b>547,326</b>	698,010	<b>2,583,349</b>	(264,039)
- Changes in expected credit losses	<b>(17,858)</b>	(236,799)	<b>224,900</b>	(102,022)
- Income tax effect	<b>(134,186)</b>	(166,665)	<b>(623,816)</b>	62,484
Net (loss)/gain on foreign exchange translation	<b>(9,637)</b>	318,195	<b>26,311</b>	67,304
Net gain on fair value hedge	<b>825</b>	-	<b>7,211</b>	-
	<b>386,470</b>	612,741	<b>2,217,955</b>	(236,273)
Other comprehensive income/(loss) for the period, net of tax	<b>397,020</b>	615,429	<b>2,228,549</b>	(233,585)
<b>Total comprehensive income for the period</b>	<b>2,798,472</b>	1,696,709	<b>8,180,903</b>	5,034,948

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Note	Group		Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>ASSETS</b>					
Cash and short-term funds		48,450,042	55,025,127	24,971,612	26,945,152
Deposits and placements with financial institutions		11,262,046	12,502,877	15,578,562	23,410,133
Financial assets purchased under resale agreements		4,556,281	4,030,245	3,837,519	3,763,284
Financial assets designated upon initial recognition at fair value through profit or loss	A10(i)	14,183,990	14,763,788	-	-
Financial investments at fair value through profit or loss	A10(ii)	22,877,336	15,205,150	16,128,542	8,914,167
Financial investments at fair value through other comprehensive income	A10(iii)	129,933,121	120,913,888	87,413,953	89,582,837
Financial investments at amortised cost	A10(iv)	35,455,205	27,069,261	30,697,158	22,857,070
Loans, advances and financing to financial institutions	A11(i)	1,257,594	1,576,199	18,900,316	17,052,024
Loans, advances and financing to customers	A11(ii)	513,491,602	505,507,620	208,033,946	213,314,768
Derivative assets	A37	11,881,542	6,963,521	11,618,139	6,799,063
Reinsurance/retakaful assets and other insurance receivables	A12	4,333,298	3,800,047	-	-
Other assets	A13	15,268,757	9,873,340	9,680,373	5,267,285
Investment properties		898,275	895,769	-	-
Statutory deposits with central banks		16,279,984	16,264,849	4,521,187	5,041,560
Investment in subsidiaries		-	-	31,699,808	31,446,456
Interest in associates and joint ventures		2,504,726	2,300,299	440,730	472,016
Property, plant and equipment		2,136,808	2,495,825	991,481	1,041,432
Right-of-use assets		1,577,979	-	450,334	-
Intangible assets		6,898,256	6,718,327	345,804	360,865
Deferred tax assets		703,698	1,085,549	-	345,186
<b>TOTAL ASSETS</b>		<b>843,950,540</b>	<b>806,991,681</b>	<b>465,309,464</b>	<b>456,613,298</b>
<b>LIABILITIES</b>					
Customers' funding:					
- Deposits from customers	A14	546,027,751	532,732,623	240,876,805	255,160,315
- Investment accounts of customers <sup>1</sup>	A40g	20,138,518	23,565,061	-	-
Deposits and placements from financial institutions	A15	53,293,691	43,850,577	59,628,406	52,940,747
Obligations on financial assets sold under repurchase agreements		5,970,185	13,797,993	13,970,587	21,266,302
Derivative liabilities	A37	11,782,405	7,975,784	11,352,314	7,439,049
Financial liabilities at fair value through profit or loss	A16	8,622,427	8,892,691	8,622,427	8,507,004
Bills and acceptances payable		1,427,919	1,508,658	545,286	612,967
Insurance/takaful contract liabilities and other insurance payables	A18	30,524,550	26,853,102	-	-
Other liabilities	A19	28,462,361	21,788,671	15,546,016	7,341,061
Recourse obligation on loans and financing sold to Cagamas		1,528,685	1,547,272	1,528,685	1,547,272
Provision for taxation and zakat		111,465	395,792	-	79,815
Deferred tax liabilities		1,153,471	497,966	329,831	-
Borrowings	A17(i)	40,379,903	31,600,197	31,905,392	23,441,160
Subordinated obligations	A17(ii)	9,686,488	10,717,005	9,222,167	9,157,310
Capital securities	A17(iii)	2,801,864	3,531,029	2,801,864	3,531,029
<b>TOTAL LIABILITIES</b>		<b>761,911,683</b>	<b>729,254,421</b>	<b>396,329,780</b>	<b>391,024,031</b>

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

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Note	Group		Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>					
Share capital		48,280,355	46,747,442	48,280,355	46,747,442
Retained profits		24,828,719	25,985,583	13,833,484	14,401,762
Reserves		6,191,866	2,597,102	6,865,845	4,440,063
		<b>79,300,940</b>	<b>75,330,127</b>	<b>68,979,684</b>	<b>65,589,267</b>
<b>Non-controlling interests</b>		<b>2,737,917</b>	<b>2,407,133</b>	-	-
		<b>82,038,857</b>	<b>77,737,260</b>	<b>68,979,684</b>	<b>65,589,267</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>843,950,540</b>	<b>806,991,681</b>	<b>465,309,464</b>	<b>456,613,298</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A35	<b>1,170,019,143</b>	<b>872,955,128</b>	<b>1,079,072,033</b>	<b>780,160,779</b>
<b><u>CAPITAL ADEQUACY</u></b>					
	A36				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		14.438%	15.029%	13.848%	13.757%
Tier 1 Capital Ratio		15.185%	15.983%	14.665%	14.871%
Total Capital Ratio		18.065%	19.024%	17.981%	18.266%
Net assets per share attributable to equity holders of the Bank					
		<b>RM7.05</b>	<b>RM6.82</b>	<b>RM6.14</b>	<b>RM5.94</b>

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**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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

<u>Group</u>	Share Capital RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESGP 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 2019</b>	<b>46,747,442</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>
Profit for the period	-	-	-	-	-	-	-	5,748,944	5,748,944	158,841	5,907,785
Other comprehensive income	-	-	-	2,722,187	272,620	-	6,954	10,594	3,012,355	56,546	3,068,901
Defined benefit plan actuarial gain	-	-	-	-	-	-	2,179	-	2,179	864	3,043
Share of associates' reserve	-	-	-	(18,585)	(183,183)	-	-	-	(201,768)	-	(201,768)
Net gain on foreign exchange translation	-	-	-	-	455,803	-	-	-	455,803	10,693	466,496
Net gain on financial investments at fair value through other comprehensive income	-	-	-	2,740,772	-	-	-	-	2,740,772	44,989	2,785,761
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	10,594	10,594	-	10,594
Net loss on net investment hedge	-	-	-	-	-	-	(2,068)	-	(2,068)	-	(2,068)
Net loss on cash flow hedge	-	-	-	-	-	-	(368)	-	(368)	-	(368)
Net gain on fair value hedge	-	-	-	-	-	-	7,211	-	7,211	-	7,211
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,722,187</b>	<b>272,620</b>	<b>-</b>	<b>6,954</b>	<b>5,759,538</b>	<b>8,761,299</b>	<b>215,387</b>	<b>8,976,686</b>
<b>Carried forward</b>	<b>46,747,442</b>	<b>239,009</b>	<b>2,127,290</b>	<b>3,179,232</b>	<b>386,130</b>	<b>-</b>	<b>(332,798)</b>	<b>31,745,121</b>	<b>84,091,426</b>	<b>2,622,520</b>	<b>86,713,946</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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

<u>Group (cont'd.)</u>	Share Capital RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESGP 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>	46,747,442	239,009	2,127,290	3,179,232	386,130	-	(332,798)	31,745,121	84,091,426	2,622,520	86,713,946
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	226,029	226,029
Transfer to statutory reserve	-	37,557	-	-	-	-	-	(37,557)	-	-	-
Transfer to regulatory reserve	-	-	532,605	-	-	-	-	(532,605)	-	-	-
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP")	-	-	-	-	-	22,841	-	-	22,841	-	22,841
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a))	1,532,913	-	-	-	-	-	-	-	1,532,913	-	1,532,913
Dividends paid (Note A9(a) & (c))	-	-	-	-	-	-	-	(3,535,899)	(3,535,899)	(110,632)	(3,646,531)
Dividends payable (Note A9(b))	-	-	-	-	-	-	-	(2,810,341)	(2,810,341)	-	(2,810,341)
<b>Total transactions with shareholders/ other equity movements</b>	<b>1,532,913</b>	<b>37,557</b>	<b>532,605</b>	<b>-</b>	<b>-</b>	<b>22,841</b>	<b>-</b>	<b>(6,916,402)</b>	<b>(4,790,486)</b>	<b>115,397</b>	<b>(4,675,089)</b>
<b>At 30 September 2019</b>	<b>48,280,355</b>	<b>276,566</b>	<b>2,659,895</b>	<b>3,179,232</b>	<b>386,130</b>	<b>22,841</b>	<b>(332,798)</b>	<b>24,828,719</b>	<b>79,300,940</b>	<b>2,737,917</b>	<b>82,038,857</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 RM753.0 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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

<u>Group</u>	Share Capital RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	1 Other Reserves RM'000	2 Retained Profits 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	-	-	-	(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 period	-	-	-	-	-	-	-	-	5,786,905	5,786,905	118,231	5,905,136
Other comprehensive (loss)/income	-	-	-	-	(355,483)	(876,179)	-	11,891	18,487	(1,201,284)	(15,829)	(1,217,113)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	3,245	-	3,245	1,075	4,320
Share of associates reserve	-	-	-	-	(27,014)	(235,368)	-	-	-	(262,382)	-	(262,382)
Net loss on foreign exchange translation	-	-	-	-	-	(640,811)	-	-	-	(640,811)	(4,047)	(644,858)
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(328,469)	-	-	-	-	(328,469)	(12,857)	(341,326)
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	18,487	18,487	-	18,487
Net gain on net investment hedge	-	-	-	-	-	-	-	6,941	-	6,941	-	6,941
Net gain on cash flow hedge	-	-	-	-	-	-	-	1,593	-	1,593	-	1,593
Net gain on capital reserve	-	-	-	-	-	-	-	112	-	112	-	112
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	(355,483)	(876,179)	-	11,891	5,805,392	4,585,621	102,402	4,688,023
<b>Carried forward</b>	44,250,380	(183,438)	203,058	1,987,007	133,452	(17,427)	219,387	(393,278)	29,976,527	76,175,668	2,308,595	78,484,263

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**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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

<u>Group (cont'd.)</u>	Share Capital RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	1 Other Reserves RM'000	2 Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>Brought forward</b>	44,250,380	(183,438)	203,058	1,987,007	133,452	(17,427)	219,387	(393,278)	29,976,527	76,175,668	2,308,595	78,484,263
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	1,457	-	-	1,457	-	1,457
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	17,370	17,370	64,807	82,177
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	3,681	3,681
Transfer to statutory reserves	-	-	33,714	-	-	-	-	-	(33,714)	-	-	-
Transfer to regulatory reserve	-	-	-	674,916	-	-	-	-	(674,916)	-	-	-
Utilisation of shares under ESOS Trust Fund Pool	-	106,763	-	-	-	-	-	-	3,012	109,775	-	109,775
Disposal of shares under ESOS Trust Fund Pool	-	75,967	-	-	-	-	-	-	8,742	84,709	-	84,709
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,280)	-	100,280	-	-	-
Issue of shares pursuant to ESS	1,532,111	-	-	-	-	-	(87,686)	-	-	1,444,425	-	1,444,425
Issue of shares pursuant to Restricted Share Unit ("RSU")	45,940	-	-	-	-	-	(32,274)	-	(13,666)	-	-	-
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	666	-	-	-	-	(575)	-	(91)	-	-	-
Dividends payable	-	-	-	-	-	-	-	-	(1,926,026)	(1,926,026)	-	(1,926,026)
Dividends paid	-	-	-	-	-	-	-	-	(3,497,793)	(3,497,793)	(94,043)	(3,591,836)
<b>Total transactions with shareholders/other equity movements</b>	<b>1,578,051</b>	<b>183,396</b>	<b>33,714</b>	<b>674,916</b>	<b>-</b>	<b>-</b>	<b>(219,358)</b>	<b>-</b>	<b>(6,016,802)</b>	<b>(3,766,083)</b>	<b>(25,555)</b>	<b>(3,791,638)</b>
<b>At 30 September 2018</b>	<b>45,828,431</b>	<b>(42)</b>	<b>236,772</b>	<b>2,661,923</b>	<b>133,452</b>	<b>(17,427)</b>	<b>29</b>	<b>(393,278)</b>	<b>23,959,725</b>	<b>72,409,585</b>	<b>2,283,040</b>	<b>74,692,625</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 RM1,323.5 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

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

<b>Bank</b>	<b>Share Capital RM'000</b>	<b>Statutory Reserve RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Fair Value Through Other Comprehensive Income Reserve RM'000</b>	<b>Exchange Fluctuation Reserve RM'000</b>	<b>ESGP Reserve RM'000</b>	<b>Fair Value Hedge Reserve RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total Equity RM'000</b>
<b>At 1 January 2019</b>	46,747,442	53,032	1,778,997	279,332	2,328,702	-	-	14,401,762	65,589,267
Profit for the period	-	-	-	-	-	-	-	5,952,354	5,952,354
Other comprehensive income	-	-	-	2,184,433	26,311	-	7,211	10,594	2,228,549
Net gain on foreign exchange translation	-	-	-	-	26,311	-	-	-	26,311
Net gain on financial investments at fair value through other comprehensive income	-	-	-	2,184,433	-	-	-	-	2,184,433
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	10,594	10,594
Net gain on fair value hedge	-	-	-	-	-	-	7,211	-	7,211
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,184,433</b>	<b>26,311</b>	<b>-</b>	<b>7,211</b>	<b>5,962,948</b>	<b>8,180,903</b>
Transfer to statutory reserve	-	4,312	-	-	-	-	-	(4,312)	-
Transfer to regulatory reserve	-	-	180,674	-	-	-	-	(180,674)	-
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP")	-	-	-	-	-	22,841	-	-	22,841
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a))	1,532,913	-	-	-	-	-	-	-	1,532,913
Dividends paid (Note A9(a))	-	-	-	-	-	-	-	(3,535,899)	(3,535,899)
Dividends payable (Note A9(b))	-	-	-	-	-	-	-	(2,810,341)	(2,810,341)
<b>Total transactions with shareholders/ other equity movements</b>	<b>1,532,913</b>	<b>4,312</b>	<b>180,674</b>	<b>-</b>	<b>-</b>	<b>22,841</b>	<b>-</b>	<b>(6,531,226)</b>	<b>(4,790,486)</b>
<b>At 30 September 2019</b>	<b>48,280,355</b>	<b>57,344</b>	<b>1,959,671</b>	<b>2,463,765</b>	<b>2,355,013</b>	<b>22,841</b>	<b>7,211</b>	<b>13,833,484</b>	<b>68,979,684</b>

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

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**CONDENSED FINANCIAL STATEMENTS**  
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**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

<===== 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>
	<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>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	-	-	-	(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 period	-	-	-	-	-	-	-	5,268,533	5,268,533
Other comprehensive (loss)/income	-	-	-	-	(303,577)	67,304	-	2,688	(233,585)
Net gain on foreign exchange translation	-	-	-	-	-	67,304	-	-	67,304
Net loss on financial assets at fair value through other comprehensive income	-	-	-	-	(303,577)	-	-	-	(303,577)
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,688	2,688
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(303,577)</b>	<b>67,304</b>	<b>-</b>	<b>5,271,221</b>	<b>5,034,948</b>
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	1,457	-	1,457
Transfer to statutory reserve	-	-	5,867	-	-	-	-	(5,867)	-
Transfer to regulatory reserve	-	-	-	415,308	-	-	-	(415,308)	-
Utilisation of shares under ESOS Trust Fund Pool	-	106,763	-	-	-	-	-	3,012	109,775
Disposal of shares under ESOS Trust Fund Pool	-	75,967	-	-	-	-	-	8,742	84,709
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,280)	100,280	-
Issue of shares pursuant to ESS	1,532,111	-	-	-	-	-	(87,686)	-	1,444,425
Issue of shares pursuant to Restricted Share Unit ("RSU")	45,940	-	-	-	-	-	(32,274)	(13,666)	-
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	666	-	-	-	-	(575)	(91)	-
Dividends	-	-	-	-	-	-	-	(3,497,793)	(3,497,793)
Dividends payable	-	-	-	-	-	-	-	(1,926,026)	(1,926,026)
<b>Total transactions with shareholders/ other equity movements</b>	<b>1,578,051</b>	<b>183,396</b>	<b>5,867</b>	<b>415,308</b>	<b>-</b>	<b>-</b>	<b>(219,358)</b>	<b>(5,746,717)</b>	<b>(3,783,453)</b>
<b>At 30 September 2018</b>	<b>45,828,431</b>	<b>(42)</b>	<b>52,122</b>	<b>2,353,716</b>	<b>3,112</b>	<b>2,295,619</b>	<b>29</b>	<b>12,599,064</b>	<b>63,132,051</b>

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Group		Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	7,750,276	7,805,751	6,825,930	6,379,455
Adjustments for:				
Depreciation of property, plant and equipment	219,627	301,101	89,419	124,349
Depreciation of right-of-use assets	292,909	-	81,081	-
Gain on disposal of property, plant and equipment	(3,526)	(70,217)	(427)	(60,416)
Share of profits in associates and joint ventures	(119,673)	(72,827)	-	-
Amortisation of intangible assets	186,382	178,986	36,262	61,755
Net gain on dilution of interest in associates	(1,836)	(1,268)	(1,696)	-
Net loss on disposal of deemed controlled entity	-	15,409	2,687	27,902
Net loss on liquidation of interest in associates	673	-	3,889	-
Net (gain)/loss on disposal of financial assets at fair value through profit or loss	(438,436)	136,852	(205,739)	(65,903)
Net gain on disposal of financial investments at fair value through other comprehensive income	(1,015,003)	(72,645)	(900,844)	(72,094)
Net gain on redemption of financial investments at amortised cost	(18)	(1,773)	(18)	(1,773)
Unrealised (gain)/loss on revaluation of financial investments at fair value through profit or loss and derivatives	(1,472,118)	549,226	(159,234)	388,198
Unrealised loss/(gain) on revaluation of financial liabilities at fair value through profit or loss	976,158	(531,189)	976,859	(538,402)
Unrealised loss on revaluation of loans, advances and financing at fair value through profit or loss	10,381	-	10,381	-
Allowances for impairment losses on loans, advances and financing, net	2,258,248	1,732,825	1,536,558	897,766
Allowances for impairment losses on other debts	18,240	6,008	14,193	1,260
Allowances for/(writeback of) impairment losses on financial investments, net	16,433	(36,865)	5,634	(45,403)
Allowances for/(writeback of) impairment losses on other financial assets, net	54,451	(22,469)	20,131	(7,042)
Dividend income	(77,024)	(96,174)	(3,108,747)	(1,611,117)
ESGP/ESS expenses	27,559	3,734	15,969	2,426
Other adjustments for non-operating and non-cash items	(87,790)	(264,882)	(298,352)	(284,657)
Operating profit before working capital changes	<b>8,595,913</b>	9,559,583	<b>4,943,936</b>	5,196,304
Change in deposits and placements with financial institutions with original maturity of more than three months	2,412,622	(1,712,121)	2,412,765	(1,063,785)
Change in cash and short-term funds with original maturity of more than three months	(1,605,702)	(2,077,979)	(583,197)	(1,505,865)
Change in financial investments portfolio	(18,086,247)	(23,892,523)	(8,868,028)	(16,391,889)
Change in loans, advances and financing	(8,089,666)	(17,623,783)	2,556,932	(5,656,970)
Change in statutory deposits with central banks	(15,136)	(908,467)	520,373	(535,170)
Change in deposits from customers	11,947,358	17,660,083	(14,369,531)	3,959,908
Change in investment accounts of customers	(3,426,543)	(5,786,457)	-	-
Change in deposits and placements from financial institutions	9,443,114	4,409,538	6,687,659	6,225,363
Change in financial liabilities at fair value through profit or loss	(1,541,569)	(121,961)	(1,156,583)	(146,498)
Change in reinsurance/retakaful assets and other insurance receivables	(547,599)	222,191	-	-
Change in insurance/takaful contract liabilities and other insurance payables	3,671,448	1,628,115	-	-
Change in other operating activities	(11,899,516)	7,593,414	(7,095,166)	3,592,415
Cash used in operations	(9,141,523)	(11,050,367)	(14,950,840)	(6,326,187)
Taxes and zakat paid	(2,300,225)	(1,850,027)	(1,179,866)	(955,721)
Net cash used in operating activities	<b>(11,441,748)</b>	(12,900,394)	<b>(16,130,706)</b>	(7,281,908)

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Group		Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Cash flows from investing activities</b>				
Dividends received from:				
- financial investments portfolio	77,024	96,174	5,427	3,562
- associates	-	-	689	398
- subsidiaries	-	-	3,102,631	1,607,157
Purchase of property, plant and equipment	(131,464)	(170,701)	(39,906)	(58,364)
Purchase of investment properties	(2,465)	(99,598)	-	-
Purchase of intangible assets	(253,765)	(250,026)	(38,470)	(96,354)
Purchase of additional ordinary shares in existing subsidiary	-	-	(194,070)	(1,530,435)
Proceeds from disposal of property, plant and equipment	24,303	79,791	489	62,017
Purchase of shares in deemed controlled entities	-	-	(61,969)	(873)
Net effect arising from transaction with non-controlling interests	226,029	68,998	-	-
Net effect arising from disposal of deemed controlled entities	-	-	-	142,418
Net effect arising from liquidation of interest in associates	6,899	-	6,899	-
Net effect arising from acquisition of associate	(194,070)	-	-	-
Net cash (used in)/generated from investing activities	<b>(247,509)</b>	<b>(275,362)</b>	<b>2,781,720</b>	<b>129,526</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	1,532,913	1,444,425	1,532,913	1,444,425
Drawdown/(repayment) of borrowings, net	8,817,417	(501,371)	8,163,440	(1,750,970)
Issuance of subordinated obligations	3,700,000	-	3,700,000	-
Issuance of capital securities	2,800,000	-	2,800,000	-
Redemption of subordinated obligations	(4,800,002)	(3,200,904)	(3,700,000)	(2,700,904)
Redemption of capital securities	(3,500,000)	-	(3,500,000)	-
Drawdown of financial liabilities at fair value through profit or loss	-	620,550	-	620,550
Repayment of lease liabilities	(320,720)	-	(99,660)	-
Recourse obligations on loans and financing sold to Cagamas, net	(18,587)	3,995	(18,587)	3,995
Rights issuance exercised by non-controlling interests	-	3,681	-	-
Dividends paid	(3,535,899)	(3,497,793)	(3,535,899)	(3,497,793)
Dividends paid to non-controlling interests	(110,632)	(94,043)	-	-
Net cash generated from/(used in) financing activities	<b>4,564,490</b>	<b>(5,221,460)</b>	<b>5,342,207</b>	<b>(5,880,697)</b>
Net decrease in cash and cash equivalents	<b>(7,124,767)</b>	<b>(18,397,216)</b>	<b>(8,006,779)</b>	<b>(13,033,079)</b>
Cash and cash equivalents at beginning of period	<b>57,058,138</b>	<b>53,933,844</b>	<b>40,660,229</b>	<b>39,306,384</b>
Effects of foreign exchange rate changes	<b>115,771</b>	<b>61,802</b>	<b>31,236</b>	<b>120,877</b>
Cash and cash equivalents at end of period	<b>50,049,142</b>	<b>35,598,430</b>	<b>32,684,686</b>	<b>26,394,182</b>

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

	Group		Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Cash and short-term funds	48,450,042	40,933,485	24,971,612	23,943,234
Deposits and placements with financial institutions	11,262,046	11,843,882	15,578,562	17,811,233
	<b>59,712,088</b>	<b>52,777,367</b>	<b>40,550,174</b>	<b>41,754,467</b>
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	<b>(9,662,946)</b>	<b>(17,178,937)</b>	<b>(7,865,488)</b>	<b>(15,360,285)</b>
Cash and cash equivalents at end of period	<b>50,049,142</b>	<b>35,598,430</b>	<b>32,684,686</b>	<b>26,394,182</b>

**(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018 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 2018. 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 2018.

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 2018 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 2019:

- MFRS 9 *Prepayment Features with Negative Compensation* (Amendments to MFRS 9)
- MFRS 16 *Leases*
- MFRS 128 *Long-term Interests in Associates and Joint Ventures* (Amendments to MFRS 128)
- Annual Improvements to MFRSs 2015-2017 Cycle
  - (i) MFRS 3 *Business Combinations*
  - (ii) MFRS 11 *Joint Arrangements*
  - (iii) MFRS 112 *Income Taxes*
  - (iv) MFRS 123 *Borrowing Costs*
- MFRS 119 *Plan Amendment, Curtailment or Settlement* (Amendments to MFRS 119)
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

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 16 Leases**

Before the adoption of MFRS 16, the Group and the Bank classified each of its leases such as premises for branches, data centres and IT and office equipments at the inception date as either a finance lease or an operating lease in accordance with MFRS 117 *Leases*. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group or the Bank; otherwise, it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased assets were not capitalised and the lease payments were recognised as rental expense in the statements of comprehensive income on a straight-line basis over the lease term. Any prepaid and accrued rent were recognised under other assets: prepayments and other liabilities: accruals, respectively.

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

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

MFRS 16 is mandatorily applicable initially for annual periods beginning on or after 1 January 2019 and replaces MFRS 117, 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*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group or the Bank is the lessor.

Maybank has analysed the impact of the first-time application of MFRS 16 in a Group-wide project, including existing processes, systems and policies. The Group and the Bank have developed its approach for assessing the different types of leases including applying the recognition exemptions in the standard that allows the Group and the Bank not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets; and incorporating forward-looking assumptions in making certain decisions such as extension and termination options on lease contracts of which management have assessed on a case-by-case basis.

**Leases previously classified as operating leases - The Group and the Bank as lessee**

On 1 January 2019, the Group and the Bank have applied MFRS 16 for the first time using the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying MFRS 16, to the retained earnings brought forward and not restate prior year/period comparatives information which remain as previously reported under MFRS 117 and related interpretations. The Group and the Bank also made use of the transition practical expedient in the standard to not recognise lease arrangements for which the lease term ends within 12 months of the date of initial application. The Group and the Bank have elected, on a lease-by-lease basis, to recognise the right-of-use assets at the amount equal to the lease liabilities, hence there were no impact to the retained earnings brought forward as at 1 January 2019.

The Group and the Bank elected the following transition practical expedients on a lease-by-lease basis for measurement purposes at first-time application of the standard:

- (1) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment;
- (2) Short-term lease contracts with a term not exceeding 12 months at the date of initial application are not recognised under MFRS 16;
- (3) Initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application; and
- (4) The Group and the Bank used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The detailed financial impact of the adoption of MFRS 16 on the financial statements of the Group and of the Bank are disclosed in Note A41.

**Summary of new accounting policy**

**Right-of-Use Assets**

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Group and the Bank combine lease and non-lease components, in cases where splitting the non-lease component is not possible.



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

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

**Summary of new accounting policy (cont'd.)**

**Right-of-Use Assets (cont'd.)**

The Group and the Bank recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

**Lease Liabilities**

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating a lease, if the lease term reflects the Group and the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short-Term Leases and Leases of Low-Value Assets**

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Significant Judgement in Determining the Lease Term of Contracts with Renewal Options**

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Bank have the option, under some of its leases to lease the assets for additional terms of three to five years. The Group and the Bank apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of premises and IT equipments due to the significance of these assets to its operations.

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**A2. Significant Accounting Policies**

The audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2018 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2018 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 2019 as disclosed in Note A1.

**A3. Significant Accounting Estimates and Judgements**

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's and the Bank'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 2018 except for the measurement of right-of-use assets and lease liabilities under MFRS 16 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 2018 was not qualified.

**A5. Seasonal or Cyclical Factors**

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the financial period ended 30 September 2019.

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

During the financial period ended 30 September 2019, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

**A7. Changes in Estimates**

There were no material changes in estimates during the financial period ended 30 September 2019.

**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 financial period ended 30 September 2019:

(a) **Share capital**

The share capital of the Bank increased from RM46,747,441,623 as at 31 December 2018 to RM48,280,355,135 as at 30 September 2019 via issuance of 191,678,908 new ordinary shares amounting to RM1,532,913,239 arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 17 sen in respect of the financial year ended 31 December 2018.

The issued ordinary shares of the Bank as at 30 September 2019 is 11,241,361,887 units (31 December 2018: 11,049,682,979 units).

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the financial period ended 30 September 2019 (cont'd.):

(b) **Borrowings**

**Issuance/redemption of medium term notes by Maybank**

Currency	Description	Aggregate Nominal Value (in Million)
<b>Issuance of medium term notes</b>		
USD	Floating Rate Notes	1,081.0
USD	Fixed Rate Notes	75.0
HKD	Fixed Rate Notes	2,200.0
CNY	Fixed Rate Notes	330.0
JPY	Fixed Rate Notes (Samurai Bonds)	54,800.0
CNY	Fixed Rate Notes (Panda Bonds)	2,000.0
RM	Zero Coupon Notes	42.0
AUD	Floating Rate Notes	50.0
<b>Redemption of medium term notes</b>		
JPY	Fixed Rate Notes	50,000.0
USD	Floating Rate Notes	70.0
AUD	Floating Rate Notes	56.0
USD	Fixed Rate Notes	50.0
HKD	Fixed Rate Notes	704.0
CNY	Fixed Rate Notes	630.0

**Issuance of commercial papers by Maybank**

The aggregate nominal value of the commercial papers issued by Maybank and outstanding as at 30 September 2019 are as follows:

Currency	Description	Aggregate Nominal Value (in Million)
USD	Zero Coupon Notes	895.4
HKD	Fixed Rate Notes	200.0
RM	Zero Coupon Notes	627.2

**Issuance/redemption of bonds by PT Bank Maybank Indonesia Tbk and its subsidiaries**

Currency	Description	Aggregate Nominal Value (in Million)
<b>Issuance of bonds</b>		
IDR	Fixed Rate Notes	4,315,500.0
<b>Redemption of bonds</b>		
IDR	Fixed Rate Notes	2,142,000.0
IDR	Sukuk Mudharabah	700,000.0

**Issuance of Islamic commercial papers by Maybank Islamic Berhad**

The aggregate nominal value of the Islamic commercial papers (ICP) issued by Maybank Islamic Berhad and outstanding as at 30 September 2019 are as follows:

Currency	Description	Aggregate Nominal Value (in Million)
RM	Zero Profit ICP	6,350.0

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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 financial period ended 30 September 2019 (cont'd.):

(c) **Subordinated Obligations**

**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)	12 years

**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 (10 non-call 5) <sup>1</sup>	10 years
Redemption	10 May 2019	10 May 2024	RM2.1 billion	Tier 2 Subordinated Notes (12 non-call 7) <sup>2</sup>	12 years

<sup>1</sup> These subordinated notes were fully redeemed on 29 January 2019.

<sup>2</sup> These subordinated notes were fully redeemed on 10 May 2019.

**Issuance of Tier 2 Subordinated Sukuk Murabahah pursuant to the RM10.0 billion Subordinated Sukuk Programme by Maybank Islamic Berhad**

Issuance	Issue Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	5 April 2019	5 April 2029	RM1.0 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5)	10 years

**Redemption of Tier 2 Subordinated Sukuk Murabahah pursuant to the RM10.0 billion Subordinated Sukuk Programme by Maybank Islamic Berhad**

Redemption	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	5 April 2019	5 April 2024	RM1.5 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5) <sup>3</sup>	10 years

<sup>3</sup> These subordinated notes were fully redeemed on 5 April 2019.

(d) **Capital Securities**

**Redemption of Additional Tier 1 Capital Securities pursuant to the RM10.0 billion Additional Tier 1 Capital Securities Programme by Maybank**

Redemption	First Call Date	Maturity Date	Nominal Value	Description
Redemption	10 September 2019	Perpetual	RM3.5 billion	Additional Tier 1 Capital Securities (Perpetual non-call 5) <sup>4</sup>

<sup>4</sup> These capital securities were fully redeemed on 10 September 2019.

**Issuance of Additional Tier 1 Sukuk Murabahah pursuant to the RM10.0 billion Sukuk Programme by Maybank**

Issuance	Issue Date	Maturity Date	Nominal Value	Description
Issuance	25 September 2019	Perpetual	RM1.24 billion	AT1 Sukuk Mudharabah (Perpetual non-call 5)
Issuance	25 September 2019	Perpetual	RM1.56 billion	AT1 Sukuk Mudharabah (Perpetual non-call 7)

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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 third quarter ended 30 September 2019 and have not been reflected in the financial statements for the third quarter ended 30 September 2019:

(a) **Borrowings**

**Issuance/redemption of medium term notes by Maybank**

Currency	Description	Aggregate Nominal Value (in Million)
<b>Issuance of medium term notes</b>		
USD	Floating Rate Notes	20.0
USD	Zero Coupon Notes	350.0
RM	Zero Coupon Notes	49.9
<b>Redemption of medium term notes</b>		
USD	Zero Coupon Notes	500.0
CNY	Fixed Rate Notes	350.0
HKD	Fixed Rate Notes	310.0
RM	Zero Coupon Notes	100.8
RM	Fixed Rate Notes	600.0

**Issuance/redemption of bonds by PT Bank Maybank Indonesia Tbk and its subsidiaries**

Currency	Description	Aggregate Nominal Value (in Million)
<b>Redemption of bonds</b>		
IDR	Fixed Rate Notes	235,000.0

(b) **Subordinated Obligations**

**Redemption of Subordinated Notes by PT Bank Maybank Indonesia Tbk**

Redemption	Maturity Date	Nominal Value	Description	Tenor
Redemption	31 October 2019	IDR1,000.0 billion	Fixed Rate Notes	7 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/Payable**

Dividends paid/payable during the financial period ended 30 September 2019 are as follows:

- (a) During the Annual General Meeting held on 11 April 2019, a final dividend in respect of the financial year ended 31 December 2018 of 32 sen single-tier dividend per ordinary share was approved by the shareholders.

The dividend consists of cash portion of 15 sen per ordinary share amounting to RM1,657,452,447 and an electable portion of 17 sen per ordinary share amounting to RM1,878,446,106 where the electable portion could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of ordinary shares under the DRP was completed on 7 June 2019.

- (b) A single-tier interim dividend, in respect of the financial year ending 31 December 2019 of 25 sen per ordinary share, was declared by the Bank on 29 August 2019.

The single-tier interim dividend of 25 sen to be paid amounting to RM2,810,340,472 and the payment date was fixed on 2 October 2019.

- (b) Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM110,632,000 during the third quarter ended 30 September 2019.

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**A10. Financial Investments Portfolio**

	Note	Group		Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Financial assets designated upon initial recognition at fair value through profit or loss	(i)	14,183,990	14,763,788	-	-
Financial investments at fair value through profit or loss	(ii)	22,877,336	15,205,150	16,128,542	8,914,167
Financial investments at fair value through other comprehensive income	(iii)	129,933,121	120,913,888	87,413,953	89,582,837
Financial investments at amortised cost	(iv)	35,455,205	27,069,261	30,697,158	22,857,070
		<b>202,449,652</b>	<b>177,952,087</b>	<b>134,239,653</b>	<b>121,354,074</b>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	79,883	167,484	-	-
Malaysian Government Investment Issues	110,542	402,086	-	-
Negotiable Islamic Certificates of Deposits	208	-	-	-
	<b>190,633</b>	<b>569,570</b>	<b>-</b>	<b>-</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	8,330	17,743	-	-
Unit trusts	25,899	24,932	-	-
<b>Outside Malaysia:</b>				
Shares, warrants and loan stocks	33,306	14,144	-	-
	<b>67,535</b>	<b>56,819</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Corporate Bonds and Sukuk	13,638,572	14,022,712	-	-
<b>Outside Malaysia:</b>				
Corporate Bonds and Sukuk	287,250	114,687	-	-
	<b>13,925,822</b>	<b>14,137,399</b>	<b>-</b>	<b>-</b>
<b>Total financial assets designated upon initial recognition at fair value through profit or loss</b>	<b>14,183,990</b>	<b>14,763,788</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	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	2,963,829	172,592	2,953,399	152,263
Malaysian Government Investment Issues	577,373	939,650	314,233	176,720
Cagamas Bonds	10,054	254,290	10,054	254,290
Negotiable instruments of deposits	-	176,621	-	176,621
Foreign Government Securities	5,079,429	1,793,844	4,572,083	1,738,814
Malaysian Government Treasury Bills	179,627	291,106	179,627	291,106
Bank Negara Malaysia Bills and Notes	758,943	75,896	758,943	75,896
Foreign Government Treasury Bills	774,265	13,965	774,265	13,965
	<b>10,343,520</b>	<b>3,717,964</b>	<b>9,562,604</b>	<b>2,879,675</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	3,663,215	3,709,009	78,006	87,898
Unit trusts	271,173	69,185	97,842	69,185
<b>Outside Malaysia:</b>				
Shares, warrants, mutual funds and loan stocks	399,749	554,123	174	13,286
Unit trusts	208,797	186,413	47,354	43,839
Corporate Bonds and Sukuk	995,699	565,798	-	-
Government Bonds	54,778	54,915	-	-
Government Treasury Bills	10,564	74,487	-	-
	<b>5,603,975</b>	<b>5,213,930</b>	<b>223,376</b>	<b>214,208</b>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Shares	768,600	770,229	600,549	600,549
Unit trusts	384	260,633	-	-
Corporate Bonds and Sukuk	664,682	1,413,472	149,981	1,778,334
Structured deposits	202,607	223,746	-	-
<b>Outside Malaysia:</b>				
Shares	4,323	667	-	-
Mutual funds	4,882	42,021	-	-
Corporate Bonds and Sukuk	1,634,206	2,869,421	1,952,113	2,971,641
Government Bonds	3,650,157	477,466	3,639,919	469,760
Structured deposits	-	215,601	-	-
	<b>6,929,841</b>	<b>6,273,256</b>	<b>6,342,562</b>	<b>5,820,284</b>
<b>Total financial investments at fair value through profit or loss</b>	<b>22,877,336</b>	<b>15,205,150</b>	<b>16,128,542</b>	<b>8,914,167</b>

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

**(iii) Financial investments at fair value through other comprehensive income**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	11,391,974	13,016,540	11,306,961	12,994,902
Malaysian Government Investment Issues	22,806,079	26,548,415	11,743,586	16,453,295
Negotiable instruments of deposits	1,651,052	101,710	436,224	699,011
Foreign Government Securities	10,921,212	9,025,462	6,639,368	7,046,826
Foreign Government Treasury Bills	20,249,357	15,413,937	5,248,906	5,089,308
Khazanah Bonds	1,819,798	2,475,788	1,819,798	2,322,544
Cagamas Bonds	762,878	889,251	762,878	889,251
Bankers' acceptances and Islamic accepted bills	432,388	-	432,388	-
	<b>70,034,738</b>	<b>67,471,103</b>	<b>38,390,109</b>	<b>45,495,137</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	6,991	7,660	17,570	19,677
<b>Outside Malaysia:</b>				
Shares, warrants and loan stocks	70,750	2,748	-	-
Corporate Bonds and Sukuk	1,367,905	578,877	-	-
Government Bonds	478,880	329,892	-	-
	<b>1,924,526</b>	<b>919,177</b>	<b>17,570</b>	<b>19,677</b>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Shares and loan stocks	289,374	335,393	265,967	280,744
Government Bonds	133,661	564,361	89,586	520,595
Corporate Bonds and Sukuk	26,171,617	24,976,822	19,116,471	18,096,677
<b>Outside Malaysia:</b>				
Shares	3,835	3,501	-	-
Government Bonds	17,424,449	11,065,217	17,152,862	10,567,929
Corporate Bonds and Sukuk	13,950,921	15,578,314	12,381,388	14,602,078
	<b>57,973,857</b>	<b>52,523,608</b>	<b>49,006,274</b>	<b>44,068,023</b>
<b>Total financial investments at fair value through other comprehensive income</b>	<b>129,933,121</b>	<b>120,913,888</b>	<b>87,413,953</b>	<b>89,582,837</b>



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

**(iii) 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:

<b>Group</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 30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	28,066	1,579	183,330	212,975
Transferred to Stage 1	549	(549)	-	-
Net remeasurement of allowances	268	(40)	14,603	14,831
New financial assets originated or purchased	14,794	-	-	14,794
Financial assets derecognised	(12,366)	(702)	(39,910)	(52,978)
Changes due to change in risk parameters/models	(1,978)	(185)	-	(2,163)
Amount written-off	-	-	(21,827)	(21,827)
Exchange differences	(1,154)	392	(88)	(850)
At 30 September 2019	<b>28,179</b>	<b>495</b>	<b>136,108</b>	<b>164,782</b>

  

<b>Group</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	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	-	-	(203,457)	(203,457)
Exchange differences	7,931	(401)	(734)	6,796
At 31 December 2018	<b>28,066</b>	<b>1,579</b>	<b>183,330</b>	<b>212,975</b>

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

**(iii) 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.):

	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>Bank</b>				
<b>At 30 September 2019</b>				<b>RM'000</b>
At 1 January 2019	21,652	1,828	125,518	148,998
Transferred to Stage 1	505	(505)	-	-
Net remeasurement of allowances	(12)	-	4,151	4,139
New financial assets originated or purchased	9,818	-	-	9,818
Financial assets derecognised	(10,827)	(593)	(33,084)	(44,504)
Changes due to change in risk parameters/models	(1,959)	(185)	-	(2,144)
Amount written-off	-	-	(14,603)	(14,603)
Exchange differences	(516)	-	-	(516)
At 30 September 2019	<b>18,661</b>	<b>545</b>	<b>81,982</b>	<b>101,188</b>
	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
At 1 January 2018	29,297	20,607	300,335	350,239
- effect of adopting MFRS 9	29,297	20,607	300,335	350,239
At 1 January 2018, as restated	29,297	20,607	300,335	350,239
Transferred to Stage 1	1,305	(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	-	-	(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>

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

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>Money market instruments:</b>				
Malaysian Government Securities	6,602,371	3,343,923	6,602,268	3,343,819
Cagamas Bonds	50,783	50,253	50,783	50,253
Malaysian Government Investment Issues	6,483,872	5,974,162	4,622,123	4,433,186
Foreign Government Securities	1,568,312	1,902,111	-	-
Khazanah Bonds	133,749	236,635	133,749	236,635
Foreign Certificates of Deposits	194,271	154,150	-	-
	<b>15,033,358</b>	<b>11,661,234</b>	<b>11,408,923</b>	<b>8,063,893</b>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Corporate Bonds and Sukuk	16,050,164	12,203,579	16,860,521	12,353,936
Others	2,044	2,044	2,044	2,044
<b>Outside Malaysia:</b>				
Corporate Bonds and Sukuk	2,997,578	2,952,669	2,516,710	2,505,578
Government Bonds	1,531,164	366,633	46,628	30,909
	<b>20,580,950</b>	<b>15,524,925</b>	<b>19,425,903</b>	<b>14,892,467</b>
Accumulated impairment losses	(159,103)	(116,898)	(137,668)	(99,290)
<b>Total financial investments at amortised cost</b>	<b>35,455,205</b>	<b>27,069,261</b>	<b>30,697,158</b>	<b>22,857,070</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 30 September 2019</b>				<b>RM'000</b>
At 1 January 2019	19,469	42,189	55,240	116,898
Transferred to Stage 1	13,475	(13,475)	-	-
Net remeasurement of allowances	(13,612)	(19)	37,522	23,891
New financial assets originated or purchased	19,771	-	-	19,771
Financial assets derecognised	(3,296)	(64)	-	(3,360)
Changes due to change in risk parameters/models	(1,201)	2,848	-	1,647
Exchange differences	256	-	-	256
At 30 September 2019	<b>34,862</b>	<b>31,479</b>	<b>92,762</b>	<b>159,103</b>

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

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

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

<b>Group</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				
- as previously stated - MFRS 139				4,224
- effect of adopting MFRS 9				101,739
At 1 January 2018, as restated	20,113	82,074	3,776	105,963
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	19,469	42,189	55,240	116,898

  

<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 30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	11,316	32,734	55,240	99,290
Transferred to Stage 1	4,122	(4,122)	-	-
Net remeasurement of allowances	(3,819)	-	37,522	33,703
New financial assets originated or purchased	4,262	-	-	4,262
Financial assets derecognised	(1,846)	(64)	-	(1,910)
Changes due to change in risk parameters/models	(578)	2,848	-	2,270
Exchange differences	53	-	-	53
At 30 September 2019	13,510	31,396	92,762	137,668

  

<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				
- as previously stated - MFRS 139				3,776
- effect of adopting MFRS 9				76,190
At 1 January 2018, as restated	7,780	68,410	3,776	79,966
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	11,316	32,734	55,240	99,290

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**A11. Loans, Advances and Financing**

	Note	Group		Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Loans, advances and financing to financial institutions	(i)	1,257,594	1,576,199	18,900,316	17,052,024
Loans, advances and financing to customers	(ii)	513,491,602	505,507,620	208,033,946	213,314,768
		<b>514,749,196</b>	<b>507,083,819</b>	<b>226,934,262</b>	<b>230,366,792</b>
<b>(i) Loans, advances and financing to financial institutions<sup>^</sup>:</b>					
Gross loans, advances and financing to financial institutions at amortised cost		1,267,694	1,586,487	19,059,813	17,329,554
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12-month ECL		(10,100)	(10,288)	(48,438)	(24,693)
- Stage 2 - Lifetime ECL not credit impaired		-	-	(7,253)	(50,130)
- Stage 3 - Lifetime ECL credit impaired		-	-	(103,806)	(202,707)
Net loans, advances and financing to financial institutions		<b>1,257,594</b>	<b>1,576,199</b>	<b>18,900,316</b>	<b>17,052,024</b>
<b>(ii) Loans, advances and financing to customers:</b>					
(A) Loans, advances and financing to customers at fair value through profit or loss		130,026	396,950	130,026	396,950
(B) Loans, advances and financing to customers at fair value through other comprehensive income		10,908,725	8,968,438	10,604,764	8,680,217
(C) Loans, advances and financing to customers at amortised cost		605,439,466	603,897,146	204,701,944	211,710,171
		<b>616,478,217</b>	<b>613,262,534</b>	<b>215,436,734</b>	<b>220,787,338</b>
Unearned interest and income		(92,713,025)	(97,515,284)	(1,660,619)	(1,946,903)
Gross loans, advances and financing to customers		523,765,192	515,747,250	213,776,115	218,840,435
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12-month ECL		(1,491,457)	(1,644,653)	(555,094)	(632,504)
- Stage 2 - Lifetime ECL not credit impaired		(2,027,343)	(2,518,274)	(994,462)	(1,174,896)
- Stage 3 - Lifetime ECL credit impaired		(6,754,790)	(6,076,703)	(4,192,613)	(3,718,267)
Net loans, advances and financing to customers		<b>513,491,602</b>	<b>505,507,620</b>	<b>208,033,946</b>	<b>213,314,768</b>
Net loans, advances and financing	(i) & (ii)	<b>514,749,196</b>	<b>507,083,819</b>	<b>226,934,262</b>	<b>230,366,792</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 RM18,961.3 million (31 December 2018: RM17,223.2 million). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to MIB whereas the business venture is managed solely by MIB as an entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>(iii) Loans, advances and financing to financial institutions and customers</b>				
Loans/financing to financial institutions	1,267,694	1,586,487	19,059,813	17,329,554
Overdrafts/cashline	21,579,467	21,299,471	8,106,304	8,106,770
Term loans:				
- Housing loans/financing	163,608,857	159,088,775	38,777,516	36,356,772
- Syndicated loans/financing	52,408,014	46,222,426	43,024,062	41,244,555
- Hire purchase receivables	77,177,446	75,934,569	15,236,683	16,408,151
- Lease receivables	392,067	242,882	-	-
- Other loans/financing	207,719,510	214,424,843	63,064,839	68,553,882
Credit card receivables	9,346,959	9,343,455	6,140,986	6,146,551
Bills receivables	3,569,540	3,789,648	2,915,173	3,110,604
Trust receipts	4,737,984	5,200,001	3,527,679	3,936,289
Claims on customers under acceptance credits	11,497,028	11,528,371	5,485,262	5,835,521
Revolving credits	54,855,499	56,468,421	26,762,797	28,623,423
Share margin financing	5,982,972	5,997,054	1,872,449	1,821,367
Staff loans	3,457,462	3,484,282	520,685	643,079
Loans to:				
- Directors of the Bank	6,460	3,007	1,391	302
- Directors of subsidiaries	7,925	4,439	890	72
Others	131,027	230,890	18	-
	<b>617,745,911</b>	614,849,021	<b>234,496,547</b>	238,116,892
Unearned interest and income	<b>(92,713,025)</b>	(97,515,284)	<b>(1,660,619)</b>	(1,946,903)
Gross loans, advances and financing	<b>525,032,886</b>	517,333,737	<b>232,835,928</b>	236,169,989
Allowances for impaired loans, advances and financing:				
- Stage 1 - 12-month ECL	(1,501,557)	(1,654,941)	(603,532)	(657,197)
- Stage 2 - Lifetime ECL not credit impaired	(2,027,343)	(2,518,274)	(1,001,715)	(1,225,026)
- Stage 3 - Lifetime ECL credit impaired	(6,754,790)	(6,076,703)	(4,296,419)	(3,920,974)
Net loans, advances and financing	<b>514,749,196</b>	507,083,819	<b>226,934,262</b>	230,366,792

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Domestic banking institutions	1,270,968	6,908	19,067,343	17,220,465
Domestic non-banking financial institutions	24,563,431	26,193,612	16,988,046	18,552,066
Domestic business enterprises:				
- Small and medium enterprises	83,909,418	99,533,072	38,141,581	58,697,124
- Others	104,016,631	93,524,665	58,639,726	44,183,640
Government and statutory bodies	14,457,149	13,656,700	117,421	139,377
Individuals	247,738,540	237,263,494	63,179,374	61,001,130
Other domestic entities	12,590,578	9,795,754	2,714,366	1,836,429
Foreign entities	36,486,171	37,359,532	33,988,071	34,539,758
Gross loans, advances and financing	<b>525,032,886</b>	517,333,737	<b>232,835,928</b>	236,169,989

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

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	310,802,526	301,734,794	140,302,070	141,519,718
Singapore	128,251,162	130,263,205	57,606,416	59,760,535
Indonesia	39,729,317	39,792,918	-	-
Labuan Offshore	16,581,206	17,829,128	16,581,206	17,829,128
Hong Kong SAR	10,663,188	8,824,183	10,253,342	8,583,851
United States of America	1,250,652	888,894	1,250,061	888,310
People's Republic of China	4,119,164	4,050,027	4,119,164	4,050,027
Vietnam	1,140,584	1,075,504	834,449	839,577
United Kingdom	944,849	1,627,168	944,820	1,627,123
Brunei	587,502	624,809	587,502	624,809
Cambodia	2,823,571	2,436,379	-	-
Philippines	6,070,746	6,143,148	-	-
Thailand	1,711,521	1,592,704	-	-
Laos	103,023	149,387	103,023	149,387
Myanmar	253,875	297,524	253,875	297,524
Others	-	3,965	-	-
Gross loans, advances and financing	<b>525,032,886</b>	<b>517,333,737</b>	<b>232,835,928</b>	<b>236,169,989</b>

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Housing loans/financing	17,473,837	16,663,446	404,934	435,889
- Hire purchase receivables	67,045,762	65,297,909	13,511,351	14,531,517
- Other fixed rate loans/financing	61,660,634	64,927,250	41,815,925	42,800,462
Variable rate:				
- Base lending/financing rate/ base rate plus	206,996,158	198,416,862	80,563,853	82,756,689
- Cost plus	63,433,794	65,968,105	48,129,233	51,651,165
- Other variable rates	108,422,701	106,060,165	48,410,632	43,994,267
Gross loans, advances and financing	<b>525,032,886</b>	<b>517,333,737</b>	<b>232,835,928</b>	<b>236,169,989</b>

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	36,537,325	35,527,786	7,778,048	8,286,409
Purchase of transport vehicles	67,982,634	66,604,915	12,259,747	13,483,796
Purchase of landed properties:				
- Residential	120,044,219	114,371,528	36,998,402	35,594,858
- Non-residential	40,412,829	39,220,906	18,752,165	18,948,128
Purchase of fixed assets (excluding landed properties)	4,280,931	4,818,811	3,686,183	4,308,283
Personal use	10,732,518	10,820,029	4,418,597	4,548,602
Credit card	9,431,303	9,534,058	6,186,132	6,287,421
Purchase of consumer durables	9,870	10,882	9,670	10,580
Constructions	17,296,028	16,078,361	10,102,641	10,481,392
Mergers and acquisitions	1,700,698	1,542,456	1,661,074	1,504,698
Working capital	170,140,113	170,484,232	94,347,735	93,428,944
Others	46,464,418	48,319,773	36,635,534	39,286,878
Gross loans, advances and financing	<b>525,032,886</b>	<b>517,333,737</b>	<b>232,835,928</b>	<b>236,169,989</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	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Within one year	137,046,890	135,610,572	75,363,340	76,164,888
One year to three years	59,137,117	59,706,901	43,768,841	43,006,884
Three years to five years	55,648,997	59,767,404	29,559,191	34,936,137
After five years	273,199,882	262,248,860	84,144,556	82,062,080
Gross loans, advances and financing	<b>525,032,886</b>	<b>517,333,737</b>	<b>232,835,928</b>	<b>236,169,989</b>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
At 1 January				
- as previously stated	12,486,421	11,549,903	8,054,989	8,070,841
- effect of adopting MFRS 9	-	551,347	-	183,360
At 1 January, as restated	<b>12,486,421</b>	<b>12,101,250</b>	<b>8,054,989</b>	<b>8,254,201</b>
Impaired during the financial period/year	4,733,319	6,162,782	2,173,506	3,721,057
Reclassified as non-impaired	(470,246)	(797,493)	(217,786)	(434,523)
Amount recovered	(1,575,031)	(2,524,215)	(1,161,907)	(1,619,357)
Amount written-off	(1,494,392)	(2,553,154)	(762,803)	(1,671,973)
Transferred to subsidiaries, net	-	-	-	(526,697)
Exchange differences	331,477	97,251	323,561	332,281
Gross impaired loans at 30 September 2019/ 31 December 2018	<b>14,011,548</b>	<b>12,486,421</b>	<b>8,409,560</b>	<b>8,054,989</b>
Less: Stage 3 - Lifetime ECL credit impaired	<b>(7,162,472)</b>	<b>(6,229,987)</b>	<b>(4,704,101)</b>	<b>(4,074,258)</b>
Net impaired loans at 30 September 2019/ 31 December 2018	<b>6,849,076</b>	<b>6,256,434</b>	<b>3,705,459</b>	<b>3,980,731</b>

Calculation of ratio of net impaired loans:

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Gross impaired loans at 30 September 2019/ 31 December 2018 (excluding financing funded by Investment Account*)	13,871,955	12,423,002	8,409,560	8,054,989
Less: Stage 3 - Lifetime ECL credit impaired	<b>(7,162,472)</b>	<b>(6,229,987)</b>	<b>(4,704,101)</b>	<b>(4,074,258)</b>
Net impaired loans	<b>6,709,483</b>	<b>6,193,015</b>	<b>3,705,459</b>	<b>3,980,731</b>
Gross loans, advances and financing	525,032,886	517,333,737	232,835,928	236,169,989
Less: Funded by Investment Account*	<b>(20,138,518)</b>	<b>(23,565,061)</b>	-	-
Less: Allowances for impaired loans, advances and financing at fair value through other comprehensive income and at amortised cost	<b>(10,740,256)</b>	<b>(10,435,012)</b>	<b>(6,354,272)</b>	<b>(5,983,091)</b>
Net loans, advances and financing	<b>494,154,112</b>	<b>483,333,664</b>	<b>226,481,656</b>	<b>230,186,898</b>
Ratio of net impaired loans	<b>1.36%</b>	<b>1.28%</b>	<b>1.64%</b>	<b>1.73%</b>

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



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

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Purchase of securities	182,326	171,949	122,082	125,050
Purchase of transport vehicles	483,877	423,797	90,029	90,792
Purchase of landed properties:				
- Residential	1,063,440	963,061	329,295	320,823
- Non-residential	486,791	1,059,724	253,442	874,210
Purchase of fixed assets (excluding landed properties)	1,395,810	1,292,213	1,318,701	1,275,586
Personal use	217,680	208,488	138,623	135,469
Credit card	72,415	77,281	33,414	35,826
Purchase of consumer durables	6,383	6,068	6,380	6,060
Constructions	1,782,529	1,720,827	1,478,794	1,301,329
Working capital	6,090,520	4,660,840	2,647,562	2,246,575
Others	2,229,777	1,902,173	1,991,238	1,643,269
Gross impaired loans, advances and financing	<b>14,011,548</b>	<b>12,486,421</b>	<b>8,409,560</b>	<b>8,054,989</b>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Malaysia	6,521,123	5,756,439	3,783,545	3,652,980
Singapore	4,309,777	4,425,988	3,755,003	3,842,394
Indonesia	1,996,409	1,472,115	-	-
Labuan Offshore	296,336	306,498	296,336	306,498
Hong Kong SAR	13,511	7,296	5,128	6,384
United States of America	223,562	583	222,971	-
People's Republic of China	203,366	56,929	203,366	56,929
Vietnam	58,226	58,073	57,561	57,336
Brunei	68,589	69,737	68,589	69,737
Cambodia	65,351	97,093	-	-
Philippines	202,802	135,879	-	-
Thailand	35,435	33,093	-	-
Laos	17,061	62,731	17,061	62,731
Others	-	3,967	-	-
Gross impaired loans, advances and financing	<b>14,011,548</b>	<b>12,486,421</b>	<b>8,409,560</b>	<b>8,054,989</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 30 September 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	27,160	4,650	153,284	185,094
Transferred to Stage 2	(1,617)	1,617	-	-
Net remeasurement of allowances	579	10,582	312,670	323,831
New financial assets originated or purchased	16,357	-	-	16,357
Financial assets derecognised	(8,099)	(849)	(58,079)	(67,027)
Changes in models/risk parameters	(951)	(548)	-	(1,499)
Exchange differences	4	(1)	(193)	(190)
At 30 September 2019	33,433	15,451	407,682	456,566

  

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	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 30 September 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	25,761	849	153,284	179,894
Transferred to Stage 2	(1,617)	1,617	-	-
Net remeasurement of allowances	579	10,582	312,670	323,831
New financial assets originated or purchased	16,357	-	-	16,357
Financial assets derecognised	(8,099)	(849)	(58,079)	(67,027)
Changes in models/risk parameters	(260)	-	-	(260)
Exchange differences	5	(1)	(193)	(189)
At 30 September 2019	32,726	12,198	407,682	452,606

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

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

At fair value through other comprehensive income (cont'd.)

	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				
- effect of adopting MFRS 9	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	<u>25,761</u>	<u>849</u>	<u>153,284</u>	<u>179,894</u>

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 30 September 2019</b>				
At 1 January 2019	1,654,941	2,518,274	6,076,703	10,249,918
Transferred to Stage 1	558,988	(492,599)	(66,389)	-
Transferred to Stage 2	(140,160)	198,961	(58,801)	-
Transferred to Stage 3	(12,357)	(180,031)	192,388	-
Net remeasurement of allowances	(506,045)	250,941	3,205,000	2,949,896
New financial assets originated or purchased	608,989	305,798	-	914,787
Financial assets derecognised	(393,695)	(354,339)	(1,090,140)	(1,838,174)
Changes in models/risk parameters	(273,726)	(228,163)	1,683	(500,206)
Amount related to Restricted Investment Account	-	-	(1,613)	(1,613)
Amount written-off	-	-	(1,494,392)	(1,494,392)
Exchange differences	4,622	8,501	(9,649)	3,474
At 30 September 2019	<u>1,501,557</u>	<u>2,027,343</u>	<u>6,754,790</u>	<u>10,283,690</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.):**

**At amortised cost (cont'd.)**

<b>Group</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				
- as previously stated - MFRS 139				8,260,724
- effect of adopting MFRS 9				2,829,359
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	1,654,941	2,518,274	6,076,703	10,249,918

  

<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 30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	657,197	1,225,026	3,920,974	5,803,197
Transferred to Stage 1	260,053	(210,378)	(49,675)	-
Transferred to Stage 2	(95,721)	100,629	(4,908)	-
Transferred to Stage 3	(3,714)	(86,288)	90,002	-
Net remeasurement of allowances	(151,747)	107,835	1,892,931	1,849,019
New financial assets originated or purchased	293,004	136,678	-	429,682
Financial assets derecognised	(240,264)	(144,535)	(787,681)	(1,172,480)
Changes in models/risk parameters	(100,179)	(127,407)	-	(227,586)
Amount written-off	-	-	(762,803)	(762,803)
Exchange differences	(15,097)	155	(2,421)	(17,363)
At 30 September 2019	603,532	1,001,715	4,296,419	5,901,666

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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 (cont'd.)

	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>Bank</b>				
<b>At 31 December 2018</b>				
At 1 January 2018				
- as previously stated - MFRS 139				5,837,290
- effect of adopting MFRS 9				1,392,447
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 in models/risk parameters	(43,673)	(78,064)	-	(121,737)
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	657,197	1,225,026	3,920,974	5,803,197

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

	Note	Group	
		30 September 2019 RM'000	31 December 2018 RM'000
Reinsurance/retakaful assets	(i)	3,621,572	3,285,269
Other insurance receivables	(ii)	711,726	514,778
		4,333,298	3,800,047

		Group	
		30 September 2019 RM'000	31 December 2018 RM'000
<b>(i) Reinsurance/retakaful assets</b>			
Reinsurers' share of:		3,280,378	2,983,564
Life insurance contract liabilities		65,929	49,111
General insurance contract liabilities		3,214,449	2,934,453
Retakaful operators' share of:		352,381	305,975
Family takaful certificate liabilities		102,095	73,802
General takaful certificate liabilities		250,286	232,173
Stage 1 - 12-month ECL	(iii)	(11,187)	(4,270)
		3,621,572	3,285,269

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**A12. Reinsurance/Retakaful Assets and Other Insurance Receivables (cont'd.)**

	Group	
	30 September 2019 RM'000	31 December 2018 RM'000
<b>(ii) Other insurance receivables</b>		
Due premium including agents/brokers and co-insurers balances	433,177	262,391
Due from reinsurers and cedants/retakaful operators	<u>303,536</u>	<u>268,559</u>
	736,713	530,950
Allowance for impairment losses	(iii) <u>(24,987)</u>	<u>(16,172)</u>
	<u>711,726</u>	<u>514,778</u>

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

	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>Group</b>				
<b>At 30 September 2019</b>				<b>RM'000</b>
At 1 January 2019	20,442	-	-	20,442
Net remeasurement of allowances	14,348	-	-	14,348
Exchange differences	1,384	-	-	1,384
At 30 September 2019	<u>36,174</u>	<u>-</u>	<u>-</u>	<u>36,174</u>

	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>Group</b>				
<b>At 31 December 2018</b>				<b>RM'000</b>
At 1 January 2018				16,748
- as previously stated				13,093
- effect of adopting MFRS 9				<u>29,841</u>
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	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Other debtors, net of expected credit losses	10,661,891	6,426,560	9,181,394	5,041,129
Amount due from brokers and clients	2,282,690	1,679,116	-	-
Prepayments and deposits	1,576,856	1,343,267	193,539	196,746
Tax recoverable	426,999	136,131	276,031	-
Foreclosed properties	320,321	288,266	29,409	29,410
	<b>15,268,757</b>	<b>9,873,340</b>	<b>9,680,373</b>	<b>5,267,285</b>

**A14. Deposits from Customers**

**(i) By type of deposit**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	333,674,540	312,630,907	120,546,795	123,641,231
- More than one year	7,414,536	6,262,601	1,900,739	1,049,608
	<b>341,089,076</b>	<b>318,893,508</b>	<b>122,447,534</b>	<b>124,690,839</b>
Money market deposits	21,086,178	26,939,821	21,086,178	26,939,821
Savings deposits	75,465,474	72,552,819	27,730,149	27,308,716
Demand deposits	108,387,023	114,346,475	69,612,944	76,220,939
	<b>546,027,751</b>	<b>532,732,623</b>	<b>240,876,805</b>	<b>255,160,315</b>

**(ii) By type of customer**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Business enterprises	227,647,290	243,864,537	138,313,465	156,302,192
Individuals	218,021,522	208,707,696	75,637,665	75,316,213
Government and statutory bodies	53,824,131	35,291,078	12,603,590	8,806,390
Others	46,534,808	44,869,312	14,322,085	14,735,520
	<b>546,027,751</b>	<b>532,732,623</b>	<b>240,876,805</b>	<b>255,160,315</b>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Within six months	263,300,542	257,314,133	100,545,757	103,502,412
Six months to one year	70,373,998	55,316,775	20,001,038	20,138,819
One year to three years	6,906,210	5,821,123	1,846,116	984,301
Three years to five years	508,326	441,477	54,623	65,307
	<b>341,089,076</b>	<b>318,893,508</b>	<b>122,447,534</b>	<b>124,690,839</b>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Licensed banks	47,799,490	39,504,617	57,452,094	51,341,923
Licensed finance companies	36,027	64,257	36,027	64,257
Licensed investment banks	471,910	98,277	471,910	98,277
Other financial institutions	4,986,264	4,183,426	1,668,375	1,436,290
	<b>53,293,691</b>	<b>43,850,577</b>	<b>59,628,406</b>	<b>52,940,747</b>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
One year or less	50,663,171	41,092,831	58,906,311	52,405,495
More than one year	2,630,520	2,757,746	722,095	535,252
	<b>53,293,691</b>	<b>43,850,577</b>	<b>59,628,406</b>	<b>52,940,747</b>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>Structured deposits</b>	<b>103,506</b>	1,640,430	<b>103,506</b>	1,254,743
<b>Borrowings</b>				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	7,854,881	6,598,010	7,854,881	6,598,010
- RM	664,040	654,251	664,040	654,251
	<b>8,518,921</b>	7,252,261	<b>8,518,921</b>	7,252,261
Total financial liabilities at fair value through profit or loss	<b>8,622,427</b>	8,892,691	<b>8,622,427</b>	8,507,004

The carrying amount of both structured deposits and borrowings designated at FVTPL of the Group and of the Bank as at 30 September 2019 was RM8,370,553,000 (31 December 2018: RM9,616,975,000 and RM9,231,989,000) respectively. The fair value changes of the financial liabilities at FVTPL that are attributable to the changes in own credit risk are not significant.



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**A17. Borrowings, Subordinated Obligations and Capital Securities**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>(i) Borrowings</b>				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	237,036	684	-	-
- IDR	1,030,783	1,123,402	-	-
- VND	3,610	12,493	-	-
	<u>1,271,429</u>	<u>1,136,579</u>	<u>-</u>	<u>-</u>
- More than one year				
Denominated in:				
- SGD	-	236,572	-	-
- IDR	2,080,092	1,628,153	-	-
	<u>2,080,092</u>	<u>1,864,725</u>	<u>-</u>	<u>-</u>
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	-	71,515	-	-
	<u>-</u>	<u>71,515</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>3,351,521</u>	<u>3,072,819</u>	<u>-</u>	<u>-</u>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	3,780,429	3,159,728	3,749,393	2,346,972
- CNY	1,176,429	-	1,176,429	-
- SGD	1,408,420	1,390,760	-	-
- THB	1,292,204	1,249,281	-	-
- HKD	368,838	77,913	106,865	-
- IDR	705,700	994,104	-	-
- INR	-	11,801	-	-
- JPY	-	1,733	-	-
- RM	704,286	411,361	704,264	411,361
	<u>9,436,306</u>	<u>7,296,681</u>	<u>5,736,951</u>	<u>2,758,333</u>
- More than one year				
Denominated in:				
- USD	4,523,428	4,862,217	3,791,498	4,862,217
- JPY	2,129,719	-	2,128,247	-
- CNY	1,707,718	-	1,707,718	-
- IDR	690,233	547,870	-	-
	<u>9,051,098</u>	<u>5,410,087</u>	<u>7,627,463</u>	<u>4,862,217</u>



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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
	<b>(iii) Capital Securities</b>			
Unsecured				
- More than one year				
Denominated in:				
- RM	2,801,864	3,531,029	2,801,864	3,531,029
	<u>2,801,864</u>	<u>3,531,029</u>	<u>2,801,864</u>	<u>3,531,029</u>

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

Group	Note	30 September 2019 RM'000	31 December 2018 RM'000
Insurance/takaful contract liabilities	(i)	29,918,450	26,176,660
Other insurance payables	(ii)	606,100	676,442
		<u>30,524,550</u>	<u>26,853,102</u>

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

	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
<b>At 30 September 2019</b>			
Life insurance/family takaful	23,903,348	(168,024)	23,735,324
General insurance/general takaful	6,015,102	(3,453,548)	2,561,554
	<u>29,918,450</u>	<u>(3,621,572)</u>	<u>26,296,878</u>
<b>At 31 December 2018</b>			
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>

**(ii) Other insurance payables**

	30 September 2019 RM'000	31 December 2018 RM'000
Due to agents and intermediaries	159,678	136,397
Due to reinsurers and cedants	398,355	492,310
Due to retakaful operators	48,067	47,735
	<u>606,100</u>	<u>676,442</u>

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**A19. Other Liabilities**

	Note	Group		Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Amount due to brokers and clients		4,096,510	3,038,388	-	-
Deposits, other creditors and accruals		15,273,376	11,383,153	14,151,848	6,775,654
Defined benefit pension plans		517,393	474,018	-	-
Provisions for commitments and contingencies		27,543	32,003	27,543	27,416
Allowances for impairment losses on loan commitments and financial guarantee contracts	(i)	677,146	287,436	572,778	229,103
Lease liabilities		1,513,315	272,311	410,835	-
Structured deposits		6,357,078	6,301,362	383,012	308,888
		<b>28,462,361</b>	<b>21,788,671</b>	<b>15,546,016</b>	<b>7,341,061</b>

(i) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts 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 30 September 2019</b>				<b>RM'000</b>
At 1 January 2019	84,477	52,676	150,283	287,436
Transferred to Stage 1	1,698	(1,666)	(32)	-
Transferred to Stage 2	(2,119)	2,568	(449)	-
Transferred to Stage 3	(14)	(126)	140	-
Net remeasurement of allowances	5,640	(9,662)	389,196	385,174
New financial assets originated or purchased	27,129	18,179	-	45,308
Financial assets derecognised	(22,724)	(16,027)	(2,583)	(41,334)
Changes in models/risk parameters	(614)	(2)	-	(616)
Exchange differences	2,339	34	(1,195)	1,178
At 30 September 2019	<b>95,812</b>	<b>45,974</b>	<b>535,360</b>	<b>677,146</b>
Group	Stage 1	Stage 2	Stage 3	Total
At 31 December 2018	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	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.):**

	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>Bank</b>				
<b>At 30 September 2019</b>				<b>RM'000</b>
At 1 January 2019	40,038	43,868	145,197	229,103
Transferred to Stage 1	1,237	(1,205)	(32)	-
Transferred to Stage 2	(2,015)	2,015	-	-
Transferred to Stage 3	(13)	(82)	95	-
Net remeasurement of allowances	8,766	(9,354)	337,163	336,575
New financial assets originated or purchased	21,165	14,895	-	36,060
Financial assets derecognised	(14,741)	(11,499)	(2,391)	(28,631)
Changes in models/risk parameters	(341)	-	-	(341)
Exchange differences	122	(8)	(102)	12
At 30 September 2019	<b>54,218</b>	<b>38,630</b>	<b>479,930</b>	<b>572,778</b>
	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				
- effect of adopting MFRS 9	53,498	66,506	67,083	187,087
At 1 January 2018, as restated	53,498	66,506	67,083	187,087
Transferred to Stage 1	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	<b>40,038</b>	<b>43,868</b>	<b>145,197</b>	<b>229,103</b>

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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, Cash Flow Hedge and Fair Value Hedge Reserve RM'000	Total Other Reserves RM'000
<b>At 1 January 2019</b>	13,557	(2,712)	16,503	(367,100)	(339,752)
Other comprehensive income	-	-	2,179	4,775	6,954
Defined benefit plan actuarial gain	-	-	2,179	-	2,179
Net loss on net investment hedge	-	-	-	(2,068)	(2,068)
Net loss on cash flow hedge	-	-	-	(368)	(368)
Net gain on fair value hedge	-	-	-	7,211	7,211
<b>Total comprehensive income for the period</b>	-	-	2,179	4,775	6,954
<b>At 30 September 2019</b>	13,557	(2,712)	18,682	(362,325)	(332,798)

<===== 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	-	-	3,245	8,534	11,891
Defined benefit plan actuarial gain	-	-	3,245	-	3,245
Net gain on net investment hedge	-	-	-	6,941	6,941
Net gain on cash flow hedge	-	-	-	1,593	1,593
Net gain on capital reserve	112	-	-	-	112
<b>Total comprehensive income for the period</b>	112	-	3,245	8,534	11,891
<b>At 30 September 2018</b>	13,669	(2,428)	(38,057)	(366,462)	(393,278)

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**A21. Interest Income**

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Loans, advances and financing	4,456,891	4,256,695	13,202,939	12,488,433
Money at call and deposits and placements with financial institutions	206,642	194,080	599,786	581,925
Financial assets purchased under resale agreements	36,356	41,071	122,967	150,773
Financial assets at FVTPL	284,644	276,921	819,919	804,208
Financial investments at fair value through other comprehensive income	859,304	825,692	2,612,934	2,324,769
Financial investments at amortised cost	253,570	216,386	709,255	551,930
	<b>6,097,407</b>	<b>5,810,845</b>	<b>18,067,800</b>	<b>16,902,038</b>
Accretion of discounts, net	41,201	54,338	124,554	211,521
	<b>6,138,608</b>	<b>5,865,183</b>	<b>18,192,354</b>	<b>17,113,559</b>

  

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Loans, advances and financing	2,708,047	3,170,097	8,021,670	9,278,239
Money at call and deposits and placements with financial institutions	234,139	228,265	846,132	628,712
Financial assets purchased under resale agreements	8,237	36,810	50,338	104,669
Financial assets at FVTPL	99,241	67,411	214,502	198,269
Financial investments at fair value through other comprehensive income	638,992	733,061	2,053,112	2,019,791
Financial investments at amortised cost	248,710	225,635	696,637	596,869
	<b>3,937,366</b>	<b>4,461,279</b>	<b>11,882,391</b>	<b>12,826,549</b>
Accretion of discounts, net	112,652	76,317	277,900	282,550
	<b>4,050,018</b>	<b>4,537,596</b>	<b>12,160,291</b>	<b>13,109,099</b>

Included in interest income for the nine-month financial period ended 30 September 2019 was interest on impaired assets amounting to approximately RM314,365,000 (30 September 2018: RM271,999,000) for the Group and RM220,258,000 (30 September 2018: RM212,004,000) for the Bank.

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**A22. Interest Expense**

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	276,003	340,106	875,456	879,175
Deposits from customers	2,020,751	1,854,827	6,176,894	5,284,570
Loans sold to Cagamas	16,320	16,320	48,429	48,429
Obligations on financial assets sold under repurchase agreements	29,031	46,303	162,493	101,923
Borrowings	349,904	268,581	991,136	769,590
Subordinated notes	130,931	132,870	410,508	415,162
Subordinated bonds	-	3,706	5,535	20,674
Capital securities	44,575	90,644	155,346	285,834
Structured deposits	36,173	31,477	111,797	92,322
Financial liabilities at fair value through profit or loss	74,909	95,643	243,647	251,244
	<b>2,978,597</b>	<b>2,880,477</b>	<b>9,181,241</b>	<b>8,148,923</b>

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	327,692	317,061	1,031,150	824,010
Deposits from customers	1,189,696	1,490,037	3,752,846	4,127,940
Loans sold to Cagamas	16,320	16,320	48,429	48,429
Obligations on financial assets sold under repurchase agreements	50,868	46,303	236,764	101,923
Borrowings	208,440	137,485	568,030	393,197
Subordinated notes	105,167	105,850	335,672	314,198
Capital securities	44,575	90,644	155,346	285,834
Structured deposits	1,874	31,472	7,321	92,298
Financial liabilities at fair value through profit or loss	74,909	95,643	243,647	251,244
	<b>2,019,541</b>	<b>2,330,815</b>	<b>6,379,205</b>	<b>6,439,073</b>

**A23. Net Earned Insurance Premiums**

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	2,017,156	1,723,897	5,813,910	5,290,037
Premiums ceded to reinsurers	(268,086)	(293,894)	(814,451)	(858,627)
	<b>1,749,070</b>	<b>1,430,003</b>	<b>4,999,459</b>	<b>4,431,410</b>



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**A24. Dividends from Subsidiaries and Associates**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross dividend income from:				
Subsidiaries	1,367,468	30,547	3,102,631	1,607,157
Associates	689	398	689	398
	<u>1,368,157</u>	<u>30,945</u>	<u>3,103,320</u>	<u>1,607,555</u>

**A25. Other Operating Income**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Fee income:				
Commission	390,699	349,771	1,020,056	994,531
Service charges and fees	331,044	387,964	1,002,229	1,067,323
Underwriting fees	23,108	4,203	52,986	33,267
Brokerage income	82,864	92,211	229,595	314,216
Fees on loans, advances and financing	54,015	48,460	155,591	166,159
	<u>881,730</u>	<u>882,609</u>	<u>2,460,457</u>	<u>2,575,496</u>
(b) Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL	230,950	(111,350)	429,471	(136,468)
Net gain on disposal of financial investments at fair value through other comprehensive income	575,353	7,688	970,807	69,715
Net gain on redemption of financial investments at amortised cost	18	1,174	18	1,773
Net loss on disposal of deemed control entity	-	-	-	(15,409)
Net (loss)/gain on liquidation/dilution of interest in associates	(673)	4	1,163	1,268
	<u>805,648</u>	<u>(102,484)</u>	<u>1,401,459</u>	<u>(79,121)</u>
(c) Gross dividend income from:				
Financial investments portfolio	28,281	34,618	77,024	96,174
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets designated upon initial recognition at FVTPL	325,506	221,420	1,109,574	57,776
Financial investments at FVTPL	2,481	88,579	259,643	(267,521)
Financial liabilities at FVTPL	(158,125)	151,214	(976,859)	538,402
Derivatives	(96,659)	(128,378)	100,239	(339,155)
Loans, advances and financing at FVTPL	(9,820)	-	(10,381)	-
	<u>63,383</u>	<u>332,835</u>	<u>482,216</u>	<u>(10,498)</u>
(e) Other income:				
Foreign exchange gain, net	131,823	198,956	564,264	597,629
Realised gain on derivatives	147,629	64,444	551,243	333,139
Rental income	8,233	7,951	26,778	30,833
Gain on disposal of property, plant and equipment	1,447	1,575	3,526	70,217
(Loss)/gain on disposal of foreclosed properties	(968)	33	282	(2,267)
Others	81,344	27,923	239,031	146,434
	<u>369,508</u>	<u>300,882</u>	<u>1,385,124</u>	<u>1,175,985</u>
Total other operating income	<u>2,148,550</u>	<u>1,448,460</u>	<u>5,806,280</u>	<u>3,758,036</u>

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Bank</b>				
(a) Fee income:				
Commission	266,516	313,956	704,467	898,989
Service charges and fees	211,024	286,750	650,787	822,020
Underwriting fees	13,468	2,416	18,319	13,362
Fees on loans, advances and financing	29,455	30,477	78,865	103,166
	<u>520,463</u>	<u>633,599</u>	<u>1,452,438</u>	<u>1,837,537</u>
(b) Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL	84,643	(1,094)	205,739	65,903
Net gain on disposal of financial investments at fair value through other comprehensive income	540,867	18,039	900,844	72,094
Net gain on redemption of financial investments at amortised cost	18	1,174	18	1,773
Net loss on disposal of deemed control entity	(1,465)	-	(2,687)	(27,902)
Net loss on liquidation/dilution of interest in associates	(3,889)	-	(2,193)	-
	<u>620,174</u>	<u>18,119</u>	<u>1,101,721</u>	<u>111,868</u>
(c) Gross dividend income from:				
Financial investments portfolio	1,435	345	5,427	3,562
(d) Unrealised (loss)/gain on revaluation of:				
Financial investments at FVTPL	(18,755)	(23,473)	(18,219)	(2,087)
Financial liabilities at FVTPL	(158,125)	151,214	(976,859)	538,402
Derivatives	(97,815)	(126,538)	177,453	(386,111)
Loans, advances and financing at FVTPL	(9,820)	-	(10,381)	-
	<u>(284,515)</u>	<u>1,203</u>	<u>(828,006)</u>	<u>150,204</u>
(e) Other income:				
Foreign exchange gain, net	151,446	172,938	539,611	646,168
Realised gain on derivatives	171,222	14,752	572,878	207,514
Rental income	7,734	7,664	22,208	23,793
Gain on disposal of property, plant and equipment	404	2,064	427	60,416
Others	12,465	6,695	53,826	14,169
	<u>343,271</u>	<u>204,113</u>	<u>1,188,950</u>	<u>952,060</u>
Total other operating income	<u>1,200,828</u>	<u>857,379</u>	<u>2,920,530</u>	<u>3,055,231</u>

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

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross benefits and claims paid	1,036,133	886,675	2,986,408	2,650,213
Claims ceded to reinsurers	(124,744)	(119,784)	(353,174)	(347,131)
Gross change to contract liabilities	1,053,656	753,547	3,216,829	1,492,043
Change in contract liabilities ceded to reinsurers	(64,369)	(33,364)	(255,654)	(51,932)
<b>Net insurance benefits and claims incurred</b>	<b>1,900,676</b>	<b>1,487,074</b>	<b>5,594,409</b>	<b>3,743,193</b>
Net fee and commission expenses	100,055	54,206	225,859	186,314
Change in expense liabilities	26,280	2,521	35,436	(3,650)
Taxation of life and takaful fund	26,979	29,241	107,228	11,338
<b>Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund</b>	<b>153,314</b>	<b>85,968</b>	<b>368,523</b>	<b>194,002</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>2,053,990</b>	<b>1,573,042</b>	<b>5,962,932</b>	<b>3,937,195</b>

**A27. Overhead Expenses**

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,279,154	1,184,700	3,844,930	3,592,063
Social security cost	11,757	10,645	33,478	32,635
Pension costs - defined contribution plan	155,924	139,938	461,234	425,224
ESGP/ESS expenses	8,878	255	27,559	3,734
Other staff related expenses	224,281	221,677	656,349	644,873
	<b>1,679,994</b>	<b>1,557,215</b>	<b>5,023,550</b>	<b>4,698,529</b>
(b) Establishment costs				
Depreciation of property, plant and equipment	70,890	102,488	219,627	301,101
Depreciation of right-of-use assets	110,902	-	292,909	-
Amortisation of intangible assets	66,328	59,566	186,382	178,986
Rental of leasehold land and premises	16,963	83,743	54,038	255,268
Repairs and maintenance of property, plant and equipment	47,363	43,379	134,967	120,182
Information technology expenses	139,254	145,574	398,862	431,391
Finance cost on lease liabilities	17,060	-	48,743	-
Fair value adjustments on investments properties	36	29	105	(348)
Others	12,043	13,159	35,305	34,725
	<b>480,839</b>	<b>447,938</b>	<b>1,370,938</b>	<b>1,321,305</b>
(c) Marketing expenses				
Advertisement and publicity	45,820	43,954	159,180	147,216
Others	111,649	90,386	290,096	252,408
	<b>157,469</b>	<b>134,340</b>	<b>449,276</b>	<b>399,624</b>

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

Group (cont'd.)	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
(d) Administration and general expenses				
Fees and brokerage	256,134	241,340	745,109	738,292
Administrative expenses	150,843	135,717	435,182	421,220
General expenses	234,847	178,734	558,803	559,304
Others	3,479	3,559	10,074	6,957
	<b>645,303</b>	<b>559,350</b>	<b>1,749,168</b>	<b>1,725,773</b>
Total overhead expenses	<b>2,963,605</b>	<b>2,698,843</b>	<b>8,592,932</b>	<b>8,145,231</b>
<b>Cost to income ratio ("CIR")<sup>1</sup></b>	<b>45.6%</b>	<b>47.3%</b>	<b>47.1%</b>	<b>46.9%</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	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	649,605	738,254	1,956,810	2,243,066
Social security cost	5,539	5,248	17,021	16,044
Pension costs - defined contribution plan	100,890	107,505	297,845	330,987
ESGP/ESS expenses	5,247	25	15,969	2,426
Other staff related expenses	112,896	127,951	323,123	373,829
	<b>874,177</b>	<b>978,983</b>	<b>2,610,768</b>	<b>2,966,352</b>
(b) Establishment costs				
Depreciation of property, plant and equipment	27,422	40,398	89,419	124,349
Depreciation of right-of-use assets	27,503	-	81,081	-
Amortisation of intangible assets	12,513	21,501	36,262	61,755
Rental of leasehold land and premises	1,817	35,657	6,017	106,911
Repairs and maintenance of property, plant and equipment	24,680	25,384	70,570	70,915
Information technology expenses	191,708	181,271	570,026	600,920
Finance cost on lease liabilities	4,644	-	12,250	-
Others	470	3,587	2,325	7,280
	<b>290,757</b>	<b>307,798</b>	<b>867,950</b>	<b>972,130</b>
(c) Marketing expenses				
Advertisement and publicity	17,400	20,170	61,017	78,777
Others	71,255	60,040	171,859	167,596
	<b>88,655</b>	<b>80,210</b>	<b>232,876</b>	<b>246,373</b>
(d) Administration and general expenses				
Fees and brokerage	160,589	166,594	448,826	500,232
Administrative expenses	51,586	60,291	148,564	187,716
General expenses	68,926	87,746	182,909	260,545
Others	1,832	2,687	5,914	5,915
	<b>282,933</b>	<b>317,318</b>	<b>786,213</b>	<b>954,408</b>
(e) Overhead expenses allocated to subsidiaries	<b>(294,499)</b>	<b>(286,599)</b>	<b>(960,440)</b>	<b>(877,551)</b>
Total overhead expenses	<b>1,242,023</b>	<b>1,397,710</b>	<b>3,537,367</b>	<b>4,261,712</b>
<b>Cost to income ratio ("CIR")<sup>2</sup></b>	<b>27.0%</b>	<b>45.2%</b>	<b>30.0%</b>	<b>37.6%</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	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
(Writeback of)/allowances for impairment losses on loans, advances and financing:				
- Stage 1 - 12-month ECL, net	(83,743)	(246,543)	(547,160)	(468,633)
- Stage 2 - Lifetime ECL not credit impaired, net	58,402	(78,058)	(24,090)	115,175
- Stage 3 - Lifetime ECL credit impaired, net	1,070,148	778,380	2,757,747	2,003,817
Bad debts and financing written-off	12,731	35,586	71,751	82,466
Bad debts and financing recovered	(111,442)	(67,818)	(322,866)	(228,924)
Allowances for/(writeback of) impairment losses on other debts	11,888	(3,097)	18,240	6,008
	<b>957,984</b>	<b>418,450</b>	<b>1,953,622</b>	<b>1,509,909</b>

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
(Writeback of)/allowances for impairment losses on loans, advances and financing:				
- Stage 1 - 12-month ECL, net	(53,524)	(45,711)	(175,760)	(232,964)
- Stage 2 - Lifetime ECL not credit impaired, net	39,040	(51,722)	(23,654)	(86,172)
- Stage 3 - Lifetime ECL credit impaired, net	729,951	413,878	1,694,613	1,149,805
Bad debts and financing written-off	14,987	29,327	41,359	67,097
Bad debts and financing recovered	(43,533)	(43,642)	(134,877)	(154,936)
Allowances for/(writeback of) impairment losses on other debts	1,749	(604)	14,193	1,260
	<b>688,670</b>	<b>301,526</b>	<b>1,415,874</b>	<b>744,090</b>

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

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(940)	(31,800)	718	(20,073)
- Stage 2 - Lifetime ECL not credit impaired, net	(649)	5,125	(927)	(13,680)
- Stage 3 - Lifetime ECL credit impaired, net	(28,536)	5,348	(25,307)	22,288
Net	<b>(30,125)</b>	<b>(21,327)</b>	<b>(25,516)</b>	<b>(11,465)</b>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	239	5,881	1,662	(14,622)
- Stage 2 - Lifetime ECL not credit impaired, net	1,589	(360)	2,765	(10,721)
- Stage 3 - Lifetime ECL credit impaired, net	(3,791)	(19)	37,522	(57)
Net	<b>(1,963)</b>	<b>5,502</b>	<b>41,949</b>	<b>(25,400)</b>
	<b>(32,088)</b>	<b>(15,825)</b>	<b>16,433</b>	<b>(36,865)</b>

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**A29. (Writeback of)/allowances for Impairment Losses on Financial Investments, net (cont'd.)**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(1,984)	(23,423)	(2,980)	(14,396)
- Stage 2 - Lifetime ECL not credit impaired, net	(575)	5,179	(778)	(13,277)
- Stage 3 - Lifetime ECL credit impaired, net	(32,316)	4,957	(28,933)	(162)
Net	<u>(34,875)</u>	<u>(13,287)</u>	<u>(32,691)</u>	<u>(27,835)</u>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	(3,468)	8,143	(1,981)	(7,547)
- Stage 2 - Lifetime ECL not credit impaired, net	(441)	(224)	2,784	(9,964)
- Stage 3 - Lifetime ECL credit impaired, net	(3,791)	(19)	37,522	(57)
Net	<u>(7,700)</u>	<u>7,900</u>	<u>38,325</u>	<u>(17,568)</u>
	<u>(42,575)</u>	<u>(5,387)</u>	<u>5,634</u>	<u>(45,403)</u>

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	1,605	(23,572)	(8,015)	(17,523)
- Stage 2 - Lifetime ECL not credit impaired	-	(2)	-	(2)
Net	<u>1,605</u>	<u>(23,574)</u>	<u>(8,015)</u>	<u>(17,525)</u>
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	2,147	16,745	51,040	8,281
- Stage 2 - Lifetime ECL not credit impaired, net	-	(313)	-	-
Net	<u>2,147</u>	<u>16,432</u>	<u>51,040</u>	<u>8,281</u>
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	768	(1,698)	(269)	(838)
Net	<u>768</u>	<u>(1,698)</u>	<u>(269)</u>	<u>(838)</u>
Other assets				
- Stage 1 - 12-month ECL, net	(970)	186	(3,348)	1,435
- Stage 2 - Lifetime ECL not credit impaired	14	-	(31)	-
- Stage 3 - Lifetime ECL credit impaired	361	-	726	-
Net	<u>(595)</u>	<u>186</u>	<u>(2,653)</u>	<u>1,435</u>
Reinsurance/retakaful assets and other insurance receivables				
- Stage 1 - 12-month ECL, net	5,063	(411)	14,348	(7,529)
Net	<u>5,063</u>	<u>(411)</u>	<u>14,348</u>	<u>(7,529)</u>
Statutory deposit with central banks				
- Stage 1 - 12-month ECL, net	-	(6,330)	-	(6,293)
Net	<u>-</u>	<u>(6,330)</u>	<u>-</u>	<u>(6,293)</u>
	<u>8,988</u>	<u>(15,395)</u>	<u>54,451</u>	<u>(22,469)</u>

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Bank</b>				
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	2,492	(20,102)	(5,723)	(14,802)
- Stage 2 - Lifetime ECL not credit impaired	-	(2)	-	(2)
Net	<u>2,492</u>	<u>(20,104)</u>	<u>(5,723)</u>	<u>(14,804)</u>
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	1,219	15,765	30,796	7,762
- Stage 2 - Lifetime ECL not credit impaired, net	-	(313)	-	-
Net	<u>1,219</u>	<u>15,452</u>	<u>30,796</u>	<u>7,762</u>
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	106	-	(1,099)	-
Net	<u>106</u>	<u>-</u>	<u>(1,099)</u>	<u>-</u>
Other assets				
- Stage 1 - 12-month ECL, net	(1,053)	-	(3,843)	-
Net	<u>(1,053)</u>	<u>-</u>	<u>(3,843)</u>	<u>-</u>
	<u>2,764</u>	<u>(4,652)</u>	<u>20,131</u>	<u>(7,042)</u>

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**A31. Segment Information**

**By business segments**

The Group's operating segments are Group Community Financial Services, Group Global Banking and Group Insurance and Takaful. The Group determines and presents operating segments based on information provided to the Board and senior management of the Group.

The Group is organised into three (3) operating segments based on services and products available within the Group as follows:

(a) Group Community Financial Services ("CFS")

(i) Consumer Banking

Consumer Banking comprises the full range of products and services offered to individuals in the region, which includes savings and fixed deposits, remittance services, current accounts, consumer loans such as housing loans and personal loans, hire purchases, unit trusts, bancassurance products and credit cards.

(ii) Small, Medium Enterprise ("SME") Banking

SME Banking comprises the full range of products and services offered to small and medium enterprises in the region. The products and services offered includes long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(iii) Business Banking

Business Banking comprises the full range of products and services offered to commercial enterprises in the region. The products and services offered includes long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(b) Group Global Banking ("GB")

(i) Group Corporate Banking and Global Markets

Group Corporate Banking and Global Markets comprise of Corporate Banking and Global Markets business.

Corporate Banking comprises the full range of products and services offered to business customers in the region, ranging from large corporate and the public sector. The products and services offered includes long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management, trustee services and custodian services.

Global Markets comprise the full range of products and services relating to treasury activities and services, which includes foreign exchange, money market, derivatives and trading of capital market.



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

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

(b) Group Global Banking ("GB") (cont'd.)

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

Investment Banking comprises the investment banking and securities broking business. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services, debt restructuring advisory services, and share and futures dealings.

(iii) Group Asset Management

Asset Management comprises the asset and fund management services, providing a diverse range of Conventional and Islamic investment solutions to retail, corporate and institutional clients.

(c) Group Insurance and Takaful

Insurance and Takaful comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses.

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

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

	<===== Business Segments =====>						Total RM'000
	<===== Group Global Banking =====>						
<b>Nine Months Ended 30 September 2019</b>	<b>Group Community Financial Services RM'000</b>	<b>Group Corporate Banking &amp; Global Markets RM'000</b>	<b>Group Investment Banking RM'000</b>	<b>Group Asset Management RM'000</b>	<b>Group Insurance and Takaful RM'000</b>	<b>Head Office and Others RM'000</b>	
Net interest income and income from IBS operations							
- External	7,954,458	4,134,935	248,996	9,254	935,129	122,462	13,405,234
- Inter-segment	-	-	1,180	1,566	27,102	(29,848)	-
	<b>7,954,458</b>	<b>4,134,935</b>	<b>250,176</b>	<b>10,820</b>	<b>962,231</b>	<b>92,614</b>	<b>13,405,234</b>
Net interest income and income from IBS operations	7,954,458	4,134,935	250,176	10,820	962,231	92,614	13,405,234
Net earned insurance premiums	-	-	-	-	4,999,459	-	4,999,459
Other operating income	2,252,928	2,173,323	564,130	119,193	1,603,391	(906,685)	5,806,280
Total operating income	<b>10,207,386</b>	<b>6,308,258</b>	<b>814,306</b>	<b>130,013</b>	<b>7,565,081</b>	<b>(814,071)</b>	<b>24,210,973</b>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(6,204,408)	241,476	(5,962,932)
Net operating income	<b>10,207,386</b>	<b>6,308,258</b>	<b>814,306</b>	<b>130,013</b>	<b>1,360,673</b>	<b>(572,595)</b>	<b>18,248,041</b>
Overhead expenses	(5,589,053)	(1,384,138)	(812,595)	(88,609)	(718,537)	-	(8,592,932)
Operating profit/(loss) before impairment losses	4,618,333	4,924,120	1,711	41,404	642,136	(572,595)	9,655,109
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	3,349	(1,937,924)	(8,787)	2	(10,262)	-	(1,953,622)
Writeback of/(allowances for) impairment losses on financial investments, net	267	(15,845)	(124)	-	(731)	-	(16,433)
(Allowances for)/writeback of impairment losses on other financial assets, net	(434)	(23,005)	(1,314)	29	(14,549)	(15,178)	(54,451)
Operating profit/(loss)	4,621,515	2,947,346	(8,514)	41,435	616,594	(587,773)	7,630,603
Share of profits in associates and joint ventures	-	118,459	1,214	-	-	-	119,673
<b>Profit/(loss) before taxation and zakat</b>	<b>4,621,515</b>	<b>3,065,805</b>	<b>(7,300)</b>	<b>41,435</b>	<b>616,594</b>	<b>(587,773)</b>	<b>7,750,276</b>
Taxation and zakat							(1,842,491)
<b>Profit after taxation and zakat</b>							<b>5,907,785</b>
Non-controlling interests							(158,841)
<b>Profit for the period - attributable to equity holders of the Bank</b>							<b>5,748,944</b>

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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	Group Insurance and Takaful RM'000		
<b>Nine Months Ended 30 September 2019</b>								
<b>Included in other operating income are:</b>								
Fee income:								
Commission	955,504	115,051	30,742	19,265	-	(100,506)	1,020,056	
Service charges and fees	677,059	237,413	145,600	63,246	(753)	(120,336)	1,002,229	
Underwriting fees	-	18,319	34,667	-	-	-	52,986	
Brokerage income	-	-	229,595	-	-	-	229,595	
Fees on loans, advances and financing	61,202	92,185	1,809	-	-	395	155,591	
Fee income from IBS operations	203,849	89,943	34,193	-	-	(42,779)	285,206	
<b>Included in overhead expenses are:</b>								
Depreciation of property, plant and equipment	(137,554)	(35,311)	(35,189)	(659)	(10,914)	-	(219,627)	
Depreciation of right-of-use assets	(194,797)	(49,074)	(34,074)	(1,750)	(13,214)	-	(292,909)	
Amortisation of intangible assets	(121,043)	(35,321)	(12,633)	(316)	(17,069)	-	(186,382)	

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

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

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

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

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

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

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**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 2018.

**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 financial period ended 30 September 2019.

**A35. Commitments and Contingencies**

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

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

Group	As at 30 September 2019			As at 31 December 2018		
	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	11,729,840	11,474,684	7,173,158	11,317,594	10,576,726	6,071,968
Certain transaction-related contingent items	17,025,294	8,445,707	5,384,292	17,430,332	8,393,068	5,303,752
Short-term self-liquidating trade-related contingencies	4,064,238	1,030,065	682,330	5,086,749	888,197	525,082
Obligations under underwriting agreements	-	-	-	350,106	-	-
	<b>32,819,372</b>	<b>20,950,456</b>	<b>13,239,780</b>	<b>34,184,781</b>	<b>19,857,991</b>	<b>11,900,802</b>
<b><u>Commitments</u></b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	121,457,967	15,825,875	8,272,685	118,062,536	20,228,370	9,690,283
- Maturity exceeding one year	38,436,119	34,519,680	15,763,312	32,001,526	26,577,486	11,034,057
	<b>159,894,086</b>	<b>50,345,555</b>	<b>24,035,997</b>	<b>150,064,062</b>	<b>46,805,856</b>	<b>20,724,340</b>
Miscellaneous commitments and contingencies	11,969,423	1,438,329	166,285	11,702,032	3,495,252	395,741
Total credit-related commitments and contingencies	<b>204,682,881</b>	<b>72,734,340</b>	<b>37,442,062</b>	<b>195,950,875</b>	<b>70,159,099</b>	<b>33,020,883</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 30 September 2019			As at 31 December 2018		
	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	490,961,057	4,910,590	847,269	287,282,306	2,409,408	690,829
- One year to less than five years	34,573,412	551,982	299,416	32,474,807	493,586	295,405
- Five years and above	5,247,929	753,916	377,964	2,895,022	357,517	363,386
	<b>530,782,398</b>	<b>6,216,488</b>	<b>1,524,649</b>	<b>322,652,135</b>	<b>3,260,511</b>	<b>1,349,620</b>
Interest rate related contracts:						
- Less than one year	87,524,492	1,120,391	597,130	80,323,763	1,209,318	638,948
- One year to less than five years	248,362,232	5,299,709	2,952,592	192,871,756	5,591,544	3,777,488
- Five years and above	93,117,208	1,016,460	1,018,887	71,574,767	992,323	1,253,145
	<b>429,003,932</b>	<b>7,436,560</b>	<b>4,568,609</b>	<b>344,770,286</b>	<b>7,793,185</b>	<b>5,669,581</b>
Equity and commodity related contracts:						
- Less than one year	3,825,113	131,064	58,044	7,127,130	218,094	136,698
- One year to less than five years	1,682,324	115,083	34,167	2,377,639	672,088	327,610
- Five years and above	-	-	-	27,063	-	-
	<b>5,507,437</b>	<b>246,147</b>	<b>92,211</b>	<b>9,531,832</b>	<b>890,182</b>	<b>464,308</b>
Credit related contracts:						
- Less than one year	600	-	-	50,000	-	-
- One year to less than five years	41,895	-	-	-	-	-
	<b>42,495</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>
Total treasury-related commitments and contingencies	<b>965,336,262</b>	<b>13,899,195</b>	<b>6,185,469</b>	<b>677,004,253</b>	<b>11,943,878</b>	<b>7,483,509</b>
Total commitments and contingencies	<b>1,170,019,143</b>	<b>86,633,535</b>	<b>43,627,531</b>	<b>872,955,128</b>	<b>82,102,977</b>	<b>40,504,392</b>
<b>Bank</b>						
<b>Contingent liabilities</b>						
Direct credit substitutes	9,057,679	9,208,099	5,208,311	8,923,891	8,308,592	4,103,156
Certain transaction-related contingent items	13,187,464	6,647,253	3,974,936	13,406,870	6,456,096	3,815,720
Short-term self-liquidating trade-related contingencies	3,410,361	889,222	558,267	4,382,002	660,908	355,990
	<b>25,655,504</b>	<b>16,744,574</b>	<b>9,741,514</b>	<b>26,712,763</b>	<b>15,425,596</b>	<b>8,274,866</b>
<b>Commitments</b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	81,182,648	9,517,415	4,899,858	76,917,938	8,653,953	4,522,825
- Maturity exceeding one year	19,897,972	22,132,394	10,807,257	16,466,024	19,622,244	8,697,626
	<b>101,080,620</b>	<b>31,649,809</b>	<b>15,707,115</b>	<b>93,383,962</b>	<b>28,276,197</b>	<b>13,220,451</b>
Miscellaneous commitments and contingencies	<b>6,586,047</b>	<b>1,022,649</b>	<b>108,911</b>	<b>7,281,538</b>	<b>3,207,675</b>	<b>355,374</b>
Total credit-related commitments and contingencies	<b>133,322,171</b>	<b>49,417,032</b>	<b>25,557,540</b>	<b>127,378,263</b>	<b>46,909,468</b>	<b>21,850,691</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.):

	As at 30 September 2019			As at 31 December 2018		
	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>Bank (cont'd.)</b>						
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- Less than one year	475,759,342	4,735,286	753,575	279,483,984	2,364,015	562,348
- One year to less than five years	33,965,100	418,975	227,082	31,402,000	433,705	264,475
- Five years and above	4,015,320	527,564	225,608	2,895,022	331,951	348,215
	<b>513,739,762</b>	<b>5,681,825</b>	<b>1,206,265</b>	<b>313,781,006</b>	<b>3,129,671</b>	<b>1,175,038</b>
Interest rate related contracts:						
- Less than one year	87,330,072	755,530	438,429	78,303,166	833,030	550,428
- One year to less than five years	249,781,611	4,050,089	2,113,719	181,037,946	4,044,624	2,745,023
- Five years and above	90,802,108	883,635	915,907	71,694,423	835,447	1,091,735
	<b>427,913,791</b>	<b>5,689,254</b>	<b>3,468,055</b>	<b>331,035,535</b>	<b>5,713,101</b>	<b>4,387,186</b>
Equity and commodity related contracts:						
- Less than one year	2,371,490	89,071	26,968	5,538,336	110,116	102,339
- One year to less than five years	1,682,324	107,702	34,167	2,377,639	672,088	327,610
	<b>4,053,814</b>	<b>196,773</b>	<b>61,135</b>	<b>7,915,975</b>	<b>782,204</b>	<b>429,949</b>
Credit related contracts:						
- Less than one year	600	-	-	50,000	-	-
- One year to less than five years	41,895	-	-	-	-	-
	<b>42,495</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>
Total treasury-related commitments and contingencies	<b>945,749,862</b>	<b>11,567,852</b>	<b>4,735,455</b>	<b>652,782,516</b>	<b>9,624,976</b>	<b>5,992,173</b>
Total commitments and contingencies	<b>1,079,072,033</b>	<b>60,984,884</b>	<b>30,292,995</b>	<b>780,160,779</b>	<b>56,534,444</b>	<b>27,842,864</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 30 September 2019, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM11,881.5 million (31 December 2018: RM6,963.5 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) There have been no changes since the end of the previous financial year in respect of the following:
- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
  - (b) the risk management policies in place for mitigating and controlling the risks associated with these derivative financial contracts; and
  - (c) the related accounting policies.

**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%

\* In addition, BNM had introduced Capital Conservation Buffer of 2.5% of total risk-weighted assets ("RWA") as well as Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA.

- (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 ending 31 December 2019 (2018: 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 ending 31 December 2019 (2018: 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 9% up to less than 10% (2018: 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 ending 31 December 2019 (2018: 6.5%, 8.0% and 10.0% of total RWA).

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

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

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

Pursuant to Note A9(b), in arriving the capital adequacy ratios for the nine months financial period ended 30 September 2019, the declared dividend have been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
CET1 Capital Ratio	14.438%	15.029%	13.848%	13.757%
Tier 1 Capital Ratio	15.185%	15.983%	14.665%	14.871%
Total Capital Ratio	<b>18.065%</b>	19.024%	<b>17.981%</b>	18.266%

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

**(d) Components of capital:**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>CET1 Capital</b>				
Share capital	48,280,355	46,747,442	48,280,355	46,747,442
Retained profits <sup>1</sup>	16,181,525	19,905,842	11,440,485	14,410,042
Other reserves <sup>1</sup>	5,410,224	2,154,645	6,312,056	4,111,140
Qualifying non-controlling interests	137,477	133,264	-	-
CET1 Capital before regulatory adjustments	<b>70,009,581</b>	68,941,193	<b>66,032,896</b>	65,268,624
Less: Regulatory adjustments applied on CET1 Capital:	<b>(14,494,629)</b>	(12,640,727)	<b>(35,495,834)</b>	(34,374,944)
Deferred tax assets	(651,233)	(1,026,818)	-	(345,186)
Goodwill	(5,700,805)	(5,547,431)	(81,015)	(81,015)
Other intangibles	(1,029,858)	(1,011,272)	(264,789)	(279,850)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(1,363,501)	(43,006)	(1,079,160)	(32,049)
Regulatory reserve	(2,659,895)	(2,127,290)	(1,959,671)	(1,778,997)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	(3,089,337)	(2,884,910)	(32,111,199)	(31,857,847)
<b>Total CET1 Capital</b>	<b>55,514,952</b>	56,300,466	<b>30,537,062</b>	30,893,680
<b>Additional Tier 1 Capital</b>				
Capital securities	2,800,000	3,500,000	2,800,000	3,500,000
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	73,103	71,182	-	-
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities <sup>2</sup>	-	-	(1,000,000)	(1,000,000)
<b>Total Tier 1 Capital</b>	<b>58,388,055</b>	59,871,648	<b>32,337,062</b>	33,393,680
<b>Tier 2 Capital</b>				
Subordinated obligations	9,092,944	9,066,767	9,092,944	9,066,767
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	39,032	405,381	-	-
General provisions <sup>3</sup>	347,174	348,148	56,868	51,305
Surplus of total eligible provision over total expected loss	1,592,039	1,572,006	966,743	988,691
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities <sup>2</sup>	-	-	(2,804,164)	(2,482,391)
<b>Total Tier 2 Capital</b>	<b>11,071,189</b>	11,392,302	<b>7,312,391</b>	7,624,372
<b>Total Capital</b>	<b>69,459,244</b>	71,263,950	<b>39,649,453</b>	41,018,052

<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> 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 RM57,000, 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>3</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 30 September 2019</u></b>				
CET1 Capital Ratio	12.657%	29.141%	-	16.366%
Tier 1 Capital Ratio	14.098%	29.141%	-	16.366%
Total Capital Ratio	<u>17.500%</u>	<u>30.631%</u>	<u>20.088%</u>	<u>16.677%</u>
<b><u>At 31 December 2018</u></b>				
CET1 Capital Ratio	16.368%	24.574%	-	15.455%
Tier 1 Capital Ratio	17.984%	24.574%	-	15.455%
Total Capital Ratio	<u>22.545%</u>	<u>26.198%</u>	<u>19.041%</u>	<u>15.696%</u>

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

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

**At 30 September 2019**

	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	53,048,955	19,055,703	4,228,262	809,943	33,033,813	18,208,762
Internal Ratings-Based Approach exposure after scaling factor	265,339,756	161,123,844	65,984,450	-	-	21,840,161
Credit valuation adjustment	-	-	-	-	-	180,908
<b>Total RWA for credit risk</b>	<b>318,388,711</b>	<b>180,179,547</b>	<b>70,212,712</b>	<b>809,943</b>	<b>33,033,813</b>	<b>40,229,831</b>
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(9,697,341)	-	-	-
Total RWA for market risk	23,370,099	16,936,501	996,598	336,889	802,192	20,166
Total RWA for operational risk	42,744,588	23,392,545	7,867,164	725,911	5,615,233	3,835,047
<b>Total RWA</b>	<b>384,503,398</b>	<b>220,508,593</b>	<b>69,379,133</b>	<b>1,872,743</b>	<b>39,451,238</b>	<b>44,085,044</b>

**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>

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

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**A37. Derivative Financial Instruments**

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

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

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
<u>At 30 September 2019</u>	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	44,014,791	291,033	(231,425)	34,337,100	263,753	(192,209)
- One year to three years	1,344,220	26,790	(17,786)	1,147,017	29,568	(20,037)
- More than three years	3,115,304	182,454	(2,610)	2,365,991	133,957	(3,569)
	<u>48,474,315</u>	<u>500,277</u>	<u>(251,821)</u>	<u>37,850,108</u>	<u>427,278</u>	<u>(215,815)</u>
Currency swaps:						
- Less than one year	424,994,359	2,022,618	(1,856,335)	420,009,184	1,954,133	(1,821,901)
- One year to three years	713,860	169	(4,474)	822,973	256	(4,474)
	<u>425,708,219</u>	<u>2,022,787</u>	<u>(1,860,809)</u>	<u>420,832,157</u>	<u>1,954,389</u>	<u>(1,826,375)</u>
Currency spots:						
- Less than one year	2,223,626	776	(6,766)	2,348,609	886	(6,869)
Currency options:						
- Less than one year	9,975,450	24,108	(28,275)	10,094,405	24,246	(27,808)
- One year to three years	364,073	11,761	(2,013)	370,771	11,870	(2,130)
- More than three years	754,499	104	(79,841)	1,298,745	58,884	(89,964)
	<u>11,094,022</u>	<u>35,973</u>	<u>(110,129)</u>	<u>11,763,921</u>	<u>95,000</u>	<u>(119,902)</u>
Cross currency interest rate swaps:						
- Less than one year	6,691,182	166,129	(193,979)	5,908,395	155,374	(186,495)
- One year to three years	15,747,732	369,384	(433,296)	14,707,651	355,920	(407,903)
- More than three years	11,694,068	339,227	(273,468)	11,179,687	335,250	(260,663)
	<u>34,132,982</u>	<u>874,740</u>	<u>(900,743)</u>	<u>31,795,733</u>	<u>846,544</u>	<u>(855,061)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	70,459,065	120,107	(80,678)	70,500,998	115,636	(78,885)
- One year to three years	149,979,638	744,281	(1,365,126)	150,153,332	724,612	(1,354,390)
- More than three years	172,937,780	5,729,885	(4,779,055)	173,302,205	5,666,546	(4,786,286)
	<u>393,376,483</u>	<u>6,594,273</u>	<u>(6,224,859)</u>	<u>393,956,535</u>	<u>6,506,794</u>	<u>(6,219,561)</u>
Interest rate futures:						
- Less than one year	13,749,939	639,278	(639,850)	13,749,939	639,278	(639,850)
- One year to three years	2,145,659	991	(3,622)	1,256,850	762	(3,345)
- More than three years	545,024	229	-	-	-	-
	<u>16,440,622</u>	<u>640,498</u>	<u>(643,472)</u>	<u>15,006,789</u>	<u>640,040</u>	<u>(643,195)</u>
Interest rate options:						
- Less than one year	3,079,135	69	(3,028)	3,079,135	65	(3,028)
- One year to three years	4,704,239	21,606	(21,781)	4,704,236	21,773	(7)
- More than three years	10,140,672	1,181,712	(1,710,649)	10,140,668	1,181,796	(1,700,275)
	<u>17,924,046</u>	<u>1,203,387</u>	<u>(1,735,458)</u>	<u>17,924,039</u>	<u>1,203,634</u>	<u>(1,703,310)</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 ---->	
<u>At 30 September 2019 (cont'd.)</u>	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Trading derivatives (cont'd.)</b>						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	27,186	20	-	-	-	-
Equity options:						
- Less than one year	693,960	43,043	(142,550)	-	-	-
Equity swaps:						
- Less than one year	817,233	34,709	(146,546)	84,756	9,617	-
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	1,650,963	67,846	(67,846)	1,650,963	67,846	(67,846)
- One year to three years	72,688	620	(620)	72,688	620	(620)
	<u>1,723,651</u>	<u>68,466</u>	<u>(68,466)</u>	<u>1,723,651</u>	<u>68,466</u>	<u>(68,466)</u>
Commodity swaps:						
- Less than one year	635,771	34,124	(33,346)	635,771	34,124	(33,346)
- One year to three years	1,609,636	66,213	(63,322)	1,609,636	66,213	(63,322)
	<u>2,245,407</u>	<u>100,337</u>	<u>(96,668)</u>	<u>2,245,407</u>	<u>100,337</u>	<u>(96,668)</u>
<u>Credit related contracts</u>						
Credit default swaps						
- Less than one year	600	-	(2)	600	-	(2)
- More than three years	41,895	-	(367)	41,895	-	(367)
	<u>42,495</u>	<u>-</u>	<u>(369)</u>	<u>42,495</u>	<u>-</u>	<u>(369)</u>
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	3,061,649	133,823	(920)	3,061,649	133,823	(920)
- One year to three years	3,872,957	17,199	(43,182)	3,872,957	17,199	(43,182)
- More than three years	2,214,628	38,561	(23,480)	2,214,628	38,561	(23,480)
	<u>9,149,234</u>	<u>189,583</u>	<u>(67,582)</u>	<u>9,149,234</u>	<u>189,583</u>	<u>(67,582)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	236,353	76	-	-	-	-
- One year to three years	628,425	6,647	(8,034)	628,425	6,647	(8,034)
- More than three years	398,003	47,817	-	398,003	47,817	-
	<u>1,262,781</u>	<u>54,540</u>	<u>(8,034)</u>	<u>1,026,428</u>	<u>54,464</u>	<u>(8,034)</u>
Netting effects under MFRS 132 Amendments						
	-	(481,867)	481,867	-	(478,893)	478,893
<b>Total</b>	<b><u>965,336,262</u></b>	<b><u>11,881,542</u></b>	<b><u>(11,782,405)</u></b>	<b><u>945,749,862</u></b>	<b><u>11,618,139</u></b>	<b><u>(11,352,314)</u></b>

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

<u>At 31 December 2018</u>	Principal Amount RM'000	Group <----- Fair Value ----->		Principal Amount RM'000	Bank <----- Fair Value ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<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.)**

	Principal Amount RM'000	Group <---- Fair Value ---->		Principal Amount RM'000	Bank <---- Fair Value ---->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>At 31 December 2018 (cont'd.)</b>						
<b>Trading derivatives (cont'd.)</b>						
<u>Equity related contracts</u>						
Index futures:						
- More than three years	27,063	1,865	-	-	-	-
	<u>27,063</u>	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	225,554	21,246	(240,799)	-	-	-
	<u>225,554</u>	<u>21,246</u>	<u>(240,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>
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 contract</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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**A38. Fair Value Measurements of Financial Instruments**

**Fair value hierarchy**

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

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

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

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

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

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

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

The following tables show the Group's and the Bank's financial assets and financial liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 September 2019 and 31 December 2018.

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 30 September 2019</b>				
Financial assets measured at fair value:				
<b>Financial assets designated upon initial recognition at fair value through profit or loss</b>	<b>67,535</b>	<b>14,116,455</b>	<b>-</b>	<b>14,183,990</b>
Money market instruments	-	190,633	-	190,633
Quoted securities	67,535	-	-	67,535
Unquoted securities	-	13,925,822	-	13,925,822
<b>Financial investments at fair value through profit or loss</b>	<b>5,603,975</b>	<b>16,488,216</b>	<b>785,145</b>	<b>22,877,336</b>
Money market instruments	-	10,343,520	-	10,343,520
Quoted securities	5,603,975	-	-	5,603,975
Unquoted securities	-	6,144,696	785,145	6,929,841
<b>Financial investments at fair value through other comprehensive income</b>	<b>1,924,526</b>	<b>127,511,480</b>	<b>497,115</b>	<b>129,933,121</b>
Money market instruments	-	70,034,738	-	70,034,738
Quoted securities	1,924,526	-	-	1,924,526
Unquoted securities	-	57,476,742	497,115	57,973,857
<b>Loans, advances and financing at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>130,026</b>	<b>130,026</b>
<b>Loans, advances and financing at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>10,908,725</b>	<b>10,908,725</b>

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

Group (cont'd.) At 30 September 2019	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>	-	11,753,297	128,245	11,881,542
Foreign exchange related contracts	-	3,624,136	-	3,624,136
Interest rate related contracts	-	8,492,698	-	8,492,698
Equity and commodity related contracts	-	118,330	128,245	246,575
Netting effects under MFRS 132 Amendments	-	(481,867)	-	(481,867)
	<b>7,596,036</b>	<b>169,869,448</b>	<b>12,449,256</b>	<b>189,914,740</b>

Financial liabilities measured at fair value:

<b>Financial liabilities designated at fair value through profit or loss</b>	-	8,622,427	-	8,622,427
Structured deposits	-	103,506	-	103,506
Borrowings	-	8,518,921	-	8,518,921
<b>Derivative liabilities</b>	-	11,654,160	128,245	11,782,405
Foreign exchange related contracts	-	3,197,850	-	3,197,850
Interest rate related contracts	-	8,611,823	-	8,611,823
Equity and commodity related contracts	-	325,985	128,245	454,230
Credit related contracts	-	369	-	369
Netting effects under MFRS 132 Amendments	-	(481,867)	-	(481,867)
	-	<b>20,276,587</b>	<b>128,245</b>	<b>20,404,832</b>

Group At 31 December 2018	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:				
<b>Financial assets designated upon initial recognition at fair value through profit or loss</b>	56,819	14,706,969	-	14,763,788
Money market instruments	-	569,570	-	569,570
Quoted securities	56,819	-	-	56,819
Unquoted securities	-	14,137,399	-	14,137,399
<b>Financial investments at fair value through profit or loss</b>	5,213,930	9,211,273	779,947	15,205,150
Money market instruments	-	3,717,964	-	3,717,964
Quoted securities	5,213,930	-	-	5,213,930
Unquoted securities	-	5,493,309	779,947	6,273,256
<b>Financial investments at fair value through other comprehensive income</b>	919,177	119,481,356	513,355	120,913,888
Money market instruments	-	67,471,103	-	67,471,103
Quoted securities	919,177	-	-	919,177
Unquoted securities	-	52,010,253	513,355	52,523,608
<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)
	<u>6,189,926</u>	<u>150,159,172</u>	<u>10,862,637</u>	<u>167,211,735</u>
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)
	<u>-</u>	<u>16,664,528</u>	<u>203,947</u>	<u>16,868,475</u>
Bank				
<u>Valuation technique using</u>				
Bank At 30 September 2019	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>	223,376	15,304,617	600,549	16,128,542
Money market instruments	-	9,562,604	-	9,562,604
Quoted securities	223,376	-	-	223,376
Unquoted securities	-	5,742,013	600,549	6,342,562
<b>Financial investments at fair value through other comprehensive income</b>	17,570	86,953,411	442,972	87,413,953
Money market instruments	-	38,390,109	-	38,390,109
Quoted securities	17,570	-	-	17,570
Unquoted securities	-	48,563,302	442,972	49,006,274
<b>Loans, advances and financing at fair value through profit or loss</b>	-	-	130,026	130,026
<b>Loans, advances and financing at fair value through other comprehensive income</b>	-	-	10,604,764	10,604,764
<b>Derivative assets</b>	-	11,489,894	128,245	11,618,139
Foreign exchange related contracts	-	3,513,680	-	3,513,680
Interest rate related contracts	-	8,404,932	-	8,404,932
Equity and commodity related contracts	-	50,175	128,245	178,420
Netting effects under MFRS 132 Amendments	-	(478,893)	-	(478,893)
	<u>240,946</u>	<u>113,747,922</u>	<u>11,906,556</u>	<u>125,895,424</u>

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

Bank (cont'd.) At 30 September 2019	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>	-	8,622,427	-	8,622,427
Structured deposits	-	103,506	-	103,506
Borrowings	-	8,518,921	-	8,518,921
<b>Derivative liabilities</b>	-	11,224,069	128,245	11,352,314
Foreign exchange related contracts	-	3,091,604	-	3,091,604
Interest rate related contracts	-	8,574,100	-	8,574,100
Equity and commodity related contracts	-	36,889	128,245	165,134
Credit related contracts	-	369	-	369
Netting effects under MFRS 132 Amendments	-	(478,893)	-	(478,893)
	-	19,846,496	128,245	19,974,741

Bank 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 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 MFRS132 Amendments	-	(334,991)	-	(334,991)
	233,885	103,798,629	10,340,720	114,373,234

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

<b>Bank (cont'd.) At 31 December 2018</b>	<b>Quoted Market Price (Level 1) RM'000</b>	<b>Valuation technique using</b>		<b>Total RM'000</b>
		<b>Observable Inputs (Level 2) RM'000</b>	<b>Unobservable Inputs (Level 3) RM'000</b>	
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 MFRS132 Amendments	-	(334,991)	-	(334,991)
	-	15,742,106	203,947	15,946,053

**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 and financial investments at fair value through other comprehensive income.*

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.

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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 2019 RM'000</b>	<b>Other gains recognised in income statements* RM'000</b>	<b>Unrealised gains/(losses) recognised in income statements# RM'000</b>	<b>Unrealised gains/(losses) recognised in other comprehensive income RM'000</b>	<b>Purchases/ Issuances/ Additions RM'000</b>	<b>Sales RM'000</b>	<b>Settlements RM'000</b>	<b>Exchange differences RM'000</b>	<b>Transfer into Level 3 RM'000</b>	<b>Transfer out from Level 3 RM'000</b>	<b>At 30 September 2019 RM'000</b>
<b>Financial investments at fair value through profit or loss</b>											
Unquoted securities	779,947	-	5,198	-	-	-	-	-	-	-	785,145
<b>Financial investments at fair value through other comprehensive income</b>											
Unquoted securities	513,355	-	-	(10,304)	96	(5,782)	-	(250)	-	-	497,115
<b>Loans, advances and financing at fair value through profit or loss</b>	396,950	-	28,958	-	-	-	(295,962)	80	-	-	130,026
<b>Loans, advances and financing at fair value through other comprehensive income</b>	8,968,438	-	-	(103,782)	4,728,244	-	(2,684,175)	-	-	-	10,908,725
<b>Derivative assets</b>											
Equity and commodity related contracts	203,947	67,335	(49,931)	-	22,106	-	(115,212)	-	-	-	128,245
<b>Total Level 3 financial assets</b>	<u>10,862,637</u>	<u>67,335</u>	<u>(15,775)</u>	<u>(114,086)</u>	<u>4,750,446</u>	<u>(5,782)</u>	<u>(3,095,349)</u>	<u>(170)</u>	<u>-</u>	<u>-</u>	<u>12,449,256</u>
<b>Derivative liabilities</b>											
Equity and commodity related contracts	(203,947)	68,838	(49,221)	-	(20,907)	-	76,992	-	-	-	(128,245)
<b>Total Level 3 financial liabilities</b>	<u>(203,947)</u>	<u>68,838</u>	<u>(49,221)</u>	<u>-</u>	<u>(20,907)</u>	<u>-</u>	<u>76,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,245)</u>
<b>Total net Level 3 financial assets/(liabilities)</b>	<u>10,658,690</u>	<u>136,173</u>	<u>(64,996)</u>	<u>(114,086)</u>	<u>4,729,539</u>	<u>(5,782)</u>	<u>(3,018,357)</u>	<u>(170)</u>	<u>-</u>	<u>-</u>	<u>12,321,011</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.)**

<b>Group</b>	<b>At 1 January 2018 RM'000</b>	<b>Effect of adopting MFRS 9 RM'000</b>	<b>Restated as at 1 January 2018 RM'000</b>	<b>Other gains recognised in income statements* RM'000</b>	<b>Unrealised gains/(losses) recognised in income statements# RM'000</b>	<b>Unrealised gains recognised in other comprehensive income RM'000</b>	<b>Purchases/ Issuances/ Additions RM'000</b>	<b>Sales RM'000</b>	<b>Settlements RM'000</b>	<b>Exchange differences RM'000</b>	<b>Transfer into Level 3 RM'000</b>	<b>Transfer out from Level 3 RM'000</b>	<b>At 31 December 2018 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/(liabilities)</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.):

	At 1 January 2019 RM'000	Other gains recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains/(losses) recognised in other comprehensive income	Purchases/ Issuances/ Additions	Sales	Settlements	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 30 September 2019 RM'000
<b>Bank</b>											
At 30 September 2019											
<b>Financial investments at fair value through profit or loss</b>											
Unquoted securities	600,549	-	-	-	-	-	-	-	-	-	600,549
<b>Financial investments at fair value through other comprehensive income</b>											
Unquoted securities	459,057	-	-	(10,304)	-	(5,781)	-	-	-	-	442,972
<b>Loans, advances and financing at fair value through profit or loss</b>											
	396,950	-	28,958	-	-	-	(295,962)	80	-	-	130,026
<b>Loans, advances and financing at fair value through other comprehensive income</b>											
	8,680,217	-	-	(110,771)	4,697,794	-	(2,662,476)	-	-	-	10,604,764
<b>Derivative assets</b>											
Equity and commodity related contracts	203,947	67,335	(49,931)	-	22,106	-	(115,212)	-	-	-	128,245
<b>Total Level 3 financial assets</b>	<b>10,340,720</b>	<b>67,335</b>	<b>(20,973)</b>	<b>(121,075)</b>	<b>4,719,900</b>	<b>(5,781)</b>	<b>(3,073,650)</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>11,906,556</b>
<b>Derivative liabilities</b>											
Equity and commodity related contracts	(203,947)	68,838	(49,221)	-	(20,907)	-	76,992	-	-	-	(128,245)
<b>Total Level 3 financial liabilities</b>	<b>(203,947)</b>	<b>68,838</b>	<b>(49,221)</b>	<b>-</b>	<b>(20,907)</b>	<b>-</b>	<b>76,992</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(128,245)</b>
<b>Total net Level 3 financial assets/(liabilities)</b>	<b>10,136,773</b>	<b>136,173</b>	<b>(70,194)</b>	<b>(121,075)</b>	<b>4,698,993</b>	<b>(5,781)</b>	<b>(2,996,658)</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>11,778,311</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.):

<u>Bank</u>	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
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>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>

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

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

	At 1 January 2018 RM'000	Effect of adopting MFRS 9 RM'000	Restated as at 1 January 2018 RM'000	Other gains recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains recognised in other comprehensive income	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2018 RM'000
<b>Bank</b>													
<b>At 31 December 2018</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/(liabilities)</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'.

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

There were no transfers between Level 1 and Level 2 for the Group and the Bank during the third quarter ended 30 September 2019.

**Movements in Level 3 financial instruments measured at fair value**

There were no transfers into or out of Level 3 for the Group and the Bank during the third quarter ended 30 September 2019.

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

Pursuant to Paragraph 11.4(f) of Bank Negara Malaysia's Financial Reporting Policy document issued on 27 September 2019, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows:

**(a) Unaudited Income Statements for the Third Quarter Ended 30 September 2019**

Group Nine-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	369,551	327,459	360,101	332,322	59,145	50,345	179,916	164,368	968,713	874,494
Interest expense	-	-	-	-	-	-	(6,929)	(20,677)	(6,929)	(20,677)
Net interest income	369,551	327,459	360,101	332,322	59,145	50,345	172,987	143,691	961,784	853,817
Net earned insurance premiums	1,847,889	1,751,404	1,302,100	1,156,218	966,605	797,233	882,865	726,555	4,999,459	4,431,410
Other operating income/loss	819,647	(128,421)	532,712	(25,939)	10,652	(2,142)	230,164	40,068	1,593,175	(116,434)
Total operating income	3,037,087	1,950,442	2,194,913	1,462,601	1,036,402	845,436	1,286,016	910,314	7,554,418	5,168,793
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(2,858,848)	(1,793,996)	(2,168,356)	(1,442,409)	(1,033,466)	(846,319)	(143,738)	(52,153)	(6,204,408)	(4,134,877)
Net operating income/(loss)	178,239	156,446	26,557	20,192	2,936	(883)	1,142,278	858,161	1,350,010	1,033,916
Overhead expenses	(177,224)	(156,485)	(22,414)	(19,179)	(242)	(14)	(508,019)	(430,284)	(707,899)	(605,962)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	1,015	(39)	4,143	1,013	2,694	(897)	634,259	427,877	642,111	427,954
(Allowances for)/writeback of impairment losses on financial investments, net	(336)	346	(4,030)	(881)	(2,628)	558	(3,268)	1,749	(10,262)	1,772
(Allowances for)/writeback of impairment on other financial assets, net	(258)	(9)	(113)	(132)	(66)	339	(295)	(408)	(732)	(210)
Operating profit	(421)	(298)	-	-	-	-	(14,127)	7,403	(14,548)	7,105
Share of profits in associates	-	-	-	-	-	-	616,569	436,621	616,569	436,621
Profit before taxation and zakat	-	-	-	-	-	-	616,569	436,621	616,569	436,621
Taxation and zakat	-	-	-	-	-	-	(216,256)	(113,860)	(216,256)	(113,860)
Profit for the period	-	-	-	-	-	-	400,313	322,761	400,313	322,761

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

Pursuant to Paragraph 11.4(f) of Bank Negara Malaysia's Financial Reporting Policy document issued on 27 September 2019, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows (cont'd.):

**(b) Unaudited Statements of Financial Position as at 30 September 2019**

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	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	1,137,672	132,562	10,285	9,787	440,331	73,218	900,792	369,725	2,489,080	585,292
Deposits and placements with financial institutions	417,360	980,609	1,398,347	737,368	5,200	132,863	444,953	636,764	2,265,860	2,487,604
Financial investments at fair value through profit or loss	9,620,391	9,970,035	6,673,554	6,542,722	44,799	86,911	1,697,808	2,058,860	18,036,552	18,658,528
Financial investments at fair value through other comprehensive income	1,915,060	1,163,070	3,574,006	3,257,876	1,513,593	1,494,223	3,598,400	2,352,084	10,601,059	8,267,253
Loans, advances and financing	239,588	234,673	-	-	-	-	21,421	57,517	261,009	292,190
Derivative assets	2,088	4,647	-	-	-	-	450	81	2,538	4,728
Reinsurance/retakaful assets and other insurance receivables	110,502	91,112	283,476	73,802	344,767	298,697	3,594,553	3,336,436	4,333,298	3,800,047
Other assets	106,960	125,759	36,656	168,989	3,930	6,423	402,180	303,407	549,726	604,578
Investment properties	764,705	762,240	-	-	-	-	128,444	128,432	893,149	890,672
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	81,084	86,256	-	-	-	-	54,416	54,709	135,500	140,965
Right-of-use assets	-	-	-	-	-	-	34,423	-	34,423	-
Intangible assets	51,183	43,949	-	-	-	-	50,066	51,863	101,249	95,812
Deferred tax assets	4,377	5,960	4,619	3,471	5,793	8,841	21,828	23,393	36,617	41,665
<b>TOTAL ASSETS</b>	<b>14,450,970</b>	<b>13,600,872</b>	<b>11,980,943</b>	<b>10,794,015</b>	<b>2,358,413</b>	<b>2,101,176</b>	<b>10,949,886</b>	<b>9,373,423</b>	<b>39,740,212</b>	<b>35,869,486</b>
<b>LIABILITIES</b>										
Derivative liabilities	22,912	14,168	-	-	-	-	1,561	33	24,473	14,201
Insurance/takaful contract liabilities and other insurance payables	12,252,736	10,407,488	11,656,147	10,313,387	1,976,271	1,789,053	4,639,396	4,343,174	30,524,550	26,853,102
Other liabilities #	2,181,562	3,157,901	265,358	480,726	366,035	310,265	(654,260)	(2,038,275)	2,158,695	1,910,617
Provision for taxation and zakat	(69,145)	(199)	(955)	(1,803)	-	-	3,269	284,373	(66,831)	282,371
Deferred tax liabilities	62,905	21,514	60,393	1,705	16,107	1,858	424,224	316,496	563,629	341,573
Subordinated obligations	-	-	-	-	-	-	-	301,189	-	301,189
<b>TOTAL LIABILITIES</b>	<b>14,450,970</b>	<b>13,600,872</b>	<b>11,980,943</b>	<b>10,794,015</b>	<b>2,358,413</b>	<b>2,101,176</b>	<b>4,414,190</b>	<b>3,206,990</b>	<b>33,204,516</b>	<b>29,703,053</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES</b>										
Share capital	-	-	-	-	-	-	660,865	660,865	660,865	660,865
Other reserves	-	-	-	-	-	-	5,874,831	5,505,568	5,874,831	5,505,568
	-	-	-	-	-	-	6,535,696	6,166,433	6,535,696	6,166,433
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>14,450,970</b>	<b>13,600,872</b>	<b>11,980,943</b>	<b>10,794,015</b>	<b>2,358,413</b>	<b>2,101,176</b>	<b>10,949,886</b>	<b>9,373,423</b>	<b>39,740,212</b>	<b>35,869,486</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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**A40. The Operations of Islamic Banking Scheme**

**A40a. Unaudited Income Statements for the Third Quarter Ended 30 September 2019**

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of depositors' funds	2,418,748	2,292,688	7,063,783	6,577,496
Income derived from investment of investment account funds	255,981	234,409	802,791	820,447
Income derived from investment of Islamic Banking Funds	105,425	106,501	359,890	345,142
(Allowances for)/writeback of impairment losses on financing and advances, net	(22,531)	18,303	48,699	(402,886)
(Allowances for)/writeback of impairment losses on financial investments, net	(5,498)	472	(5,038)	6,823
Writeback of impairment losses on other financial assets, net	-	21	6	199
<b>Total distributable income</b>	<b>2,752,125</b>	<b>2,652,394</b>	<b>8,270,131</b>	<b>7,347,221</b>
Profit distributed to depositors	(1,375,514)	(1,303,453)	(4,170,610)	(3,753,337)
Profit distributed to investment account holders	(130,730)	(129,878)	(440,058)	(457,519)
<b>Total net income</b>	<b>1,245,881</b>	<b>1,219,063</b>	<b>3,659,463</b>	<b>3,136,365</b>
Finance cost	(109,588)	(81,856)	(295,261)	(260,108)
Overhead expenses	(362,374)	(345,141)	(1,157,072)	(1,079,165)
<b>Profit before taxation and zakat</b>	<b>773,919</b>	<b>792,066</b>	<b>2,207,130</b>	<b>1,797,092</b>
Taxation	(138,743)	(177,612)	(474,170)	(465,068)
Zakat	(707)	(8,194)	(6,328)	(13,126)
<b>Profit for the period</b>	<b>634,469</b>	<b>606,260</b>	<b>1,726,632</b>	<b>1,318,898</b>

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

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of depositors' funds	2,418,748	2,292,688	7,063,783	6,577,496
Income derived from investment of investment account funds	255,981	234,409	802,791	820,447
Income derived from investment of Islamic Banking Funds	105,425	106,501	359,890	345,142
Total income before allowances for impairment losses on financial assets and overhead expenses	2,780,154	2,633,598	8,226,464	7,743,085
Profit distributed to depositors	(1,375,514)	(1,303,453)	(4,170,610)	(3,753,337)
Profit distributed to investment account holders	(130,730)	(129,878)	(440,058)	(457,519)
	1,273,910	1,200,267	3,615,796	3,532,229
Finance cost	(109,588)	(81,856)	(295,261)	(260,108)
Net of intercompany income and expenses	330,241	285,285	1,073,586	839,722
Income from Islamic Banking Scheme	1,494,563	1,403,696	4,394,121	4,111,843

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

**A40b. Unaudited Statements of Comprehensive Income for the Third Quarter Ended 30 September 2019**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	<b>634,469</b>	606,260	<b>1,726,632</b>	1,318,898
<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 (loss)/gain	(5)	(7)	(594)	490
Income tax effect	1	1	148	(123)
	<b>(4)</b>	<b>(6)</b>	<b>(446)</b>	<b>367</b>
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>				
Net gain/(loss) on foreign exchange translation	1,253	(3,119)	8,800	13,466
Net gain/(loss) on financial investments at fair value through other comprehensive income	143,031	76,272	407,155	26,610
- Net gain from change in fair value	188,607	106,259	536,022	31,362
- Changes in expected credit losses	(312)	(4,485)	(223)	2,775
- Income tax effect	(45,264)	(25,502)	(128,644)	(7,527)
	<b>144,284</b>	<b>73,153</b>	<b>415,955</b>	<b>40,076</b>
Other comprehensive income for the period, net of tax	<b>144,280</b>	<b>73,147</b>	<b>415,509</b>	<b>40,443</b>
<b>Total comprehensive income for the period</b>	<b>778,749</b>	<b>679,407</b>	<b>2,142,141</b>	<b>1,359,341</b>

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

**A40c. Unaudited Statement of Financial Position as at 30 September 2019**

<u>Group</u>	Note	30 September 2019 RM'000	31 December 2018 RM'000
<b>ASSETS</b>			
Cash and short-term funds		18,985,575	21,944,445
Deposits and placements with financial institutions		-	251,328
Financial investments at fair value through profit or loss		254,075	995,072
Financial investments at fair value through other comprehensive income		13,937,654	12,447,389
Financial investments at amortised cost		10,097,725	6,608,811
Financing and advances	A40e	186,522,417	174,288,168
Derivative assets		307,428	403,993
Other assets		5,924,946	4,835,851
Statutory deposit with central banks		4,828,425	4,205,000
Right-of-use assets		13,728	-
Deferred tax assets		6,260	30,143
<b>Total Assets</b>		<b>240,878,233</b>	<b>226,010,200</b>
<b>LIABILITIES</b>			
Customers' funding:			
- Deposits from customers	A40f	166,290,403	147,781,751
- Investment accounts of customers <sup>1</sup>	A40g	20,138,518	23,565,061
Deposits and placements from financial institutions		31,024,640	32,174,135
Financial liabilities at fair value through profit or loss	A40h	-	385,687
Bills and acceptances payable		125,279	11,050
Derivatives liabilities		253,161	391,949
Other liabilities		925,437	2,555,728
Deferred tax liabilities		102,403	-
Provision for taxation and zakat		11,536	35,826
Term funding	A40i	8,272,452	4,738,180
Subordinated sukuk	A40j	2,028,056	2,534,301
Capital securities	A40k	1,014,782	1,002,441
<b>Total Liabilities</b>		<b>230,186,667</b>	<b>215,176,109</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic Banking Funds		7,481,525	7,473,540
Retained profits		2,133,884	3,050,868
Other reserves		1,076,157	309,683
		<b>10,691,566</b>	<b>10,834,091</b>
<b>Total Liabilities and Islamic Banking Capital Funds</b>		<b>240,878,233</b>	<b>226,010,200</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
		<b>63,416,783</b>	<b>59,033,318</b>

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



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

**A40d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 2019**

<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 2019</b>	7,473,540	313,516	(5,865)	(473)	1,697	808	3,050,868	10,834,091
Profit for the period	-	-	-	-	-	-	1,726,632	1,726,632
Other comprehensive income/(loss)	-	-	407,155	8,800	-	(446)	-	415,509
Net gain on foreign exchange translation	-	-	-	8,800	-	-	-	8,800
Net gain on financial investments at fair value through other comprehensive income	-	-	407,155	-	-	-	-	407,155
Defined benefit plan actuarial loss	-	-	-	-	-	(446)	-	(446)
<b>Total comprehensive income/(loss) for the period</b>	-	-	407,155	8,800	-	(446)	1,726,632	2,142,141
Transfer from/(to) conventional banking operations	7,985	-	-	(8,111)	-	26	(3,702)	(3,802)
Transfer to regulatory reserve	-	359,050	-	-	-	-	(359,050)	-
Dividends paid	-	-	-	-	-	-	(2,280,864)	(2,280,864)
<b>At 30 September 2019</b>	<b>7,481,525</b>	<b>672,566</b>	<b>401,290</b>	<b>216</b>	<b>1,697</b>	<b>388</b>	<b>2,133,884</b>	<b>10,691,566</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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**A40. The Operations of Islamic Banking Scheme (cont'd.)**

**A40d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 2019 (cont'd.)**

<u>Group</u>	-----Non-distributable----- <sup>1</sup>							<b>Total RM'000</b>
	<b>Islamic Banking Funds RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Fair Value Through Other Comprehensive Income Reserve RM'000</b>	<b>Exchange Fluctuation Reserve RM'000</b>	<b>Equity contribution from the holding company RM'000</b>	<b>Defined Benefit Reserve RM'000</b>	<b>Distributable Retained Profits RM'000</b>	
<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 period	-	-	-	-	-	-	1,318,898	1,318,898
Other comprehensive income	-	-	26,610	13,466	-	367	-	40,443
Net gain on foreign exchange translation	-	-	-	13,466	-	-	-	13,466
Net loss on financial investments at fair value through other comprehensive income	-	-	26,610	-	-	-	-	26,610
Defined benefit plan actuarial gain	-	-	-	-	-	367	-	367
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>26,610</b>	<b>13,466</b>	<b>-</b>	<b>367</b>	<b>1,318,898</b>	<b>1,359,341</b>
Transfer to conventional banking operations	(19,908)	-	-	(6,876)	-	(31)	(653)	(27,468)
Transfer to regulatory reserve	-	263,533	-	-	-	-	(263,533)	-
Issue of ordinary shares	974,184	-	-	-	-	-	-	974,184
Dividends paid	-	-	-	-	-	-	(974,184)	(974,184)
<b>At 30 September 2018</b>	<b>6,724,028</b>	<b>278,732</b>	<b>(4,358)</b>	<b>867</b>	<b>1,697</b>	<b>784</b>	<b>3,218,969</b>	<b>10,220,719</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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**A40. The Operations of Islamic Banking Scheme (cont'd.)**

**A40e. Financing and Advances**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 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	465,161	471,122
(B) Financing and advances to customers at amortised cost	<u>278,750,302</u>	<u>271,246,935</u>
	<b>279,215,463</b>	<b>271,718,057</b>
Unearned income	<b>(90,418,975)</b>	<b>(94,879,202)</b>
Gross financing and advances	<b>188,796,488</b>	<b>176,838,855</b>
Allowances for impaired financing and advances:		
- Stage 1 - 12-month ECL	<b>(386,555)</b>	<b>(510,311)</b>
- Stage 2 - Lifetime ECL not credit impaired	<b>(702,109)</b>	<b>(984,565)</b>
- Stage 3 - Lifetime ECL credit impaired	<b>(1,185,407)</b>	<b>(1,055,811)</b>
Net financing and advances	<b><u>186,522,417</u></b>	<b><u>174,288,168</u></b>

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

**A40e. 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 30 September 2019</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	-	6,568,306	-	-	-	-	-	6,568,306
Term financing								
- Housing financing	15,017,772	69,152,712	2,024,913	-	-	-	619	86,196,016
- Syndicated financing	-	5,665,442	-	-	-	-	-	5,665,442
- Hire purchase receivables	-	2,460,624	-	37,965,712	-	-	-	40,426,336
- Lease receivables	-	-	-	-	137,525	-	-	137,525
- Other term financing	14,099,389	100,370,894	720,296	-	-	118,190	21,600	115,330,369
Trust receipts	-	138,158	-	-	-	-	-	138,158
Claims on customers under acceptance credits	-	5,378,697	-	-	-	-	-	5,378,697
Staff financing	458,941	1,815,671	8,991	176,725	638	-	40,287	2,501,253
Credit card receivables	-	-	-	-	-	-	1,177,772	1,177,772
Revolving credit	-	15,662,717	-	-	-	-	-	15,662,717
Share margin financing	-	23,627	-	-	-	-	-	23,627
Financing to:								
- Directors of the Bank	-	3,740	-	335	-	-	100	4,175
- Directors of subsidiaries	-	5,070	-	-	-	-	-	5,070
	<b>29,576,102</b>	<b>207,245,658</b>	<b>2,754,200</b>	<b>38,142,772</b>	<b>138,163</b>	<b>118,190</b>	<b>1,240,378</b>	<b>279,215,463</b>
Unearned income								<b>(90,418,975)</b>
Gross financing and advances^^								<b>188,796,488</b>
Allowances for impaired financing and advances:								
- Stage 1 - 12-month ECL								<b>(386,555)</b>
- Stage 2 - Lifetime ECL not credit impaired								<b>(702,109)</b>
- Stage 3 - Lifetime ECL credit impaired								<b>(1,185,407)</b>
Net financing and advances								<b>186,522,417</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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**A40. The Operations of Islamic Banking Scheme (cont'd.)**

**A40e. 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
	<u>33,960,762</u>	<u>195,573,197</u>	<u>2,713,311</u>	<u>38,053,620</u>	<u>113,990</u>	<u>127,521</u>	<u>1,175,656</u>	<u>271,718,057</u>
Unearned income								(94,879,202)
Gross financing and advances^^								<u>176,838,855</u>
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)
Net financing and advances								<u>174,288,168</u>

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

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

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

**A40e. Financing and Advances (cont'd.)**

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

<u>Group</u>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
At 1 January		
- as previously stated	<b>2,094,107</b>	1,755,299
- effect of adopting MFRS 9	-	121,438
At 1 January, as restated	<b>2,094,107</b>	1,876,737
Newly impaired	<b>1,061,944</b>	1,367,882
Reclassified as non-impaired	<b>(83,593)</b>	(228,568)
Amount recovered	<b>(52,988)</b>	(444,519)
Amount written-off	<b>(291,051)</b>	(442,632)
Transferred to holding company	-	(34,496)
Exchange differences	-	(297)
Gross impaired financing at 30 September 2019/31 December 2018	<b>2,728,419</b>	2,094,107
Less: Stage 3 - Lifetime ECL credit impaired	<b>(1,185,407)</b>	(1,055,811)
Net impaired financing at 30 September 2019/31 December 2018	<b>1,543,012</b>	1,038,296
<u>Calculation of ratio of net impaired financing:</u>		
Gross impaired financing at 30 September 2019/31 December 2018 (excluding financing funded by RPSIA and IA)	<b>2,588,826</b>	2,030,688
Less: Stage 3 - Lifetime ECL credit impaired	<b>(1,185,407)</b>	(1,055,811)
Net impaired financing at 30 September 2019/31 December 2018	<b>1,403,419</b>	974,877
Gross financing and advances (excluding financing funded by RPSIA and IA)	<b>152,031,225</b>	137,331,642
Less: Allowances for impaired financing and advances at amortised cost and at fair value through other comprehensive income	<b>(2,278,030)</b>	(2,555,886)
Net financing and advances	<b>149,753,195</b>	134,775,756
Net impaired financing as a percentage of net financing and advances	<b>0.94%</b>	0.72%

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

**A40e. Financing and Advances (cont'd.)**

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

**At fair value through other comprehensive income**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	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 30 September 2019</b>				
At 1 January 2019	1,399	3,800	-	5,199
Changes in models/risk parameters	(692)	(548)	-	(1,240)
At 30 September 2019	<u>707</u>	<u>3,252</u>	<u>-</u>	<u>3,959</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	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	<u>1,399</u>	<u>3,800</u>	<u>-</u>	<u>5,199</u>

**At amortised cost**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	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 30 September 2019</b>				
At 1 January 2019	510,311	984,565	1,055,811	2,550,687
Transferred to Stage 1	193,554	(184,708)	(8,846)	-
Transferred to Stage 2	(25,114)	57,680	(32,566)	-
Transferred to Stage 3	(1,750)	(81,306)	83,056	-
Net remeasurement of allowances*	(167,835)	81,735	595,425	509,325
New financial assets originated or purchased	119,673	91,675	-	211,348
Financial assets derecognised	(54,147)	(128,962)	(216,492)	(399,601)
Changes in models/risk parameters	(181,630)	(118,587)	1,683	(298,534)
Amount written-off	-	-	(291,051)	(291,051)
Amount related to Restricted Investment Accounts	-	-	(1,613)	(1,613)
Exchange differences	(6,507)	17	-	(6,490)
At 30 September 2019	<u>386,555</u>	<u>702,109</u>	<u>1,185,407</u>	<u>2,274,071</u>

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

**A40e. Financing and Advances (cont'd.)**

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

**At amortised cost (cont'd.)**

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</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				
- 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	-	-	(13,182)	(13,182)
Amount related to Restricted Investment Accounts	-	-	50,553	50,553
Exchange differences	34	432	676	1,142
At 31 December 2018	<u>510,311</u>	<u>984,565</u>	<u>1,055,811</u>	<u>2,550,687</u>

\* As at 30 September 2019, the gross exposure of the financing funded by RPSIA was RM16,626.7 million (31 December 2018: RM15,942.2 million). The expected credit loss relating to these financing amounting to RM158.0 million (31 December 2018: RM274.5 million) are recognised in the Group's conventional banking operations.

The gross exposure of the financing funded by IA as at 30 September 2019 was RM20,138.5 million (31 December 2018: RM23,565.1 million). The expected credit loss relating to financing funded by IA are not recognised in the financial statements of the Group, but is charged to and borne by the investors.

**A40f. Deposits from Customers**

<b>Group</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Savings deposit</b>		
Qard	<u>17,284,539</u>	16,081,568
<b>Demand deposit</b>		
Qard	<u>18,725,259</u>	18,403,934
<b>Term deposit</b>		
Murabahah	<u>129,494,357</u>	111,692,152
Qard	<u>786,248</u>	1,604,097
	<u>130,280,605</u>	113,296,249
Total deposits from customers	<u>166,290,403</u>	147,781,751



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

**A40g. Investment Accounts of Customers**

<u>Group</u>	30 September 2019 RM'000	31 December 2018 RM'000
<b>Mudharabah</b>		
Unrestricted Investment accounts	20,017,458	23,445,562
Restricted Investment accounts*	121,060	119,499
	<b>20,138,518</b>	<b>23,565,061</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 30 September 2019</b>			
Business enterprises	9,607,646	121,060	9,728,706
Individuals	9,056,306	-	9,056,306
Government and statutory bodies	111,650	-	111,650
Others	1,241,856	-	1,241,856
	<b>20,017,458</b>	<b>121,060</b>	<b>20,138,518</b>
<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>

(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 30 September 2019</b>			
- without maturity	12,232,360	-	12,232,360
- with maturity			
Due within six months	6,898,198	121,060	7,019,258
Six months to one year	868,933	-	868,933
One year to three years	15,567	-	15,567
Three years to five years	2,400	-	2,400
	<b>7,785,098</b>	<b>121,060</b>	<b>7,906,158</b>
Total investment accounts of customers	<b>20,017,458</b>	<b>121,060</b>	<b>20,138,518</b>

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

**A40g. 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 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
	<u>10,378,156</u>	<u>119,499</u>	<u>10,497,655</u>
Total investment accounts of customers	<u>23,445,562</u>	<u>119,499</u>	<u>23,565,061</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 30 September 2019</b>			
Retail financing	18,243,924	-	18,243,924
Non-retail financing	1,773,534	121,060	1,894,594
	<u>20,017,458</u>	<u>121,060</u>	<u>20,138,518</u>
<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>

(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 30 September 2019</b>		
Unrestricted investment accounts	52.64	2.67
Restricted investment accounts	<u>99.95</u>	<u>4.19</u>
<b>As at 31 December 2018</b>		
Unrestricted investment accounts	55.00	2.82
Restricted investment accounts	<u>99.95</u>	<u>4.31</u>

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

**A40h. Financial Liabilities at Fair Value Through Profit or Loss**

<u>Group</u>	30 September 2019 RM'000	31 December 2018 RM'000
Structured deposits	-	385,687

The carrying amount of structured deposits designated at fair value through profit or loss of the Group as at 30 September 2019 was nil (31 December 2018: RM384,986,000). The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

**A40i. Term Funding**

<u>Group</u>	30 September 2019 RM'000	31 December 2018 RM'000
Unsecured term funding:		
(i) Commercial Papers		
- Less than one year	6,248,288	2,734,958
(ii) Medium Term Notes		
- More than one year	2,024,164	2,003,222
	<u>2,024,164</u>	<u>2,003,222</u>
Total term funding	<u>8,272,452</u>	<u>4,738,180</u>

**A40j. Subordinated Sukuk**

<u>Group</u>	30 September 2019 RM'000	31 December 2018 RM'000
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	-	1,516,593
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,005,988	1,017,708
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2029	1,022,068	-
	<u>2,028,056</u>	<u>2,534,301</u>

**A40k. Capital Securities**

<u>Group</u>	30 September 2019 RM'000	31 December 2018 RM'000
RM1.0 billion Additional Tier 1 Sukuk Wakalah	<u>1,014,782</u>	<u>1,002,441</u>

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**A41. Financial Effects arising from Adoption of MFRS 16 Leases**

- (i) The adoption of MFRS 16 resulted in the following financial effects to the statement of financial position of the Group and of the Bank.

**Extract of Statements of Financial Position**

	31 December 2018 RM'000	Reclassification RM'000	Modified retrospective approach RM'000	1 January 2019 RM'000
<b>Group</b>				
<b>ASSETS</b>				
Other assets <sup>1</sup>	9,873,340	-	(56,095)	9,817,245
Property, plant and equipment <sup>2</sup>	2,495,825	(275,363)	-	2,220,462
Right-of-use assets <sup>3</sup>	-	275,363	1,332,561	1,607,924
<b>LIABILITIES</b>				
Other liabilities <sup>4</sup>	21,788,671	-	1,276,466	23,065,137
<b>Bank</b>				
<b>ASSETS</b>				
Other assets <sup>1</sup>	5,267,285	-	(4,390)	5,262,895
Right-of-use assets <sup>3</sup>	-	-	460,839	460,839
<b>LIABILITIES</b>				
Other liabilities <sup>5</sup>	7,341,061	-	456,449	7,797,510

<sup>1</sup> Derecognition of prepayments related to previous operating leases.

<sup>2</sup> Previously recognised as finance leases under MFRS 117 *Leases*.

<sup>3</sup> Recognition of right-of-use assets.

<sup>4</sup> Recognition of additional lease liabilities, provision for restoration costs and derecognition of accrued rental expenses.

<sup>5</sup> Recognition of additional lease liabilities and provision for restoration costs.

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

	31 December 2018	Impact of adopting MFRS 16	1 January 2019
<b>Group</b>			
CET1 Capital (RM'000)	56,300,466	-	56,300,466
Tier 1 Capital (RM'000)	59,871,648	-	59,871,648
Total Capital (RM'000)	71,263,950	-	71,263,950
Risk Weighted Assets (RM'000)	374,606,000	1,248,752	375,854,752
CET1 Capital Ratio	15.029%	(0.050%)	14.979%
Tier 1 Capital Ratio	15.983%	(0.053%)	15.929%
Total Capital Ratio	19.024%	(0.063%)	18.961%
<b>Bank</b>			
CET1 Capital (RM'000)	30,893,680	-	30,893,680
Tier 1 Capital (RM'000)	33,393,680	-	33,393,680
Total Capital (RM'000)	41,018,052	-	41,018,052
Risk Weighted Assets (RM'000)	224,559,240	456,449	225,015,689
CET1 Capital Ratio	13.757%	(0.028%)	13.730%
Tier 1 Capital Ratio	14.871%	(0.030%)	14.841%
Total Capital Ratio	18.266%	(0.037%)	18.229%

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

**B1. Performance Review**

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

The Group posted profit after tax and zakat attributable to equity holders of RM5,748.9 million for the nine-month financial period ended 30 September 2019, a decrease of RM38.0 million or 0.7% compared to the previous corresponding nine-month financial period ended 30 September 2018.

The Group's net interest income and Islamic Banking income for the nine-month financial period ended 30 September 2019 increased by RM328.8 million or 2.5% to RM13,405.2 million compared to the previous corresponding nine-month financial period ended 30 September 2018.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM568.0 million or 12.8% to RM4,999.5 million for the nine-month financial period ended 30 September 2019 compared to the previous corresponding nine-month financial period ended 30 September 2018.

Other operating income of the Group for the nine-month financial period ended 30 September 2019 was RM5,806.3 million, an increase of RM2,048.3 million or 54.5% from RM3,758.0 million in the previous corresponding nine-month financial period ended 30 September 2018. The increase was mainly due to net gain in investment income of RM1,401.5 million and unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL, derivatives and loan, advances and financing of RM482.2 million for the nine-month financial period ended 30 September 2019 as compared to net loss in investment income of RM79.1 million and unrealised loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM10.5 million in the previous corresponding nine-month financial period ended 30 September 2018 and higher realised gain on derivatives of RM218.1 million. The increase was, however, offset by lower fee income of RM115.0 million and lower gain on disposal of property, plant and equipment of RM66.7 million.

The Group's overhead expenses for the nine-month financial period ended 30 September 2019 recorded an increase of RM447.7 million or 5.5% to RM8,592.9 million compared to the previous corresponding nine-month financial period ended 30 September 2018. The increase in overhead expenses was mainly due to higher personnel expenses of RM325.0 million, higher marketing expenses of RM49.7 million, higher establishment costs of RM49.6 million and higher administration and general expenses of RM23.4 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM443.7 million or 29.4% to RM1,953.6 million for the nine-month financial period ended 30 September 2019.

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

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

The Group's profit before taxation and zakat for the nine-month financial period ended 30 September 2019 compared to the previous corresponding nine-month financial period ended 30 September 2018 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 RM309.2 million or 7.2% to RM4,621.5 million for nine-month financial period ended 30 September 2019 from RM4,312.3 million for the previous corresponding nine-month financial period ended 30 September 2018. The increase was mainly due to net writeback of impairment losses on loans, advances, financing and other debts of RM3.3 million from net allowance of RM536.7 million, higher other operating income of RM86.0 million and higher net interest income and income from IBS operations of RM70.3 million. The increase was, however, offset by higher overhead expenses of RM386.2 million and net allowances for impairment losses on financial investments and other financial assets of RM0.2 million from net writeback of RM0.8 million.

**Group Global Banking**

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

Group Corporate Banking & Global Markets' profit before taxation and zakat decreased by RM345.9 million or 10.1% to RM3,065.8 million for the nine-month financial period ended 30 September 2019 from RM3,411.7 million for the previous corresponding nine-month financial period ended 30 September 2018. The decrease was mainly due to higher net allowances for impairment losses on loans, advances, financing and other debts of RM949.2 million and net allowances for impairment losses on financial investments and other financial assets of RM38.9 million from net writeback of RM72.5 million. The decrease was, however, mitigated by higher other operating income of RM487.6 million, higher net interest income and income from IBS operations of RM103.7 million, lower overhead expenses of RM76.8 million and higher share of profits in associates and joint ventures of RM46.4 million.

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

Group Investment Banking recorded a loss before taxation and zakat of RM7.3 million for the nine-month financial period ended 30 September 2019 compared to a profit before taxation and zakat of RM227.4 million for the previous corresponding nine-month financial period ended 30 September 2018. The loss was mainly due to lower other operating income of RM136.9 million, higher overhead expenses of RM45.5 million, lower net interest income and income from IBS operations of RM28.8 million, net allowance for impairment losses on loans, advances, financing and other debts of RM8.8 million from net writeback of RM13.8 million and higher net allowance for impairment losses on financial investments and other financial assets of RM1.3 million. The loss was, however, mitigated by higher share of profits in associates and joint ventures of RM0.4 million.

**c) Group Asset Management**

Group Asset Management recorded a profit before taxation and zakat of RM41.4 million for the nine-month financial period ended 30 September 2019 compared to a loss before taxation and zakat of RM71.8 million for the previous corresponding nine-month financial period ended 30 September 2018. The profit was mainly due to higher other operating income of RM71.8 million, higher net interest income and income from IBS operations of RM2.6 million, lower allowances for impairment losses on financial investments and other financial assets of RM20.6 million and lower overhead expenses of RM18.2 million.

**Group Insurance and Takaful**

Group Insurance and Takaful's profit before taxation and zakat increased by RM165.6 million or 36.7% to RM616.6 million for the nine-month financial period ended 30 September 2019 from RM451.0 million for the previous corresponding nine-month financial period ended 30 September 2018. The increase was contributed mainly by higher other operating income of RM1,703.9 million, higher net earned insurance premiums of RM568.0 million and higher net interest income of RM108.4 million. The increase was, however offset by higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM2,069.5 million and higher overhead expenses of RM111.0 million, net allowance for impairment losses on financial investments and other financial assets of RM15.3 million from net writeback of RM6.9 million and net allowance for impairment losses on loans, advances, financing and other debts of RM10.3 million from net writeback of RM1.8 million.

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

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

The Group posted profit after tax attributable to equity holders of RM1,998.8 million for the quarter ended 30 September 2019, an increase of RM42.0 million or 2.1% compared to the previous period corresponding quarter ended 30 September 2018.

The Group's net interest income and Islamic Banking income for the quarter ended 30 September 2019 increased by RM266.2 million or 6.1% compared to the previous period corresponding quarter ended 30 September 2018.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries for the quarter ended 30 September 2019 increased by RM319.1 million or 22.3% to RM1,749.1 million compared to the previous period corresponding quarter ended 30 September 2018.

The Group's other operating income increased by RM700.1 million to RM2,148.6 million for the quarter ended 30 September 2019 compared to the previous period corresponding quarter ended 30 September 2018. The increase was mainly contributed by net gain in investment income of RM805.6 million for the quarter ended 30 September 2019 as compared to net loss in investment income of RM102.5 million for the previous period corresponding quarter ended 30 September 2018. The increase was, however, offset by lower unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL, derivatives and loan, advances and financing by RM269.5 million for the quarter ended 30 September 2019.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund for the quarter ended 30 September 2019 increased by RM480.9 million to RM2,054.0 million compared to the previous period corresponding quarter ended 30 September 2018. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM413.6 million.

The Group's overhead expenses for the quarter ended 30 September 2019 increased by RM264.8 million or 9.8% compared to the previous period corresponding quarter ended 30 September 2018. The increase was mainly contributed by the increase in personnel expenses of RM122.8 million, higher administration and general expenses of RM86.0 million, higher establishment costs of RM32.9 million and higher marketing expenses of RM23.1 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM539.5 million to RM958.0 million for the quarter ended 30 September 2019 compared to the previous period corresponding quarter ended 30 September 2018.

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

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

The Group's profit before taxation and zakat for the quarter ended 30 September 2019 compared to the previous period corresponding quarter ended 30 September 2018 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 RM167.6 million or 12.8% to RM1,474.2 million for the quarter ended 30 September 2019 from RM1,306.6 million for the previous period corresponding quarter ended 30 September 2018. The increase was mainly due to lower net allowance for impairment losses on loans, advances, financing and other debts of RM213.5 million, higher net interest income and income from IBS operations of RM113.7 million and higher other operating income of RM69.7 million. The increase was, however, offset by higher overhead expenses of RM228.7 million and net allowance for impairment losses on financial investments and other financial assets of RM0.1 million from net writeback of RM0.5 million.

**Group Global Banking**

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

Group Corporate Banking & Global Markets's profit before taxation and zakat decreased by RM255.1 million or 18.1% to RM1,151.7 million for the quarter ended 30 September 2019 from RM1,406.8 million for the previous period corresponding quarter ended 30 September 2018. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM738.8 million. The decrease was, however, mitigated by higher other operating income of RM431.7 million, higher net interest income and income from IBS operations of RM28.4 million, higher share of profits in associates and joint ventures of RM15.9 million and lower overhead expenses of RM7.7 million.

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

Group Investment Banking's recorded a loss before taxation and zakat of RM22.1 million for the quarter ended 30 September 2019 compared to a profit before taxation and zakat of RM18.8 million for the previous period corresponding quarter ended 30 September 2018. The loss was mainly due to higher overhead expenses of RM48.9 million, net allowance for impairment losses on loans, advances, financing and other debts of RM8.8 million from net writeback of RM1.4 million and net allowance for impairment losses on financial investments and other financial assets of RM0.5 million from net writeback of RM1.5 million. The loss was, however, mitigated by higher other operating income of RM14.4 million and higher net interest income and income from IBS operations of RM4.7 million and higher share of profits in associates and joint ventures of RM0.9 million.

**c) Group Asset Management**

Group Asset Management's recorded a profit before taxation and zakat of RM12.2 million for the quarter ended 30 September 2019 compared to a loss before taxation and zakat of RM39.0 million for the previous period corresponding quarter ended 30 September 2018. The profit was mainly due to lower overhead expenses of RM49.7 million and higher other operating income of RM1.7 million. The profit was, however, offset by lower net interest income and income from IBS operations of RM0.5 million.

**Group Insurance and Takaful**

Group Insurance and Takaful's profit before taxation and zakat decreased by RM46.9 million or 22.8% to RM159.2 million for the quarter ended 30 September 2019 from RM206.1 million for the previous period corresponding quarter ended 30 September 2018. The decrease was mainly contributed by higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM503.3 million, higher overhead expenses of RM44.5 million, net allowance for impairment losses on financial investments and other financial assets of RM5.0 million from net writeback of RM0.2 million and net allowance for impairment losses on loans, advances, financing and other debts of RM3.7 million from net writeback of RM0.4 million. The decrease was, however, mitigated by higher net earned insurance premiums of RM319.1 million, higher other operating income of RM158.4 million and higher net interest income and income from IBS operations of RM32.8 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 30 September 2019 increased by RM57.9 million to RM1,998.8 million against the preceding quarter ended 30 June 2019 of RM1,940.9 million.

The Group's net interest income for the quarter ended 30 September 2019 increased by RM262.4 million to RM3,160.0 million against the preceding quarter of RM2,897.6 million. Income from Islamic Banking Scheme operations increased by RM91.7 million to RM1,494.6 million for the quarter ended 30 September 2019 compared to RM1,402.9 million in the preceding quarter ended 30 June 2019.

The Group's net earned insurance premiums for the quarter ended 30 September 2019 increased by RM125.2 million to RM1,749.1 million compared to RM1,623.8 million in the preceding quarter ended 30 June 2019.

Other operating income of the Group for the quarter ended 30 September 2019 increased by RM168.8 million to RM2,148.6 million compared to RM1,979.8 million in the preceding quarter ended 30 June 2019. The increase was mainly due to higher net investment income of RM398.4 million and higher fee income of RM76.3 million. The increase, however, was offset by lower realised gain on derivatives of RM118.2 million, lower foreign exchange gain of RM89.2 million and lower unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL, derivatives and loans, advances and financing of RM84.8 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund increased by RM39.6 million to RM2,054.0 million for the quarter ended 30 September 2019 compared to RM2,014.4 million in the preceding quarter ended 30 June 2019. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM24.6 million.

The Group posted an increase of RM141.9 million in overhead expenses to RM2,963.6 million for the quarter ended 30 September 2019 compared to RM2,821.7 million in the preceding quarter ended 30 June 2019. The increase was mainly due to higher administration and general expenses of RM80.0 million, higher establishment costs of RM32.1 million and higher personnel expenses of RM23.4 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM566.4 million to RM958.0 million for the quarter ended 30 September 2019 compared to RM391.6 million in the preceding quarter ended 30 June 2019.

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**B3. Prospects**

Global GDP growth is expected to ease in 2019 to +3.0% from +3.6% in 2018 amid fallout from the US-China trade war disrupting global trade flows. The slowdown in global GDP growth is expected to be led by major advanced economies including the US (2019E: +2.3%; 2018: +2.9%) and Eurozone (2019E: +1.1%; 2018: +1.9%), as well as large emerging markets such as China (2019E: +6.1%; 2018: +6.6%), Brazil (2019E: +0.9%; 2018: +1.1%) and Russia (2019E: +1.1%; 2018: +2.3%).

Growth is also projected to moderate for the ASEAN-6 countries (2019E: +4.3%; 2018: +5.0%) in line with the global trends. This affects Maybank Group's three home markets.

Malaysia is expected to chart growth at +4.5% in 2019 (2018: +4.7%), reflecting the knock-on effect to the domestic economy from external downside risk amid ongoing global growth slowdown and global trade tension overhang. However, stimulus to domestic demand from BNM's monetary policy easing and a growth-supportive Budget 2020 are seen as constructive for the economy.

Within the ASEAN region, Singapore would be the most impacted by the US-China trade tension given the openness of its economy, as growth is forecasted to expand by a marginal +0.9% in 2019 (2018: +3.1%). This has prompted the Government to announce the first deficit spending in four years in Budget 2019 and MAS to ease its monetary policy for the first time since April 2016.

Indonesia's economy is expected to grow at +5.0% in 2019 (2018: +5.2%), supported by consumer spending and continuity in pro-growth policies that include interest rate cuts by Bank Indonesia, as well as investment promotion and infrastructure spending following the completion of the presidential election 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 the respective GDP growth in 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.

Other key on-going priorities for Maybank Group in 2019 include our emphasis to improve productivity drivers, upskilling of our workforce to be ready for a digital economy, proactively manage asset quality 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 10.0% to 10.5%.

**B4. Profit Forecast or Profit Guarantee**

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the financial period ended 30 September 2019.

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**B5. Taxation and Zakat**

The analysis of the tax expense for the financial period ended 30 September 2019 are as follows:

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Malaysian income tax	547,486	677,021	1,497,033	1,930,950
Foreign income tax	108,705	44,828	256,199	270,021
	<u>656,191</u>	<u>721,849</u>	<u>1,753,232</u>	<u>2,200,971</u>
(Over)/under provision in respect of prior period:				
Malaysian income tax	(34,293)	(33,989)	(34,293)	(34,022)
Foreign income tax	34	(4)	(9,945)	(8,572)
	<u>621,932</u>	<u>687,856</u>	<u>1,708,994</u>	<u>2,158,377</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	<u>(24,215)</u>	<u>(69,929)</u>	<u>117,462</u>	<u>(278,907)</u>
Tax expense for the financial period	597,717	617,927	1,826,456	1,879,470
Zakat	5,653	10,865	16,035	21,145
	<u>603,370</u>	<u>628,792</u>	<u>1,842,491</u>	<u>1,900,615</u>

The Group's effective tax rate for the financial period ended 30 September 2019 was lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

<u>Bank</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Malaysian income tax	308,400	453,125	820,516	1,295,771
Foreign income tax	5,147	3,498	9,011	5,191
	<u>313,547</u>	<u>456,623</u>	<u>829,527</u>	<u>1,300,962</u>
(Over)/under provision in respect of prior period:				
Foreign income tax	48	74	(5,506)	(8,039)
	<u>313,595</u>	<u>456,697</u>	<u>824,021</u>	<u>1,292,923</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	<u>(6,467)</u>	<u>(132,069)</u>	<u>49,555</u>	<u>(182,001)</u>
Tax expense for the financial period	307,128	324,628	873,576	1,110,922

The Bank's effective tax rate for the financial period ended 30 September 2019 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 period ended 30 September 2019.

**B7. Status of Utilisation of Proceeds Raised from Corporate Proposal**

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

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

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

**B9. Derivative Financial Instruments**

Please refer to Note A37.

**B10. Changes in Material Litigation**

There is no material litigation during the financial period ended 30 September 2019.

**B11. Dividend**

No interim dividend has been recommended during the third quarter ended 30 September 2019.

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

**Basic EPS**

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

	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	<b>1,998,809</b>	1,956,856	<b>5,748,944</b>	5,786,905
Weighted average number of ordinary shares in issue ('000)	<b>11,241,362</b>	10,924,394	<b>11,134,874</b>	10,894,925
Basic earnings per share	<b>17.78 sen</b>	17.91 sen	<b>51.63 sen</b>	53.12 sen

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

**Diluted EPS**

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

In the diluted EPS calculation, it was assumed that certain number of ordinary shares under the ESS relating to the RSU are vested and awarded to employees through issuance of additional ordinary shares. A calculation is done to determine the number of ordinary shares that could have been issued at fair value (determined as the average price of the Bank's ordinary shares during the quarter/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted. This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. The Group has no dilution in its earnings per ordinary share for the financial period ended 30 September 2019 as the ordinary shares under ESS relating to RSU has expired on 23 June 2018. No adjustment was made to the net profit for the quarter/period.

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	<b>1,998,809</b>	1,956,856	<b>5,748,944</b>	5,786,905
Weighted average number of ordinary shares in issue ('000)	<b>11,241,362</b>	10,924,394	<b>11,134,874</b>	10,894,925
Effects of dilution ('000)	-	10,270	-	10,270
Adjusted weighted average number of ordinary shares in issue ('000)	<b>11,241,362</b>	10,934,664	<b>11,134,874</b>	10,905,195
Diluted earnings per share	<b>17.78 sen</b>	17.90 sen	<b>51.63 sen</b>	53.07 sen

By Order of the Board

**Wan Marzimin Wan Muhammad**  
LS0009924  
Company Secretary  
28 November 2019