

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

Group	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Interest income	A21	5,729,924	5,507,466	11,248,376	10,935,562
Interest expense	A22	(2,769,933)	(2,471,781)	(5,268,446)	(4,865,274)
Net interest income		2,959,991	3,035,685	5,979,930	6,070,288
Income from Islamic Banking Scheme operations	A41a	1,360,133	1,195,791	2,708,147	2,410,284
Net earned insurance premiums	A23	1,490,026	1,255,811	3,001,407	2,509,691
Other operating income	A25	1,008,000	1,527,182	2,309,576	2,932,599
Total operating income		6,818,150	7,014,469	13,999,060	13,922,862
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(974,259)	(1,230,174)	(2,327,405)	(2,608,603)
Net operating income		5,843,891	5,784,295	11,671,655	11,314,259
Overhead expenses	A27	(2,704,301)	(2,768,503)	(5,483,136)	(5,547,824)
Operating profit before impairment losses		3,139,590	3,015,792	6,188,519	5,766,435
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(582,149)	(830,256)	(1,091,459)	(1,372,765)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	6,172	(5,480)	21,040	(5,730)
Writeback of impairment losses on other financial assets, net	A30	13,441	-	7,074	-
Operating profit		2,577,054	2,180,056	5,125,174	4,387,940
Share of profits in associates and joint ventures		32,519	64,435	41,067	105,621
Profit before taxation and zakat		2,609,573	2,244,491	5,166,241	4,493,561
Taxation and zakat	B5	(614,643)	(520,264)	(1,271,823)	(1,024,230)
Profit for the period		1,994,930	1,724,227	3,894,418	3,469,331
Attributable to:					
Equity holders of the Bank		1,959,013	1,658,440	3,830,049	3,361,237
Non-controlling interests		35,917	65,787	64,369	108,094
		1,994,930	1,724,227	3,894,418	3,469,331
Earnings per share attributable to equity holders of the Bank	B12				
Basic		17.94 sen	16.06 sen	35.20 sen	32.78 sen
Fully diluted		17.94 sen	16.05 sen	35.20 sen	32.76 sen

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

MALAYAN BANKING BERHAD
(3813-K)
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit for the period	1,994,930	1,724,227	3,894,418	3,469,331
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial gain/(loss)	2,457	(900)	4,894	467
Income tax effect	(1)	437	(364)	(35)
	2,456	(463)	4,530	432
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net loss on financial investments at fair value through other comprehensive income	(741,025)	-	(978,563)	-
- Net loss from change in fair value	(882,620)	-	(1,122,351)	-
- Changes in expected credit losses	141,595	-	143,788	-
Net gain on financial investments available-for-sale	-	310,430	-	628,335
Income tax effect	214,068	(75,974)	258,211	(150,957)
Net gain/(loss) on foreign exchange translation	335,560	(867,101)	(1,034,868)	(692,840)
Net gain on cash flow hedge	544	-	1,760	-
Net (loss)/gain on net investment hedge	(13,407)	28,581	26,470	7,819
Share of change in associates' reserve	12,619	5,238	(223,296)	(47,816)
	(191,641)	(598,826)	(1,950,286)	(255,459)
Other comprehensive loss for the period, net of tax	(189,185)	(599,289)	(1,945,756)	(255,027)
Total comprehensive income for the period	1,805,745	1,124,938	1,948,662	3,214,304
Other comprehensive (loss)/income for the period attributable to:				
Equity holders of the Bank	(190,011)	(578,869)	(1,938,494)	(240,374)
Non-controlling interests	826	(20,420)	(7,262)	(14,653)
	(189,185)	(599,289)	(1,945,756)	(255,027)
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	1,769,002	1,079,571	1,891,555	3,120,863
Non-controlling interests	36,743	45,367	57,107	93,441
	1,805,745	1,124,938	1,948,662	3,214,304

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UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

<u>Bank</u>	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Interest income	A21	4,387,393	3,988,060	8,571,503	7,900,604
Interest expense	A22	(2,195,922)	(1,799,652)	(4,108,258)	(3,554,608)
Net interest income		2,191,471	2,188,408	4,463,245	4,345,996
Dividends from subsidiaries and associates	A24	1,576,610	1,114,688	1,576,610	1,115,598
Other operating income	A25	1,040,280	952,058	2,197,852	1,691,047
		2,616,890	2,066,746	3,774,462	2,806,645
Net operating income		4,808,361	4,255,154	8,237,707	7,152,641
Overhead expenses	A27	(1,414,371)	(1,378,490)	(2,864,002)	(2,763,944)
Operating profit before impairment losses		3,393,990	2,876,664	5,373,705	4,388,697
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(390,712)	(538,497)	(442,564)	(935,420)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	6,423	(3)	40,016	687
Writeback of impairment losses on other financial assets, net	A30	12,184	-	2,390	-
Profit before taxation and zakat		3,021,885	2,338,164	4,973,547	3,453,964
Taxation and zakat	B5	(328,807)	(264,573)	(786,294)	(531,894)
Profit for the period		2,693,078	2,073,591	4,187,253	2,922,070

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

<u>Bank</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit for the period	2,693,078	2,073,591	4,187,253	2,922,070
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net loss on financial investments at fair value through other comprehensive income	(562,267)	-	(829,313)	-
- Net loss from change in fair value	(695,003)	-	(962,049)	-
- Changes in expected credit losses	132,736	-	132,736	-
Net gain on financial investments available-for-sale	-	345,323	-	601,909
Income tax effect	183,284	(82,841)	229,149	(143,728)
Net gain/(loss) on foreign exchange translation	170,378	(243,482)	(250,891)	(32,010)
Other comprehensive (loss)/income for the period, net of tax	(208,605)	19,000	(851,055)	426,171
Total comprehensive income for the period	2,484,473	2,092,591	3,336,198	3,348,241

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

	Note	Group		Bank	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
ASSETS					
Cash and short-term funds		51,063,643	50,334,290	40,182,306	30,714,527
Deposits and placements with financial institutions		16,645,439	16,988,391	21,148,241	21,382,493
Financial assets purchased under resale agreements		9,998,315	8,514,283	9,817,602	7,633,503
Financial assets designated upon initial recognition at fair value through profit or loss	A10(i)	15,092,571	13,187,127	-	-
Financial investments at fair value through profit or loss	A10(ii)	14,155,160	-	9,668,071	-
Financial investments held-for-trading	A10(iii)	-	11,930,366	-	7,896,677
Financial investments at fair value through other comprehensive income	A10(iv)	117,188,589	-	95,568,883	-
Financial investments available-for-sale	A10(v)	-	109,070,244	-	89,286,739
Financial investments at amortised cost	A10(vi)	25,935,054	-	20,985,809	-
Financial investments held-to-maturity	A10(vii)	-	20,184,773	-	17,763,565
Loans, advances and financing to financial institutions	A11(i)	1,155,939	2,026,276	17,711,212	18,614,231
Loans, advances and financing to customers	A11(ii)	490,702,976	483,558,086	274,778,007	272,383,738
Derivative assets	A37	7,538,600	6,704,651	7,349,720	6,865,221
Reinsurance/retakaful assets and other insurance receivables	A12	3,870,867	3,933,772	-	-
Other assets	A13	12,558,830	9,698,140	6,790,112	4,801,397
Investment properties		826,208	753,555	-	-
Statutory deposits with central banks		17,174,989	15,397,213	8,087,841	7,746,700
Investment in subsidiaries		-	-	23,414,812	22,057,063
Interest in associates and joint ventures		2,542,456	2,772,324	472,016	472,016
Property, plant and equipment		2,509,672	2,635,018	1,113,952	1,165,908
Intangible assets		6,491,068	6,753,939	583,223	568,030
Deferred tax assets		2,072,856	859,318	981,075	315,013
TOTAL ASSETS		797,523,232	765,301,766	538,652,882	509,666,821
LIABILITIES					
Customers' funding:					
- Deposits from customers	A14	520,663,164	502,017,445	338,827,357	328,938,600
- Investment accounts of customers ¹	A41g	19,176,202	24,555,445	-	-
Deposits and placements from financial institutions	A15	57,556,803	42,598,131	56,177,031	37,645,134
Obligations on financial assets sold under repurchase agreements		4,607,547	5,367,086	4,550,058	5,189,316
Derivative liabilities	A37	7,587,521	7,221,015	7,165,589	7,179,998
Financial liabilities at fair value through profit or loss	A16	9,729,467	6,375,815	8,736,228	5,483,120
Bills and acceptances payable		1,682,232	1,894,046	1,105,676	1,384,983
Insurance/takaful contract liabilities and other insurance payables	A18	25,964,426	25,118,843	-	-
Other liabilities	A19	25,691,304	19,179,140	19,738,713	16,910,597
Recourse obligation on loans and financing sold to Cagamas		1,544,567	1,543,501	1,544,567	1,543,501
Provision for taxation and zakat		977,532	746,494	589,603	385,876
Deferred tax liabilities		749,435	732,079	-	-
Borrowings	A17(i)	29,569,664	34,505,618	21,024,752	27,106,442
Subordinated obligations	A17(ii)	11,555,931	11,979,323	9,357,063	9,362,526
Capital securities	A17(iii)	6,205,728	6,284,180	6,205,728	6,284,180
TOTAL LIABILITIES		723,261,523	690,118,161	475,022,365	447,414,273

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

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	Note	Group		Bank	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		45,828,756	44,250,380	45,828,756	44,250,380
Shares held-in-trust		(76,148)	(183,438)	(76,148)	(183,438)
Retained profits		24,125,890	25,268,743	13,536,395	13,572,235
Reserves		2,139,960	3,652,929	4,341,514	4,613,371
		72,018,458	72,988,614	63,630,517	62,252,548
Non-controlling interests		2,243,251	2,194,991	-	-
		74,261,709	75,183,605	63,630,517	62,252,548
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		797,523,232	765,301,766	538,652,882	509,666,821
COMMITMENTS AND CONTINGENCIES	A35	924,313,067	811,374,001	870,972,736	761,441,355
<u>CAPITAL ADEQUACY</u>					
	A36				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		13.633%	14.773%	13.318%	15.853%
Tier 1 Capital Ratio		15.204%	16.459%	15.191%	17.950%
Total Capital Ratio		18.253%	19.383%	18.241%	19.313%
Net assets per share attributable to equity holders of the Bank					
		RM6.58	RM6.77	RM5.81	RM5.77

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

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

Group	Share Capital RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2018												
- as previously stated	44,250,380	(183,438)	203,058	2,747,285	29,616	858,752	219,387	(405,169)	25,268,743	72,988,614	2,194,991	75,183,605
- effect of adopting MFRS 9 (Note A42)	-	-	-	(670,110)	454,968	-	-	-	(718,076)	(933,218)	11,202	(922,016)
At 1 January 2018, as restated	44,250,380	(183,438)	203,058	2,077,175	484,584	858,752	219,387	(405,169)	24,550,667	72,055,396	2,206,193	74,261,589
Profit for the period	-	-	-	-	-	-	-	-	3,830,049	3,830,049	64,369	3,894,418
Other comprehensive (loss)/income	-	-	-	-	(725,433)	(1,244,730)	-	31,669	-	(1,938,494)	(7,262)	(1,945,756)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	3,439	-	3,439	1,091	4,530
Share of associates reserve	-	-	-	-	(7,025)	(216,271)	-	-	-	(223,296)	-	(223,296)
Net loss on foreign exchange translation	-	-	-	-	-	(1,028,459)	-	-	-	(1,028,459)	(6,409)	(1,034,868)
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(718,408)	-	-	-	-	(718,408)	(1,944)	(720,352)
Net gain on net investment hedge	-	-	-	-	-	-	-	26,470	-	26,470	-	26,470
Net gain on cash flow hedge	-	-	-	-	-	-	-	1,760	-	1,760	-	1,760
Total comprehensive (loss)/income for the period	-	-	-	-	(725,433)	(1,244,730)	-	31,669	3,830,049	1,891,555	57,107	1,948,662
Carried forward	44,250,380	(183,438)	203,058	2,077,175	(240,849)	(385,978)	219,387	(373,500)	28,380,716	73,946,951	2,263,300	76,210,251

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

<===== 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	Other Reserves ¹ RM'000	Retained Profits ² RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Brought forward	44,250,380	(183,438)	203,058	2,077,175	(240,849)	(385,978)	219,387	(373,500)	28,380,716	73,946,951	2,263,300	76,210,251
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	59,974	77,344
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	9,103	9,103
Transfer to statutory reserve	-	-	34,571	-	-	-	-	-	(34,571)	-	-	-
Transfer to regulatory reserve	-	-	-	825,356	-	-	-	-	(825,356)	-	-	-
Utilisation of shares under ESOS Trust Fund Pool	-	106,763	-	-	-	-	-	-	3,012	109,775	-	109,775
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,280)	-	100,280	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	1,532,436	-	-	-	-	-	(87,686)	-	-	1,444,750	-	1,444,750
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	45,940	(139)	-	-	-	-	(32,176)	-	(13,625)	-	-	-
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	666	-	-	-	-	(575)	-	(91)	-	-	-
Dividends payable (Note A9(a))	-	-	-	-	-	-	-	-	(3,501,845)	(3,501,845)	-	(3,501,845)
Dividends paid (Note A9(b))	-	-	-	-	-	-	-	-	-	-	(89,126)	(89,126)
Total transactions with shareholders/ other equity movements	1,578,376	107,290	34,571	825,356	-	-	(219,260)	-	(4,254,826)	(1,928,493)	(20,049)	(1,948,542)
At 30 June 2018	45,828,756	(76,148)	237,629	2,902,531	(240,849)	(385,978)	127	(373,500)	24,125,890	72,018,458	2,243,251	74,261,709

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

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,268.5 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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

Group	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves¹ RM'000	Retained Profits² RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2017	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(269,131)	3,592,057	320,912	(476,340)	14,408,695	68,515,731	1,959,092	70,474,823
Profit for the period	-	-	-	-	-	-	-	-	-	3,361,237	3,361,237	108,094	3,469,331
Other comprehensive income/(loss)	-	-	-	-	-	477,604	(726,371)	-	8,393	-	(240,374)	(14,653)	(255,027)
Defined benefit plan actuarial gain/(loss)	-	-	-	-	-	-	-	-	574	-	574	(142)	432
Share of associates' reserve	-	-	-	-	-	(7,326)	(40,490)	-	-	-	(47,816)	-	(47,816)
Net loss on foreign exchange translation	-	-	-	-	-	-	(685,881)	-	-	-	(685,881)	(6,959)	(692,840)
Net gain/(loss) on financial investments available-for-sale	-	-	-	-	-	484,930	-	-	-	-	484,930	(7,552)	477,378
Net gain on net investment hedge	-	-	-	-	-	-	-	-	7,819	-	7,819	-	7,819
Total comprehensive income/(loss) for the period	-	-	-	-	-	477,604	(726,371)	-	8,393	3,361,237	3,120,863	93,441	3,214,304
Carried forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	208,473	2,865,686	320,912	(467,947)	17,769,932	71,636,594	2,052,533	73,689,127

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

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

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

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,264.1 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

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

					Fair Value				Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000			
Bank										
At 1 January 2018										
- as previously stated	44,250,380	(183,438)	46,255	2,233,563	(114,149)	2,228,315	219,387	13,572,235	62,252,548	
- effect of adopting MFRS 9 (Note A42)	-	-	-	(295,155)	419,645	-	-	(136,856)	(12,366)	
At 1 January 2018, as restated	44,250,380	(183,438)	46,255	1,938,408	305,496	2,228,315	219,387	13,435,379	62,240,182	
Profit for the period	-	-	-	-	-	-	-	4,187,253	4,187,253	
Other comprehensive loss	-	-	-	-	(600,164)	(250,891)	-	-	(851,055)	
Net loss on foreign exchange translation	-	-	-	-	-	(250,891)	-	-	(250,891)	
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(600,164)	-	-	-	(600,164)	
Total comprehensive (loss)/income for the period	-	-	-	-	(600,164)	(250,891)	-	4,187,253	3,336,198	
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	1,457	-	1,457	
Transfer to statutory reserve	-	-	5,841	-	-	-	-	(5,841)	-	
Transfer to regulatory reserve	-	-	-	668,127	-	-	-	(668,127)	-	
Utilisation of shares under ESOS Trust Fund Pool	-	106,763	-	-	-	-	-	3,012	109,775	
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,280)	100,280	-	
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	1,532,436	-	-	-	-	-	(87,686)	-	1,444,750	
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	45,940	(139)	-	-	-	-	(32,176)	(13,625)	-	
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	666	-	-	-	-	(575)	(91)	-	
Dividends payable (Note A9(a))	-	-	-	-	-	-	-	(3,501,845)	(3,501,845)	
Total transactions with shareholders/ other equity movements	1,578,376	107,290	5,841	668,127	-	-	(219,260)	(4,086,237)	(1,945,863)	
At 30 June 2018	45,828,756	(76,148)	52,096	2,606,535	(294,668)	1,977,424	127	13,536,395	63,630,517	

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

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

<u>Bank</u>	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>					===== Distributable =====>				
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2017	10,193,200	28,878,703	(125,309)	10,325,216	660,800	(453,145)	2,747,423	320,912	4,456,832	57,004,632
Profit for the period	-	-	-	-	-	-	-	-	2,922,070	2,922,070
Other comprehensive income/(loss)	-	-	-	-	-	458,181	(32,010)	-	-	426,171
Net loss on foreign exchange translation	-	-	-	-	-	-	(32,010)	-	-	(32,010)
Net gain on financial investments available-for-sale	-	-	-	-	-	458,181	-	-	-	458,181
Total comprehensive income/(loss) for the period	-	-	-	-	-	458,181	(32,010)	-	2,922,070	3,348,241
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	10,010	-	10,010
Transfer from statutory reserve	-	-	-	(10,279,063)	-	-	-	-	10,279,063	-
Transfer to regulatory reserve	-	-	-	-	1,673,362	-	-	-	(1,673,362)	-
Transfer to share capital	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-
Issue of shares pursuant to ESS	903,192	-	-	-	-	-	-	(53,853)	-	849,339
Issue of shares pursuant to Restricted Share Unit ("RSU")	38,118	-	(1,188)	-	-	-	-	(31,976)	(4,954)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	935	-	-	-	-	-	-	(921)	(14)	-
Issue of shares pursuant to ESOS Trust Fund ("ETF") Pool	49,999	-	(49,999)	-	-	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	2,009,484	-	(4,083)	-	-	-	-	-	-	2,005,401
Dividends	-	-	-	-	-	-	-	-	(3,276,785)	(3,276,785)
Total transactions with shareholders/ other equity movements	31,880,431	(28,878,703)	(55,270)	(10,279,063)	1,673,362	-	-	(76,740)	5,323,948	(412,035)
At 30 June 2017	42,073,631	-	(180,579)	46,153	2,334,162	5,036	2,715,413	244,172	12,702,850	59,940,838

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

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2018

	Group		Bank	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	5,166,241	4,493,561	4,973,547	3,453,964
Adjustments for:				
Depreciation of property, plant and equipment	198,613	191,221	83,951	95,694
Gain on disposal of property, plant and equipment	(68,642)	(13,909)	(58,352)	(12,810)
Share of profits in associates and joint ventures	(41,067)	(105,621)	-	-
Amortisation of intangible assets	119,420	141,900	40,254	51,596
Net loss on liquidation of subsidiaries	-	1,999	-	-
Net loss on disposal of deemed control entity	15,409	-	27,902	-
Net gain on dilution of interest in associates	(1,264)	-	-	-
Net loss/(gain) on disposal of financial assets at fair value through profit or loss	24,662	(107,414)	(66,997)	(63,789)
Net gain on disposal of financial investments at fair value through other comprehensive income	(64,733)	-	(54,055)	-
Net gain on disposal of financial investments available-for-sale	-	(377,850)	-	(85,418)
Net gain on redemption of financial investments at amortised cost	(599)	-	(599)	-
Net gain on redemption of financial investments held-to-maturity	-	(170)	-	(170)
Unrealised loss/(gain) on revaluation of financial investments at fair value through profit or loss and derivatives	730,456	(321,625)	238,187	(109,590)
Unrealised (gain)/loss on revaluation of financial liabilities at fair value through profit or loss	(387,445)	84,587	(387,188)	70,516
Allowances for impairment losses on loans, advances and financing, net	1,243,460	1,554,303	551,994	1,042,199
Allowances for/(writeback of) impairment losses on other debts (Writeback of)/allowances for impairment losses on financial investments, net	9,105	(4,619)	1,864	566
Dividend income	(21,040)	5,730	(40,016)	(687)
ESS expenses	(61,556)	(52,820)	(1,579,827)	(1,118,979)
Other adjustments for non-operating and non-cash items	3,479	8,196	2,401	6,300
	(204,617)	(112)	(208,581)	(24,431)
Operating profit before working capital changes	6,659,882	5,497,357	3,524,485	3,304,961
Change in deposits and placements with financial institutions with original maturity of more than three months	4,537,493	3,805,716	4,728,633	(28,181)
Change in cash and short-term funds with original maturity of more than three months	(275,809)	1,642,007	(628,841)	980,424
Change in financial investments portfolio	(18,116,445)	(16,341,320)	(10,715,083)	(10,877,700)
Change in loans, advances and financing	(15,505,941)	636,062	(5,998,734)	5,678,847
Change in statutory deposits with central banks	(1,784,431)	1,224,429	(341,141)	704,104
Change in deposits from customers	23,243,372	(4,206,665)	12,802,309	(10,528,783)
Change in investment accounts of customers	(5,379,243)	(3,758,017)	-	-
Change in deposits and placements from financial institutions	14,958,672	15,461,088	18,531,898	13,140,877
Change in financial liabilities at fair value through profit or loss	59,986	468,595	(40,815)	487,710
Change in reinsurance/retakaful assets and other insurance receivables	56,930	(113,446)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	847,749	764,903	-	-
Change in other operating activities	(3,184,560)	2,664,719	(6,719,324)	1,587,641
Cash generated from operations	6,117,655	7,745,428	15,143,387	4,449,900
Taxes and zakat paid	(1,279,379)	(995,186)	(643,960)	(439,301)
Net cash generated from operating activities	4,838,276	6,750,242	14,499,427	4,010,599

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	Group		Bank	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	61,556	52,820	3,217	3,381
- associates	-	-	-	910
- subsidiaries	-	-	1,576,610	1,114,688
Purchase of property, plant and equipment	(115,602)	(77,247)	(38,761)	(48,822)
Purchase of investment properties	(72,505)	(29,696)	-	-
Proceeds from disposal of property, plant and equipment	77,835	17,868	59,905	14,908
Purchase of intangible assets	(179,285)	(91,682)	(60,783)	(59,773)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(1,524,967)	(66,420)
Purchase of shares in deemed controlled entities	-	-	(873)	-
Net effect arising from transaction with non-controlling interests	61,935	11,497	-	-
Net effect arising from disposal of deemed controlled entities	-	-	140,188	-
Net effect arising from capital reduction of subsidiaries	-	-	-	242,837
Liquidation of subsidiaries	-	-	-	149
Net cash (used in)/generated from investing activities	(166,066)	(116,440)	154,536	1,201,858
Cash flows from financing activities				
Proceeds from issuance of shares	1,444,750	2,854,740	1,444,750	2,854,740
(Repayment)/drawdown of borrowings, net	(1,628,044)	1,531,273	(3,074,299)	(886,451)
(Redemption)/issuance of subordinated obligations and capital securities	(63,000)	35,000	(63,000)	-
Drawdown of financial liabilities at fair value through profit or loss	605,925	-	605,925	-
Recourse obligation on loans and financing sold to Cagamas, net	1,066	1,529,276	1,066	1,529,276
Rights issuance exercised by non-controlling interests	9,103	-	-	-
Dividends paid	-	(3,276,785)	-	(3,276,785)
Dividends paid to non-controlling interests	(89,126)	(13,380)	-	-
Net cash generated from/(used in) financing activities	280,674	2,660,124	(1,085,558)	220,780
Net increase in cash and cash equivalents	4,952,884	9,293,926	13,568,405	5,433,237
Cash and cash equivalents at beginning of period	53,933,842	50,875,740	39,306,385	38,217,233
Effects of foreign exchange rate changes	(304,797)	(772,618)	(235,087)	(635,193)
Cash and cash equivalents at end of period	58,581,929	59,397,048	52,639,703	43,015,277

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

	Group		Bank	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Cash and short-term funds	51,063,643	59,199,770	40,182,306	42,477,204
Deposits and placements with financial institutions	16,645,439	15,458,984	21,148,241	19,058,816
	67,709,082	74,658,754	61,330,547	61,536,020
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(9,127,153)	(15,261,706)	(8,690,844)	(18,520,743)
Cash and cash equivalents at end of period	58,581,929	59,397,048	52,639,703	43,015,277

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

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

A1. Basis of Preparation

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

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

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

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

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

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

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

MFRS 9 *Financial Instruments*

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

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A1. Basis of Preparation (cont'd.)

MFRS 9 Financial Instruments (cont'd.)

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

(i) Classification and measurement

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

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

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

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

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

(ii) Impairment

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under the MFRS 139. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which include loans, advances and financing and debt instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*.

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A1. Basis of Preparation (cont'd.)

MFRS 9 Financial Instruments (cont'd.)

(ii) Impairment (cont'd.)

The measurement of expected credit loss involves increased complexity and judgement that include:

- Determining a significant increase in credit risk since initial recognition

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

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

- ECL Measurement

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

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

- Expected life

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

- Forward looking information

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

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A1. Basis of Preparation (cont'd.)

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

(iii) Hedge accounting

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

The financial impact of the adoption of MFRS 9 on the financial statements of the Group and of the Bank are disclosed in Note A42.

MFRS 15 *Revenue from Contracts with Customers*

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

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

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

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS (including MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for the Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*). Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group and the Bank have adopted the standard on its effective date, using the modified retrospective method of adoption. The standard does not apply to income or revenue associated with financial instruments scoped in MFRS 9 such as loan, advances and financing and financial investment securities. The adoption of this standard has no material financial impact other than the disclosures made in Note A31 of the Group's and the Bank's financial statements.

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

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

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

The Group has opted not to apply the exemptions permitted under these amendments and has commenced full adoption of MFRS 9 effective on 1 January 2018.

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A1. Basis of Preparation (cont'd.)

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

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

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

The Group and the Bank have presented the regulatory reserves in the Unaudited Statement of Changes in Equity and in Note A42.

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

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

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

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

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

The additional disclosures are presented in Note A11.

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

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

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

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

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

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A2. Significant Accounting Policies

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

A3. Significant Accounting Estimates and Judgements

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

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

A4. Auditors' Report on Preceding Audited Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

A5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the financial half year ended 30 June 2018.

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

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

A7. Changes in Estimates

There were no material changes in estimates during the financial half year ended 30 June 2018.

A8. Changes in Debt and Equity Securities

(i) The following are the changes in debt and equity securities for the Group and the Bank during the financial half year ended 30 June 2018:

(a) **Share capital**

The share capital of the Bank increased from RM44,250,380,043 as at 31 December 2017 to RM45,828,756,297 as at 30 June 2018 via:

- (A) Issuance of 158,063,100 new ordinary shares amounting to RM1,532,435,820 to eligible employees who exercised their options under the current Maybank Group Employees' Share Scheme ("ESS") which commenced on 23 June 2011, for a period of 7 years; and
- (B) Issuance of 4,387,816 new ordinary shares amounting to RM45,940,434 to eligible employees under the Restricted Share Unit ("RSU") which is part of the current Maybank Group ESS.

The issued ordinary shares of the Bank as at 30 June 2018 is 10,945,196,194 units (31 December 2017: 10,782,745,278 units).

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

(i) The following are the changes in debt and equity securities for the Group and the Bank during the financial half year ended 30 June 2018 (cont'd.):

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

Issuance/ Redemption	Issue/Maturity Date	Nominal Value	Description	Tenor
Issuance	11 January 2018	HKD300.0 million	Floating Rate Notes	3 years
Issuance	12 January 2018	USD100.0 million	Floating Rate Notes	5 years
Issuance	18 January 2018	HKD701.0 million	Fixed Rate Notes	5 years
Issuance	15 February 2018	USD10.0 million	Floating Rate Notes	5 years
Issuance	19 March 2018	USD100.0 million	Floating Rate Notes*	5 years
Issuance	29 March 2018	USD150.0 million	Callable Zero Coupon Notes	30 years
Issuance	30 April 2018	HKD315.0 million	Fixed Rate Notes	2 years
Issuance	15 May 2018	HKD150.0 million	Floating Rate Notes	3 years
Issuance	15 May 2018	HKD150.0 million	Fixed Rate Notes	2 years
Issuance	19 June 2018	USD25.0 million	Floating Rate Notes (tap issuance)*	5 years
Redemption	22 January 2018	HKD200.0 million	Fixed Rate Notes	2 years
Redemption	27 April 2018	CNY190.0 million	Fixed Rate Notes	2 years
Redemption	27 April 2018	CNY180.0 million	Fixed Rate Notes	2 years
Redemption	15 May 2018	USD200.0 million	Fixed Rate Notes	5 years
Redemption	11 June 2018	USD80.0 million	Floating Rate Notes	1.5 years
Redemption	26 June 2018	SGD54.0 million	Fixed Rate Notes	3 years

* form a single series

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

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

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

Redemption	Maturity Date	Nominal Value	Description	Tenor
Redemption	8 March 2018	RM60.0 million	Zero Coupon Notes	1 year
Redemption	22 March 2018	RM44.1 million	Zero Coupon Notes	1 year
Redemption	7 June 2018	RM43.0 million	Zero Coupon Notes	1 year
Redemption	14 June 2018	RM35.0 million	Zero Coupon Notes	1 year

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

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

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

Redemption	Maturity Date	Nominal Value	Description	Tenor
Redemption	27 June 2018	RM63.0 million	Non-Innovative Tier 1 Capital Securities comprising of: (1) Non-cumulative perpetual capital securities issued by Maybank, which are stapled to, (2) Subordinated notes issued by Cekap Mentari Berhad, a wholly-owned subsidiary of Maybank.	Perpetual 30 years

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the financial half year ended 30 June 2018 (cont'd.):

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

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

Programme Name	Tenor	Nominal Value
USD500.0 million U.S. Commercial Paper Programme	90 - 360 days	RM2,014.0 million
RM10.0 billion Commercial Paper/ Medium Term Note Programme	358 - 365 days	RM560.0 million

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

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

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

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

Programme Name	Tenor	Nominal Value
RM10.0 billion Islamic Commercial Paper/ Medium Term Note Programme	273 - 365 days	RM1,750.0 million

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

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

Issuance/Redemption	Issue/Maturity Date	Nominal Value	Description	Tenor
Issuance	18 July 2018	USD 60.0 million	Floating Rate Notes	1.5 years
Issuance	10 August 2018	USD 280.0 million	Floating Rate Notes	5 years
Redemption	11 August 2018	CNY 323.0 million	Fixed Rate Notes	3 years

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

Redemption	Maturity Date	Nominal Value	Description	Tenor
Redemption	26 July 2018	RM15.0 million	Zero Coupon Notes	1 year
Redemption	8 August 2018	RM21.0 million	Zero Coupon Notes	1 year
Redemption	8 August 2018	RM22.0 million	Zero Coupon Notes	1 year
Redemption	17 August 2018	RM200.0 million	Zero Coupon Notes	1 year

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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 financial half year ended 30 June 2018 and have not been reflected in the financial statements for the financial half year ended 30 June 2018 (cont'd.):

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

Redemption	Maturity Date	Nominal Value	Description	Tenor
Redemption	13 August 2018	SGD522.0 million	Innovative Tier 1 Capital Securities	60 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 half year ended 30 June 2018 are as follows:

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

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

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

(b) Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM89,126,000 during the financial half year ended 30 June 2018.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Financial assets designated upon initial recognition at fair value through profit or loss	(i)	15,092,571	13,187,127	-	-
Financial investments at fair value through profit or loss	(ii)	14,155,160	-	9,668,071	-
Financial investments held-for-trading	(iii)	-	11,930,366	-	7,896,677
Financial investments at fair value through other comprehensive income	(iv)	117,188,589	-	95,568,883	-
Financial investments available-for-sale	(v)	-	109,070,244	-	89,286,739
Financial investments at amortised cost	(vi)	25,935,054	-	20,985,809	-
Financial investments held-to-maturity	(vii)	-	20,184,773	-	17,763,565
		172,371,374	154,372,510	126,222,763	114,946,981

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	106,683	243,699	-	-
Malaysian Government Investment Issues	377,887	142,181	-	-
Negotiable Islamic Certificates of Deposits	-	254,048	-	-
Foreign Government Securities	275,895	254,952	-	-
Foreign Government Treasury Bills	139,171	111,432	-	-
	899,636	1,006,312	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	25,602	18,056	-	-
Unit trusts	21,000	-	-	-
Outside Malaysia:				
Shares, warrants and loan stocks	33,635	188,865	-	-
	80,237	206,921	-	-
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	899,968	747,270	-	-
Corporate Bonds and Sukuk in Malaysia	12,844,666	10,840,030	-	-
Structured deposits	368,064	386,594	-	-
	14,112,698	11,973,894	-	-
Total financial assets designated upon initial recognition at fair value through profit or loss	15,092,571	13,187,127	-	-

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	494,895	-	444,728	-
Malaysian Government Investment Issues	17,197	-	7,091	-
Cagamas Bonds	83,138	-	83,138	-
Negotiable instruments of deposits	279,328	-	279,328	-
Foreign Government Securities	1,671,117	-	1,326,361	-
Foreign Government Treasury Bills	239,887	-	239,887	-
	<u>2,785,562</u>	<u>-</u>	<u>2,380,533</u>	<u>-</u>
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	1,518,071	-	98,640	-
Unit trusts	75,045	-	75,045	-
Corporate Bonds and Sukuk	500	-	-	-
Outside Malaysia:				
Shares, warrants, mutual funds and loan stocks	3,168,611	-	12,824	-
Unit trusts	84,380	-	47,878	-
	<u>4,846,607</u>	<u>-</u>	<u>234,387</u>	<u>-</u>
Unquoted securities:				
Shares in Malaysia	1,051,674	-	921,975	-
Shares outside Malaysia	34	-	-	-
Foreign Corporate Bonds and Sukuk	3,264,706	-	3,604,114	-
Corporate Bonds and Sukuk in Malaysia	1,523,058	-	1,956,675	-
Foreign Government Bonds	586,666	-	570,387	-
Structured deposits	96,853	-	-	-
	<u>6,522,991</u>	<u>-</u>	<u>7,053,151</u>	<u>-</u>
Total financial investments at fair value through profit or loss	<u>14,155,160</u>	<u>-</u>	<u>9,668,071</u>	<u>-</u>

(iii) Financial investments held-for-trading

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

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A10. Financial Investments Portfolio (cont'd.)

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

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

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	11,554,185	-	11,513,863	-
Malaysian Government Investment Issues	23,009,173	-	14,188,196	-
Negotiable instruments of deposits	1,143,667	-	648,113	-
Foreign Government Securities	11,596,427	-	8,378,953	-
Foreign Government Treasury Bills	5,538,861	-	5,515,176	-
Khazanah Bonds	2,671,511	-	2,521,347	-
Cagamas Bonds	774,861	-	774,861	-
Bank Negara Malaysia Monetary Notes	1,448,720	-	-	-
	<u>57,737,405</u>	<u>-</u>	<u>43,540,509</u>	<u>-</u>
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	482,512	-	50,063	-
Outside Malaysia:				
Shares, warrants and loan stocks	360,213	-	-	-
Foreign Corporate Bonds and Sukuk	68,345	-	-	-
Foreign Government Bonds	97,341	-	-	-
	<u>1,008,411</u>	<u>-</u>	<u>50,063</u>	<u>-</u>

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Unquoted securities:				
Shares and loan stocks in Malaysia	402,614	-	279,429	-
Shares and mutual funds outside Malaysia	111,600	-	-	-
Foreign Corporate Bonds and Sukuk	22,384,901	-	21,224,245	-
Corporate Bonds and Sukuk in Malaysia	23,617,382	-	18,635,385	-
Foreign Government Bonds	11,491,464	-	11,447,199	-
Malaysian Government Bonds	434,812	-	392,053	-
	<u>58,442,773</u>	<u>-</u>	<u>51,978,311</u>	<u>-</u>
Total financial investments at fair value through other comprehensive income	117,188,589	-	95,568,883	-

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

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 June 2018				
At 1 January 2018				
- effect of adopting MFRS 9	38,379	20,938	314,057	373,374
At 1 January 2018, as restated	<u>38,379</u>	<u>20,938</u>	<u>314,057</u>	<u>373,374</u>
Transferred to Stage 1	1,366	(1,366)	-	-
Transferred to Stage 2	(109)	109	-	-
Transferred to Stage 3	(23)	-	23	-
Allowance (written back)/made, net	(90)	1	(2,102)	(2,191)
New financial assets originated or purchased	29,047	340	5,894	35,281
Financial assets derecognised	(18,999)	(16,085)	(5,898)	(40,982)
Changes due to change in credit risk	(1,125)	391	22,033	21,299
Changes in models	(245)	-	-	(245)
Changes in risk parameters	(598)	7	-	(591)
Other movements	3,737	(3,459)	(2,987)	(2,709)
Exchange differences	2,002	781	(25,442)	(22,659)
At 30 June 2018	<u>53,342</u>	<u>1,657</u>	<u>305,578</u>	<u>360,577</u>

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A10. Financial Investments Portfolio (cont'd.)

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Bank				
At 30 June 2018				
At 1 January 2018				
- effect of adopting MFRS 9	29,297	20,607	300,335	350,239
At 1 January 2018, as restated	29,297	20,607	300,335	350,239
Transferred to Stage 1	1,366	(1,366)	-	-
Transferred to Stage 2	(96)	96	-	-
Allowance made/(written back), net	38	1	(2,102)	(2,063)
New financial assets originated or purchased	22,657	303	5,894	28,854
Financial assets derecognised	(15,806)	(15,881)	(5,898)	(37,585)
Changes due to change in credit risk	(978)	575	-	(403)
Changes in models	(218)	-	-	(218)
Changes in risk parameters	(373)	7	-	(366)
Other movements	3,707	(3,461)	(3,013)	(2,767)
Exchange differences	1,981	502	(4,801)	(2,318)
At 30 June 2018	41,575	1,383	290,415	333,373

(v) Financial investments available-for-sale

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

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses				
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia [#]	-	360,644	-	280,825
Shares, trust units and loan stocks outside Malaysia [#]	-	3,045	-	-
Foreign Corporate Bonds and Sukuk	-	22,213,641	-	21,010,325
Corporate Bonds and Sukuk in Malaysia	-	23,486,479	-	19,076,312
Foreign Government Bonds	-	4,772,932	-	4,741,288
Malaysian Government Bonds	-	320,267	-	276,142
	<u>-</u>	<u>51,157,008</u>	<u>-</u>	<u>45,384,892</u>
Total financial investments available-for-sale	<u>-</u>	<u>109,070,244</u>	<u>-</u>	<u>89,286,739</u>

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

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

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

(vi) Financial investments at amortised cost

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Money market instruments:				
Malaysian Government Securities	2,991,275	-	2,991,172	-
Cagamas Bonds	50,259	-	50,259	-
Malaysian Government Investment Issues	5,186,500	-	4,052,949	-
Foreign Government Securities	1,600,382	-	-	-
Foreign Government Treasury Bills	14,232	-	-	-
Khazanah Bonds	877,153	-	877,153	-
Foreign Certificates of Deposits	105,913	-	-	-
	<u>10,825,714</u>	<u>-</u>	<u>7,971,533</u>	<u>-</u>

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	2,799,846	-	2,445,858	-
Corporate Bonds and Sukuk in Malaysia	11,700,086	-	10,570,430	-
Foreign Government Bonds	681,710	-	50,420	-
Others	2,044	-	2,044	-
	<u>15,183,686</u>	<u>-</u>	<u>13,068,752</u>	<u>-</u>
Accumulated impairment losses	(74,346)	-	(54,476)	-
Total financial investments at amortised cost	<u>25,935,054</u>	<u>-</u>	<u>20,985,809</u>	<u>-</u>

(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 ECL
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 June 2018				RM'000
At 1 January 2018				
- effect of adopting MFRS 9	19,619	82,074	3,776	105,469
At 1 January 2018, as restated	19,619	82,074	3,776	105,469
Transferred to Stage 1	20,611	(20,611)	-	-
Transferred to Stage 2	(288)	288	-	-
Allowance (written back)/made, net	(176)	4	(38)	(210)
New financial assets originated or purchased	5,812	-	-	5,812
Financial assets derecognised	(2,308)	(329)	-	(2,637)
Changes due to change in credit risk	(17,269)	1,327	-	(15,942)
Changes in models	(4)	-	-	(4)
Changes in risk parameters	(6,557)	(11,358)	-	(17,915)
Other movements	(1)	(5)	-	(6)
Exchange differences	(205)	(16)	-	(221)
At 30 June 2018	<u>19,234</u>	<u>51,374</u>	<u>3,738</u>	<u>74,346</u>
Bank	Stage 1	Stage 2	Stage 3	
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 30 June 2018				
At 1 January 2018				
- effect of adopting MFRS 9	7,780	68,410	3,776	79,966
At 1 January 2018, as restated	7,780	68,410	3,776	79,966
Transferred to Stage 1	20,611	(20,611)	-	-
Transferred to Stage 2	(288)	288	-	-
Allowance made/(written back), net	37	4	(38)	3
New financial assets originated or purchased	2,387	-	-	2,387
Financial assets derecognised	(274)	(329)	-	(603)
Changes due to change in credit risk	(17,397)	1,327	-	(16,070)
Changes in models	(4)	-	-	(4)
Changes in risk parameters	(451)	(10,737)	-	(11,188)
Other movements	12	(5)	-	7
Exchange differences	(6)	(16)	-	(22)
At 30 June 2018	<u>12,407</u>	<u>38,331</u>	<u>3,738</u>	<u>54,476</u>

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A10. Financial Investments Portfolio (cont'd.)

(vii) Financial investments held-to-maturity

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

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

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

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A11. Loans, Advances and Financing

	Note	Group		Bank	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Loans, advances and financing to financial institutions	(i)	1,155,939	2,026,276	17,711,212	18,614,231
Loans, advances and financing to customers	(ii)	490,702,976	483,558,086	274,778,007	272,383,738
		491,858,915	485,584,362	292,489,219	290,997,969
(i) Loans, advances and financing to financial institutions[^]:					
Gross loans, advances and financing to financial institutions		1,163,208	2,040,105	17,953,810	18,817,485
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12 Months ECL		(7,269)	-	(19,655)	-
- Stage 2 - Lifetime ECL not credit impaired		-	-	(43,137)	-
- Stage 3 - Lifetime ECL credit impaired		-	-	(179,806)	-
- Individual allowance		-	-	-	(151,092)
- Collective allowance		-	(13,829)	-	(52,162)
Net loans, advances and financing to financial institutions		1,155,939	2,026,276	17,711,212	18,614,231
(ii) Loans, advances and financing to customers:					
(A) Loans, advances and financing to customers at fair value through other comprehensive income		5,904,498	-	5,435,831	-
(B) Loans, advances and financing to customers at amortised cost		593,685,932	591,764,524	277,457,448	279,859,642
Unearned interest and income		599,590,430	591,764,524	282,893,279	279,859,642
Gross loans, advances and financing to customers		98,355,787	(99,959,543)	(1,893,175)	(1,841,868)
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12 Months ECL		(1,587,940)	-	(778,407)	-
- Stage 2 - Lifetime ECL not credit impaired		(2,644,076)	-	(1,448,273)	-
- Stage 3 - Lifetime ECL credit impaired		(6,299,651)	-	(3,995,417)	-
- Individual allowance		-	(4,120,531)	-	(2,851,528)
- Collective allowance		-	(4,126,364)	-	(2,782,508)
Net loans, advances and financing to customers		490,702,976	483,558,086	274,778,007	272,383,738
Net loans, advances and financing	(i) & (ii)	491,858,915	485,584,362	292,489,219	290,997,969

[^] Included in the Bank's loans/financing to financial institutions is financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM17,889.3 million (31 December 2017: RM18,068.2 million). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to MIB whereas the business venture is managed solely by MIB as an entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
(iii) Loans, advances and financing to financial institutions and customers				
Loans/financing to financial institutions	1,163,208	2,040,105	17,953,810	18,817,485
Overdrafts/cashline	20,566,145	20,132,843	9,028,555	9,002,080
Term loans:				
- Housing loans/financing	155,842,246	149,069,563	67,371,711	59,881,852
- Syndicated loans/financing	43,989,439	39,920,409	39,356,680	35,704,531
- Hire purchase receivables	74,449,528	73,150,529	26,912,362	25,862,558
- Lease receivables	164,340	120,939	-	-
- Other loans/financing	210,298,440	216,033,764	87,136,688	96,176,360
Credit card receivables	8,944,782	8,991,286	7,157,551	7,257,690
Bills receivables	3,089,985	3,868,214	2,815,223	3,722,569
Trust receipts	4,949,040	4,528,344	4,374,580	3,821,888
Claims on customers under acceptance credits	11,528,692	11,493,076	5,795,364	5,773,350
Revolving credits	55,644,513	54,764,740	30,190,060	29,825,692
Share margin financing	6,409,422	6,009,287	1,989,433	2,014,503
Staff loans	3,414,190	3,447,298	763,430	815,718
Loans to:				
- Directors of the Bank	4,069	4,253	203	212
- Directors of subsidiaries	5,503	4,811	1,403	639
Others	290,096	225,168	36	-
	600,753,638	593,804,629	300,847,089	298,677,127
Unearned interest and income	(98,355,787)	(99,959,543)	(1,893,175)	(1,841,868)
Gross loans, advances and financing	502,397,851	493,845,086	298,953,914	296,835,259
Allowances for impaired loans, advances and financing:				
- Stage 1 - 12 Months ECL	(1,595,209)	-	(798,062)	-
- Stage 2 - Lifetime ECL not credit impaired	(2,644,076)	-	(1,491,410)	-
- Stage 3 - Lifetime ECL credit impaired	(6,299,651)	-	(4,175,223)	-
- Individual allowance	-	(4,120,531)	-	(3,002,620)
- Collective allowance	-	(4,140,193)	-	(2,834,670)
Net loans, advances and financing	491,858,915	485,584,362	292,489,219	290,997,969

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Domestic banking institutions	29,229	16,084	17,899,569	18,059,723
Domestic non-banking financial institutions	22,701,176	25,554,508	17,769,579	20,265,706
Domestic business enterprises:				
- Small and medium enterprises	95,745,116	78,320,245	57,222,125	57,001,083
- Others	91,521,368	104,221,505	59,799,684	57,380,920
Government and statutory bodies	15,255,006	15,402,406	901,797	900,545
Individuals	231,852,545	228,084,123	110,457,998	110,824,453
Other domestic entities	9,364,964	8,657,197	1,799,395	1,361,032
Foreign entities	35,928,447	33,589,018	33,103,767	31,041,797
Gross loans, advances and financing	502,397,851	493,845,086	298,953,914	296,835,259

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

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Malaysia	293,996,538	289,103,366	140,093,994	142,852,051
Singapore	126,043,400	124,388,161	124,229,242	122,847,450
Indonesia	37,212,376	39,009,785	-	-
Labuan Offshore	17,637,556	14,478,182	17,637,556	14,478,182
Hong Kong SAR	8,831,421	8,571,662	8,409,517	8,266,943
United States of America	846,118	813,651	845,547	813,079
People's Republic of China	4,249,967	4,101,002	4,249,967	4,101,002
Vietnam	866,739	861,178	618,165	637,743
United Kingdom	1,693,264	1,692,984	1,693,246	1,692,934
Brunei	629,448	660,211	629,448	660,211
Cambodia	2,346,861	2,263,316	-	-
Bahrain	100,516	120,152	100,516	120,152
Philippines	5,841,137	5,860,871	-	-
Thailand	1,651,512	1,515,687	-	-
Laos	137,559	134,911	137,559	134,911
Myanmar	309,157	230,601	309,157	230,601
Others	4,282	39,366	-	-
Gross loans, advances and financing	502,397,851	493,845,086	298,953,914	296,835,259

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Fixed rate:				
- Housing loans/financing	14,042,659	14,448,234	11,818,210	12,367,358
- Hire purchase receivables	64,281,208	62,031,596	25,087,659	23,507,256
- Other fixed rate loans/financing	63,309,236	65,233,033	46,732,166	49,151,305
Variable rate:				
- Base lending/financing rate/ base rate plus	193,108,287	186,900,601	85,636,491	86,193,316
- Cost plus	64,253,797	62,214,999	58,943,481	56,955,905
- Other variable rates	103,402,664	103,016,623	70,735,907	68,660,119
Gross loans, advances and financing	502,397,851	493,845,086	298,953,914	296,835,259

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Purchase of securities	35,088,479	33,963,031	8,833,373	9,428,608
Purchase of transport vehicles	65,084,080	64,175,135	23,537,517	22,793,620
Purchase of landed properties:				
- Residential	110,096,612	106,334,633	67,766,229	66,085,358
- Non-residential	38,857,020	40,756,217	26,483,775	28,602,987
Purchase of fixed assets (excluding landed properties)	5,407,254	5,883,215	5,365,118	5,842,763
Personal use	10,590,883	10,376,625	6,396,444	6,351,673
Credit card	9,061,354	9,168,555	7,276,545	7,393,984
Purchase of consumer durables	9,936	4,565	9,595	4,235
Constructions	16,476,758	16,761,677	11,220,347	10,827,248
Mergers and acquisitions	1,017,136	876,464	992,422	850,019
Working capital	164,072,027	160,235,663	98,699,367	97,562,331
Others	46,636,312	45,309,306	42,373,182	41,092,433
Gross loans, advances and financing	502,397,851	493,845,086	298,953,914	296,835,259

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

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Within one year	130,271,244	130,156,691	81,519,091	84,077,790
One year to three years	55,708,794	56,735,002	41,254,253	41,663,942
Three years to five years	62,848,752	58,058,485	43,862,264	40,131,495
After five years	253,569,061	248,894,908	132,318,306	130,962,032
Gross loans, advances and financing	502,397,851	493,845,086	298,953,914	296,835,259

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
At 1 January 2018/2017				
- as previously stated	11,549,903	11,055,380	8,070,841	7,180,389
- effect of adopting MFRS 9	550,772	-	183,360	-
At 1 January 2018/2017, as restated	12,100,675	11,055,380	8,254,201	7,180,389
Impaired during the financial period/year	4,648,818	7,105,386	3,039,230	3,875,729
Reclassified as non-impaired	(318,049)	(2,276,061)	(173,011)	(997,473)
Amount recovered	(1,616,831)	(2,262,161)	(961,430)	(1,151,312)
Amount written-off	(1,338,496)	(1,648,146)	(1,119,087)	(648,610)
Transferred from a subsidiary	-	-	33,574	-
Exchange differences	(209,577)	(424,495)	43,558	(187,882)
Gross impaired loans at 30 June 2018/ 31 December 2017	13,266,540	11,549,903	9,117,035	8,070,841
Less: Stage 3 - Lifetime ECL credit impaired	(6,299,651)	-	(4,175,223)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net impaired loans at 30 June 2018/ 31 December 2017	6,966,889	7,429,372	4,941,812	5,068,221

Calculation of ratio of net impaired loans:

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Gross impaired loans at 30 June 2018/ 31 December 2017 (excluding financing funded by Investment Account*)	13,210,589	11,483,939	9,117,035	8,070,841
Less: Stage 3 - Lifetime ECL credit impaired	(6,299,651)	-	(4,175,223)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net impaired loans	6,910,938	7,363,408	4,941,812	5,068,221
Gross loans, advances and financing	502,397,851	493,845,086	298,953,914	296,835,259
Less: Funded by Investment Account*	(19,176,202)	(24,555,445)	-	-
Less: Stage 3 - Lifetime ECL credit impaired	(6,299,651)	-	(4,175,223)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net loans, advances and financing	476,921,998	465,169,110	294,778,691	293,832,639
Ratio of net impaired loans	1.45%	1.58%	1.68%	1.72%

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

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

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Purchase of securities	203,094	275,691	140,316	163,430
Purchase of transport vehicles	437,661	369,622	121,549	100,104
Purchase of landed properties:				
- Residential	914,453	717,419	453,713	376,994
- Non-residential	1,029,857	992,952	890,091	872,588
Purchase of fixed assets (excluding landed properties)	1,493,541	1,512,007	1,483,713	1,483,691
Personal use	189,526	160,019	148,836	128,583
Credit card	95,061	90,831	71,325	63,872
Purchase of consumer durables	90	106	81	98
Constructions	3,445,498	1,504,782	2,935,231	1,106,035
Working capital	5,068,158	5,381,439	2,710,782	3,425,896
Others	389,601	545,035	161,398	349,550
Gross impaired loans, advances and financing	13,266,540	11,549,903	9,117,035	8,070,841

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Malaysia	6,344,561	5,619,324	4,023,008	3,896,008
Singapore	4,588,916	2,931,842	4,572,961	2,897,765
Indonesia	1,497,531	1,417,698	-	-
Labuan Offshore	264,873	244,722	264,873	244,722
Hong Kong SAR	80,638	886,737	71,374	878,849
United States of America	570	572	-	-
People's Republic of China	851	1,054	851	1,054
Vietnam	68,191	68,271	67,087	67,121
Brunei	54,937	38,529	54,937	38,529
Cambodia	116,110	97,667	-	-
Bahrain	5,049	5,063	5,049	5,063
Philippines	149,629	123,185	-	-
Thailand	37,789	38,438	-	-
Laos	56,895	41,730	56,895	41,730
Others	-	35,071	-	-
Gross impaired loans, advances and financing	13,266,540	11,549,903	9,117,035	8,070,841

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

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

At amortised cost

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 30 June 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9	1,468,761	2,893,889	6,588,514	10,951,164
At 1 January 2018, as restated	1,468,761	2,893,889	6,588,514	10,951,164
Transferred to Stage 1	481,908	(447,103)	(34,805)	-
Transferred to Stage 2	(73,955)	170,920	(96,965)	-
Transferred to Stage 3	(10,541)	(162,186)	172,727	-
Allowance made/(written back), net	(36,728)	(84,791)	(67,470)	(188,989)
New financial assets originated or purchased	532,505	257,558	949,995	1,740,058
Financial assets derecognised	(310,627)	(338,371)	(738,911)	(1,387,909)
Changes due to change in credit risk	(370,918)	393,389	942,418	964,889
Modifications to contractual cash flows of financial assets	(12,820)	(47,540)	8,854	(51,506)
Amount written-off	-	-	(1,339,394)	(1,339,394)
Changes in models	7,915	187	-	8,102
Changes in risk parameters	(51,197)	16,982	(13,546)	(47,761)
Other movements	12,240	5,814	6,711	24,765
Exchange differences	(41,334)	(14,672)	(78,477)	(134,483)
At 30 June 2018	1,595,209	2,644,076	6,299,651	10,538,936

Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 30 June 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9	731,654	1,741,729	4,758,633	7,232,016
At 1 January 2018, as restated	731,654	1,741,729	4,758,633	7,232,016
Transferred to Stage 1	298,969	(275,922)	(23,047)	-
Transferred to Stage 2	(40,762)	118,800	(78,038)	-
Transferred to Stage 3	(5,593)	(68,182)	73,775	-
Allowance made/(written back), net	(13,089)	(59,026)	(72,392)	(144,507)
New financial assets originated or purchased	300,922	154,485	809,219	1,264,626
Financial assets derecognised	(222,009)	(234,636)	(677,506)	(1,134,151)
Changes due to change in credit risk	(232,106)	171,504	588,333	527,731
Modifications to contractual cash flows of financial assets	(12,700)	(43,800)	(36,880)	(93,380)
Amount written-off	-	-	(1,119,087)	(1,119,087)
Changes in models	1,648	56	-	1,704
Changes in risk parameters	(20,057)	(6,281)	(13,546)	(39,884)
Exchange differences	11,185	(7,317)	(34,241)	(30,373)
At 30 June 2018	798,062	1,491,410	4,175,223	6,464,695

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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

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 June 2018				
At 1 January 2018				
- effect of adopting MFRS 9	14,863	1,503	-	16,366
At 1 January 2018, as restated	14,863	1,503	-	16,366
Transferred to Stage 2	(5,859)	5,859	-	-
Transferred to Stage 3	(3,416)	-	3,416	-
Allowance written back, net	31	-	-	31
New financial assets originated or purchased	10,141	6,675	-	16,816
Financial assets derecognised	(1,050)	-	-	(1,050)
Changes due to change in credit risk	-	14,760	125,698	140,458
Modifications to contractual cash flows of financial assets	286	-	-	286
Changes in models	79	-	-	79
Changes in risk parameters	143	(177)	-	(34)
Exchange differences	(1)	-	-	(1)
At 30 June 2018	15,217	28,620	129,114	172,951

Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 June 2018				
At 1 January 2018				
- effect of adopting MFRS 9	14,341	1,503	-	15,844
At 1 January 2018, as restated	14,341	1,503	-	15,844
Transferred to Stage 2	(5,859)	5,859	-	-
Transferred to Stage 3	(3,416)	-	3,416	-
Allowance written back, net	31	-	-	31
New financial assets originated or purchased	9,312	-	-	9,312
Financial assets derecognised	(529)	-	-	(529)
Changes due to change in credit risk	-	14,760	125,698	140,458
Modifications to contractual cash flows of financial assets	286	-	-	286
Changes in models	79	-	-	79
Changes in risk parameters	143	(177)	-	(34)
Exchange differences	(1)	-	-	(1)
At 30 June 2018	14,387	21,945	129,114	165,446

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A12. Reinsurance/Retakaful Assets and Other Insurance Receivables

	Note	Group	
		30 June 2018	31 December 2017
		RM'000	RM'000
Reinsurance/retakaful assets	(i)	3,339,273	3,222,455
Other insurance receivables	(ii)	531,594	711,317
		<u>3,870,867</u>	<u>3,933,772</u>

(i) Reinsurance/retakaful assets		Group	
		30 June 2018	31 December 2017
		RM'000	RM'000
Reinsurers' share of:		3,008,700	2,884,125
Life insurance contract liabilities		40,192	32,963
General insurance contract liabilities		2,968,508	2,851,162
Retakaful operators' share of:		332,176	338,330
Family takaful certificate liabilities		63,915	76,166
General takaful certificate liabilities		268,261	262,164
Stage 1 - 12 Months ECL	(iii)	(1,603)	-
		<u>3,339,273</u>	<u>3,222,455</u>

(ii) Other insurance receivables		Group	
		30 June 2018	31 December 2017
		RM'000	RM'000
Due premium including agents/brokers and co-insurers balances		364,213	283,197
Due from reinsurers and cedants/retakaful operators		187,280	444,868
		551,493	728,065
Stage 1 - 12 Months ECL	(iii)	(19,899)	-
Allowance for impairment losses		-	(16,748)
		<u>531,594</u>	<u>711,317</u>

(iii) Movements in the allowances for impairment losses on other insurance receivables:

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2018				
- effect of adopting MFRS 9	29,841	-	-	29,841
At 1 January 2018, as restated	29,841	-	-	29,841
Allowance written back, net	(7,118)	-	-	(7,118)
Exchange differences	(1,221)	-	-	(1,221)
At 30 June 2018	<u>21,502</u>	<u>-</u>	<u>-</u>	<u>21,502</u>

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A13. Other Assets

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Other debtors, net of expected credit losses	7,453,027	5,554,056	6,320,535	4,328,113
Amount due from brokers and clients	3,353,562	2,346,536	-	-
Prepayments and deposits	1,374,068	1,420,247	440,188	443,875
Tax recoverable	106,453	88,297	-	-
Foreclosed properties	271,720	289,004	29,389	29,409
	12,558,830	9,698,140	6,790,112	4,801,397

A14. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	304,004,343	285,822,118	174,923,694	167,002,740
- More than one year	10,532,266	11,605,917	9,393,260	9,296,982
	314,536,609	297,428,035	184,316,954	176,299,722
Money market deposits	26,943,592	18,167,679	26,943,592	18,167,679
Savings deposits	70,291,040	71,591,820	45,694,478	47,602,272
Demand deposits	108,891,923	114,829,911	81,872,333	86,868,927
	520,663,164	502,017,445	338,827,357	328,938,600

(ii) By type of customer

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Business enterprises	249,260,180	238,688,009	174,605,376	166,333,827
Individuals	207,280,317	205,434,319	143,416,245	141,356,982
Government and statutory bodies	32,083,380	28,731,383	8,211,959	9,327,767
Others	32,039,287	29,163,734	12,593,777	11,920,024
	520,663,164	502,017,445	338,827,357	328,938,600

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Within six months	222,753,517	226,669,904	128,024,433	124,598,343
Six months to one year	81,250,826	59,152,214	46,899,261	42,404,397
One year to three years	9,850,169	10,813,684	9,241,529	9,221,071
Three years to five years	682,097	792,233	151,731	75,911
	314,536,609	297,428,035	184,316,954	176,299,722

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A15. Deposits and Placements from Financial Institutions

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Licensed banks	52,965,298	37,657,509	53,376,743	35,529,964
Licensed finance companies	112,611	75,407	112,611	75,407
Licensed investment banks	103,487	31,021	103,487	31,021
Other financial institutions	4,375,407	4,834,194	2,584,190	2,008,742
	57,556,803	42,598,131	56,177,031	37,645,134

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
One year or less	54,850,586	39,516,290	54,883,460	36,024,326
More than one year	2,706,217	3,081,841	1,293,571	1,620,808
	57,556,803	42,598,131	56,177,031	37,645,134

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

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Structured deposits	2,427,840	2,366,966	1,434,601	1,474,271
Borrowings				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	6,655,797	3,362,727	6,655,797	3,362,727
- RM	645,830	646,122	645,830	646,122
	7,301,627	4,008,849	7,301,627	4,008,849
Total financial liabilities at fair value through profit or loss	9,729,467	6,375,815	8,736,228	5,483,120

The carrying amount of both structured deposits and borrowings designated at FVTPL of the Group and of the Bank as at 30 June 2018 were RM10,137,465,000 and RM9,138,483,000 (31 December 2017: RM6,590,566,000 and RM5,692,384,000) respectively. The fair value changes of the financial liabilities at FVTPL that are attributable to the changes in own credit risk are not significant.

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A17. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
(i) Borrowings				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	638	668	-	-
- PHP	38	80	-	-
- IDR	1,356,488	1,159,884	-	-
- VND	-	5,138	-	-
	1,357,164	1,165,770	-	-
- More than one year				
Denominated in:				
- SGD	231,176	236,302	-	-
- IDR	2,252,606	1,982,846	-	-
	2,483,782	2,219,148	-	-
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	70,366	74,588	-	-
	70,366	74,588	-	-
Total secured borrowings	3,911,312	3,459,506	-	-
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	3,077,962	4,272,752	2,892,802	3,861,646
- SGD	1,874,628	1,616,118	-	-
- THB	1,472,329	1,232,326	-	-
- HKD	103,526	121,905	-	-
- IDR	244,184	30,788	-	-
- VND	11	3	-	-
- INR	11,806	6,358	-	-
- JPY	5	5	-	-
- EURO	-	193,671	-	193,671
- RM	556,271	2,533,470	556,271	2,533,470
	7,340,722	10,007,396	3,449,073	6,588,787
- More than one year				
Denominated in:				
- USD	4,846,847	3,746,250	4,544,080	3,746,250
- JPY	1,841	1,970	-	-
- IDR	437,343	519,091	-	-
	5,286,031	4,267,311	4,544,080	3,746,250

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

	Group		Bank	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
(iii) Capital Securities				
Unsecured				
- More than one year				
Denominated in:				
- RM	4,628,595	4,672,482	4,628,595	4,672,482
- SGD	1,577,133	1,611,698	1,577,133	1,611,698
	6,205,728	6,284,180	6,205,728	6,284,180

A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables

Group	Note	30 June 2018	31 December 2017
		RM'000	RM'000
Insurance/takaful contract liabilities	(i)	25,338,789	24,577,568
Other insurance payables	(ii)	625,637	541,275
		25,964,426	25,118,843

(i) Insurance/takaful contract liabilities

	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
At 30 June 2018			
Life insurance/family takaful	19,920,792	(104,107)	19,816,685
General insurance/general takaful	5,417,997	(3,235,166)	2,182,831
	25,338,789	(3,339,273)	21,999,516
At 31 December 2017			
Life insurance/family takaful	19,275,837	(109,129)	19,166,708
General insurance/general takaful	5,301,731	(3,113,326)	2,188,405
	24,577,568	(3,222,455)	21,355,113

(ii) Other insurance payables

	30 June 2018	31 December 2017
	RM'000	RM'000
Due to agents and intermediaries	102,304	81,154
Due to reinsurers and cedants	463,835	371,874
Due to retakaful operators	59,498	88,247
	625,637	541,275

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A19. Other Liabilities

	Note	Group		Bank	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Amount due to brokers and clients		4,585,465	2,807,623	-	-
Deposits, other creditors and accruals		14,270,741	10,426,200	13,789,382	11,787,648
Defined benefit pension plans		528,032	531,809	-	-
Provisions for commitments and contingencies		41,923	41,953	41,923	41,953
Allowances for impairment losses on loan commitments and financial guarantee contracts	(i)	217,483	-	168,013	-
Finance lease liabilities		307,684	290,559	-	-
Structured deposits		5,739,976	5,080,996	5,739,395	5,080,996
		25,691,304	19,179,140	19,738,713	16,910,597

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Group				
At 30 June 2018				
At 1 January 2018				
- effect of adopting MFRS 9	90,574	75,163	74,027	239,764
At 1 January 2018, as restated	90,574	75,163	74,027	239,764
Transferred to Stage 1	2,262	(2,262)	-	-
Transferred to Stage 2	(1,161)	1,268	(107)	-
Transferred to Stage 3	(134)	(153)	287	-
Allowance made/(written back), net	8,333	(9,995)	7,075	5,413
New financial assets originated or purchased	31,116	11,026	12,167	54,309
Financial assets derecognised	(42,551)	(34,796)	(15,465)	(92,812)
Changes due to change in credit risk	1,010	2,567	7,911	11,488
Changes in models	3	(55)	-	(52)
Changes in risk parameters	(1)	-	-	(1)
Exchange differences	1,050	(1,011)	(665)	(626)
At 30 June 2018	90,501	41,752	85,230	217,483

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A19. Other Liabilities (cont'd.)

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
Bank				
At 30 June 2018				
At 1 January 2018				
- effect of adopting MFRS 9	53,498	66,506	67,083	187,087
At 1 January 2018, as restated	53,498	66,506	67,083	187,087
Transferred to Stage 1	1,734	(1,734)	-	-
Transferred to Stage 2	(1,084)	1,084	-	-
Transferred to Stage 3	(134)	(114)	248	-
Allowance made/(written back), net	7,174	(10,736)	7,597	4,035
New financial assets originated or purchased	29,130	9,698	12,068	50,896
Financial assets derecognised	(34,654)	(32,437)	(14,967)	(82,058)
Changes due to change in credit risk	(834)	2,195	8,303	9,664
Changes in models	-	(55)	-	(55)
Exchange differences	(414)	(832)	(310)	(1,556)
At 30 June 2018	<u>54,416</u>	<u>33,575</u>	<u>80,022</u>	<u>168,013</u>

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A20. Other Reserves

The breakdown and movement of other reserves are as follows:

<u>Group</u>	<===== Non-Distributable =====>				
	Capital Reserve RM'000	Revaluation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2018	13,557	(2,428)	(41,302)	(374,996)	(405,169)
Other comprehensive income	-	-	3,439	28,230	31,669
Defined benefit plan actuarial gain	-	-	3,439	-	3,439
Net gain on net investment hedge	-	-	-	26,470	26,470
Net gain on cash flow hedge	-	-	-	1,760	1,760
Total comprehensive income for the period	-	-	3,439	28,230	31,669
At 30 June 2018	13,557	(2,428)	(37,863)	(346,766)	(373,500)

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

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A21. Interest Income

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Loans, advances and financing	4,192,376	4,078,800	8,231,738	8,266,861
Money at call and deposits and placements with financial institutions	206,557	204,249	387,845	376,674
Financial assets purchased under resale agreements	61,918	22,663	109,702	46,967
Financial investments at FVTPL	264,038	262,204	527,287	476,983
Financial investments at fair value through other comprehensive income	767,483	-	1,499,077	-
Financial investments at amortised cost	173,286	-	335,544	-
Financial investments available-for-sale	-	776,373	-	1,468,910
Financial investments held-to-maturity	-	155,907	-	298,494
	5,665,658	5,500,196	11,091,193	10,934,889
Accretion of discounts, net	64,266	7,270	157,183	673
	5,729,924	5,507,466	11,248,376	10,935,562
Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Loans, advances and financing	3,127,872	2,879,650	6,108,142	5,803,762
Money at call and deposits and placements with financial institutions	212,374	220,433	400,447	419,360
Financial assets purchased under resale agreements	47,980	11,601	67,859	18,193
Financial investments at FVTPL	66,605	77,437	130,858	137,689
Financial investments at fair value through other comprehensive income	655,993	-	1,286,730	-
Financial investments at amortised cost	189,495	-	371,234	-
Financial investments available-for-sale	-	639,880	-	1,224,570
Financial investments held-to-maturity	-	139,014	-	272,588
	4,300,319	3,968,015	8,365,270	7,876,162
Accretion of discounts, net	87,074	20,045	206,233	24,442
	4,387,393	3,988,060	8,571,503	7,900,604

Included in interest income for the six-month financial period ended 30 June 2018 was interest on impaired assets amounting to approximately RM154,694,000 (30 June 2017: RM147,498,000) for the Group and RM113,160,000 (30 June 2017: RM116,538,000) for the Bank.

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A22. Interest Expense

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	314,476	154,561	539,069	289,167
Deposits from customers	1,782,342	1,678,788	3,429,743	3,314,435
Loans sold to Cagamas	16,143	20,829	32,109	30,044
Obligations on financial assets sold under repurchase agreements	30,496	11,020	55,620	33,677
Borrowings	262,375	264,284	501,009	519,960
Subordinated notes	139,104	179,381	282,292	360,143
Subordinated bonds	8,527	8,527	16,968	16,969
Capital securities	98,078	98,641	195,190	195,531
Structured deposits	27,674	27,264	60,845	52,539
Financial liabilities at fair value through profit or loss	90,718	28,486	155,601	52,809
	2,769,933	2,471,781	5,268,446	4,865,274

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	296,746	149,065	506,949	279,831
Deposits from customers	1,400,477	1,177,769	2,637,903	2,343,859
Loans sold to Cagamas	16,143	20,829	32,109	30,044
Obligations on financial assets sold under repurchase agreements	30,496	11,020	55,620	33,677
Borrowings	130,412	152,180	255,712	296,917
Subordinated notes	105,189	134,385	208,348	269,077
Capital securities	98,086	98,654	195,190	195,855
Structured deposits	27,655	27,264	60,826	52,539
Financial liabilities at fair value through profit or loss	90,718	28,486	155,601	52,809
	2,195,922	1,799,652	4,108,258	3,554,608

A23. Net Earned Insurance Premiums

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	1,733,975	1,498,666	3,566,140	2,979,099
Premiums ceded to reinsurers	(243,949)	(242,855)	(564,733)	(469,408)
	1,490,026	1,255,811	3,001,407	2,509,691

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A24. Dividends from Subsidiaries and Associates

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Gross dividend income from:				
Subsidiaries	1,576,610	1,114,688	1,576,610	1,114,688
Associates	-	-	-	910
	1,576,610	1,114,688	1,576,610	1,115,598

A25. Other Operating Income

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Group				
(a) Fee income:				
Commission	315,703	325,456	644,760	631,665
Service charges and fees	369,992	348,401	679,359	676,241
Underwriting fees	12,001	19,360	29,064	44,806
Brokerage income	96,536	120,030	222,005	245,730
Fees on loans, advances and financing	62,434	59,706	117,699	113,794
	856,666	872,953	1,692,887	1,712,236
(b) Investment income:				
Net (loss)/gain on disposal of financial assets at FVTPL	(57,524)	75,438	(25,118)	106,708
Net gain on disposal of financial investments at fair value through other comprehensive income	7,103	-	62,027	-
Net gain on redemption of financial investments at amortised cost	-	-	599	-
Net gain on disposal of financial investments available-for-sale	-	192,506	-	375,433
Net gain on redemption of financial investments held-to-maturity	-	-	-	170
Net loss on disposal of deemed control entity	(15,409)	-	(15,409)	-
Net gain/(loss) on liquidation of subsidiaries	-	9	-	(1,999)
Net (loss)/gain on dilution of interest in associates	(12)	-	1,264	-
	(65,842)	267,953	23,363	480,312
(c) Gross dividend income from:				
Financial investments portfolio	41,383	32,730	61,556	52,820
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets designated upon initial recognition at FVTPL	(176,487)	110,613	(269,996)	122,528
Financial investments at FVTPL	(208,289)	-	(249,748)	-
Financial investments held-for-trading	-	2,526	-	196,835
Financial liabilities at FVTPL	111,529	(78,337)	387,188	(70,516)
Derivatives	(64,551)	64,736	(210,777)	(11,713)
	(337,798)	99,538	(343,333)	237,134
(e) Other income:				
Foreign exchange gain, net	267,563	47,570	398,673	123,774
Realised gain on derivatives	181,923	126,885	268,695	180,316
Rental income	11,961	11,359	22,882	21,429
Gain on disposal of property, plant and equipment	8,679	10,293	68,642	13,909
Loss on disposal of foreclosed properties	(1,129)	(107)	(2,300)	(239)
Others	44,594	58,008	118,511	110,908
	513,591	254,008	875,103	450,097
Total other operating income	1,008,000	1,527,182	2,309,576	2,932,599

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A25. Other Operating Income (cont'd.)

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Bank				
(a) Fee income:				
Commission	284,946	283,874	585,033	549,888
Service charges and fees	278,415	276,903	535,270	536,632
Underwriting fees	3,738	10,546	10,946	15,903
Fees on loans, advances and financing	41,311	30,343	72,689	59,820
	<u>608,410</u>	<u>601,666</u>	<u>1,203,938</u>	<u>1,162,243</u>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	11,738	39,652	66,997	63,789
Net gain on disposal of financial investments at fair value through other comprehensive income	2,174	-	54,055	-
Net gain on redemption of financial investments at amortised cost	-	-	599	-
Net gain on disposal of financial investments available-for-sale	-	55,822	-	85,418
Net gain on redemption of financial investments held-to-maturity	-	-	-	170
Net loss on disposal of deemed control entity	(27,902)	-	(27,902)	-
	<u>(13,990)</u>	<u>95,474</u>	<u>93,749</u>	<u>149,377</u>
(c) Gross dividend income from:				
Financial investments portfolio	3,192	3,381	3,217	3,381
(d) Unrealised (loss)/gain on revaluation of:				
Financial investments at FVTPL	(50,701)	-	21,386	-
Financial investments held-for-trading	-	25,225	-	43,407
Financial liabilities at FVTPL	111,529	(78,337)	387,188	(70,516)
Derivatives	(70,325)	50,880	(259,573)	66,183
	<u>(9,497)</u>	<u>(2,232)</u>	<u>149,001</u>	<u>39,074</u>
(e) Other income:				
Foreign exchange gain, net	308,439	118,372	473,230	131,050
Realised gain on derivatives	128,964	111,527	192,762	163,156
Rental income	7,925	7,984	16,129	15,665
Gain on disposal of property, plant and equipment	3,062	9,558	58,352	12,810
Others	3,775	6,328	7,474	14,291
	<u>452,165</u>	<u>253,769</u>	<u>747,947</u>	<u>336,972</u>
Total other operating income	<u>1,040,280</u>	<u>952,058</u>	<u>2,197,852</u>	<u>1,691,047</u>

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Gross benefits and claims paid	827,018	953,086	1,763,538	1,972,326
Claims ceded to reinsurers	(80,619)	(155,275)	(227,347)	(234,953)
Gross change to contract liabilities	275,081	372,289	738,496	622,446
Change in contract liabilities ceded to reinsurers	(38,673)	(17,907)	(18,568)	85,778
Net insurance benefits and claims incurred	982,807	1,152,193	2,256,119	2,445,597
Net fee and commission expenses	42,802	53,304	95,360	106,306
Change in expense liabilities	(29,469)	13,694	(6,171)	28,925
Taxation of life and takaful fund	(21,881)	10,983	(17,903)	27,775
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(8,548)	77,981	71,286	163,006
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	974,259	1,230,174	2,327,405	2,608,603

A27. Overhead Expenses

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,203,785	1,174,020	2,407,363	2,325,097
Social security cost	10,892	10,843	21,990	22,016
Pension costs - defined contribution plan	141,235	132,690	285,286	261,420
ESS expenses	198	2,584	3,479	8,196
Other staff related expenses	194,556	224,860	423,196	432,243
	1,550,666	1,544,997	3,141,314	3,048,972
(b) Establishment costs				
Depreciation of property, plant and equipment	96,261	95,383	198,613	191,221
Amortisation of intangible assets	59,717	70,289	119,420	141,900
Rental of leasehold land and premises	83,819	97,908	171,525	193,357
Repairs and maintenance of property, plant and equipment	38,085	41,343	76,803	82,898
Information technology expenses	126,937	141,682	285,817	307,477
Fair value adjustments on investments properties	29	25	(377)	54
Others	11,276	12,948	21,566	24,976
	416,124	459,578	873,367	941,883
(c) Marketing expenses				
Advertisement and publicity	37,955	36,782	103,262	104,099
Others	84,510	73,029	162,022	141,020
	122,465	109,811	265,284	245,119

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A27. Overhead Expenses (cont'd.)

Group (cont'd.)	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
(d) Administration and general expenses				
Fees and brokerage	256,800	265,548	496,952	496,306
Administrative expenses	177,416	136,894	322,251	299,085
General expenses	179,193	244,380	380,570	508,013
Others	1,637	7,295	3,398	8,446
	615,046	654,117	1,203,171	1,311,850
Total overhead expenses	2,704,301	2,768,503	5,483,136	5,547,824
Cost to income ratio ("CIR") ¹	46.2%	47.7%	46.9%	48.9%

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

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	752,592	718,110	1,504,812	1,427,318
Social security cost	5,251	4,690	10,796	9,836
Pension costs - defined contribution plan	109,361	103,246	223,482	204,720
ESS expenses	-	2,602	2,401	6,300
Other staff related expenses	111,642	118,811	245,878	236,212
	978,846	947,459	1,987,369	1,884,386
(b) Establishment costs				
Depreciation of property, plant and equipment	41,627	47,853	83,951	95,694
Amortisation of intangible assets	19,965	25,116	40,254	51,596
Rental of leasehold land and premises	35,724	39,840	71,254	78,497
Repairs and maintenance of property, plant and equipment	21,713	23,694	45,531	45,820
Information technology expenses	217,605	191,785	419,649	390,209
Others	2,076	1,660	3,693	3,755
	338,710	329,948	664,332	665,571
(c) Marketing expenses				
Advertisement and publicity	18,173	17,136	58,607	53,602
Others	54,831	45,606	107,556	105,120
	73,004	62,742	166,163	158,722
(d) Administration and general expenses				
Fees and brokerage	167,479	159,547	333,638	302,350
Administrative expenses	67,428	69,550	127,425	139,959
General expenses	80,243	79,329	172,799	163,050
Others	1,512	809	3,228	6,571
	316,662	309,235	637,090	611,930
(e) Overhead expenses allocated to subsidiaries	(292,851)	(270,894)	(590,952)	(556,665)
Total overhead expenses	1,414,371	1,378,490	2,864,002	2,763,944
Cost to income ratio ("CIR") ²	29.4%	32.4%	34.8%	38.6%

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

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- Stage 1 - 12 months ECL, net	(146,855)	-	(222,090)	-
- Stage 2 - Lifetime ECL not credit impaired, net	56,765	-	193,233	-
- Stage 3 - Lifetime ECL credit impaired, net	736,051	-	1,225,437	-
- collective allowance made	-	431,166	-	818,033
- collective allowance written back	-	(343)	-	(485)
- individual allowance made	-	545,325	-	844,106
- individual allowance written back	-	(78,583)	-	(162,312)
Bad debts and financing written-off	25,362	33,120	46,880	54,961
Bad debts and financing recovered	(91,554)	(93,379)	(161,106)	(176,919)
Allowances for/(writeback of) impairment losses on other debts	2,380	(7,050)	9,105	(4,619)
	582,149	830,256	1,091,459	1,372,765

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- Stage 1 - 12 months ECL, net	(51,078)	-	(187,253)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(158,576)	-	(34,450)	-
- Stage 3 - Lifetime ECL credit impaired, net	644,070	-	735,927	-
- collective allowance made, net	-	261,235	-	504,816
- individual allowance made	-	363,226	-	583,393
- individual allowance written back	-	(47,788)	-	(86,039)
Bad debts and financing written-off	21,630	26,708	37,770	40,029
Bad debts and financing recovered	(66,467)	(65,576)	(111,294)	(107,345)
Allowances for impairment losses on other debts	1,133	692	1,864	566
	390,712	538,497	442,564	935,420

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12 months ECL, net	29,214	-	11,727	-
- Stage 2 - Lifetime ECL not credit impaired, net	(18,414)	-	(18,805)	-
- Stage 3 - Lifetime ECL credit impaired, net	(8,316)	-	16,940	-
Financial investments AFS				
- Allowance made	-	6,627	-	7,690
- Amount written back in respect of recoveries	-	(1,147)	-	(1,960)
Net	<u>2,484</u>	<u>5,480</u>	<u>9,862</u>	<u>5,730</u>
Financial investments at amortised cost				
- Stage 1 - 12 months ECL, net	714	-	(20,503)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(9,351)	-	(10,361)	-
- Stage 3 - Lifetime ECL credit impaired, net	(19)	-	(38)	-
Net	<u>(8,656)</u>	<u>-</u>	<u>(30,902)</u>	<u>-</u>
	<u>(6,172)</u>	<u>5,480</u>	<u>(21,040)</u>	<u>5,730</u>
Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12 months ECL, net	27,816	-	9,027	-
- Stage 2 - Lifetime ECL not credit impaired, net	(18,132)	-	(18,456)	-
- Stage 3 - Lifetime ECL credit impaired, net	(8,327)	-	(5,119)	-
Financial investments AFS				
- Amount written back in respect of recoveries	-	3	-	(687)
Net	<u>1,357</u>	<u>3</u>	<u>(14,548)</u>	<u>(687)</u>
Financial investments at amortised cost				
- Stage 1 - 12 months ECL, net	1,649	-	(15,690)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(9,410)	-	(9,740)	-
- Stage 3 - Lifetime ECL credit impaired, net	(19)	-	(38)	-
Net	<u>(7,780)</u>	<u>-</u>	<u>(25,468)</u>	<u>-</u>
	<u>(6,423)</u>	<u>3</u>	<u>(40,016)</u>	<u>(687)</u>

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Cash and short-term funds				
- Stage 1 - 12 months ECL, net	6,379	-	6,049	-
Net	<u>6,379</u>	-	<u>6,049</u>	-
Deposits and placements with financial institutions				
- Stage 1 - 12 months ECL, net	(7,623)	-	(8,464)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(7,801)	-	313	-
Net	<u>(15,424)</u>	-	<u>(8,151)</u>	-
Statutory deposit with central bank agreements				
- Stage 1 - 12 months ECL, net	37	-	37	-
Net	<u>37</u>	-	<u>37</u>	-
Financial assets purchased under resale agreements				
- Stage 1 - 12 months ECL, net	(4,076)	-	860	-
Net	<u>(4,076)</u>	-	<u>860</u>	-
Reinsurance/retakaful assets and other insurance receivables				
- Stage 1 - 12 months ECL, net	(1,559)	-	(7,118)	-
Net	<u>(1,559)</u>	-	<u>(7,118)</u>	-
Other assets				
- Stage 1 - 12 months ECL, net	1,202	-	1,249	-
Net	<u>1,202</u>	-	<u>1,249</u>	-
	<u>(13,441)</u>	-	<u>(7,074)</u>	-
Bank				
Cash and short-term funds				
- Stage 1 - 12 months ECL, net	4,630	-	5,300	-
Net	<u>4,630</u>	-	<u>5,300</u>	-
Deposits and placements with financial institutions				
- Stage 1 - 12 months ECL, net	(9,039)	-	(8,003)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(7,775)	-	313	-
Net	<u>(16,814)</u>	-	<u>(7,690)</u>	-
	<u>(12,184)</u>	-	<u>(2,390)</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 =====>						
Six Months Ended 30 June 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	5,246,911	2,661,308	207,079	3,970	544,382	24,427	8,688,077
- Inter-segment	-	-	(5,776)	1,064	14,653	(9,941)	-
	5,246,911	2,661,308	201,303	5,034	559,035	14,486	8,688,077
Net interest income and income from IBS operations	5,246,911	2,661,308	201,303	5,034	559,035	14,486	8,688,077
Net earned insurance premiums	-	-	-	-	3,001,407	-	3,001,407
Other operating income	1,432,531	1,170,130	510,206	40,222	(441,747)	(401,766)	2,309,576
Total operating income	6,679,442	3,831,438	711,509	45,256	3,118,695	(387,280)	13,999,060
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(2,449,664)	122,259	(2,327,405)
Net operating income	6,679,442	3,831,438	711,509	45,256	669,031	(265,021)	11,671,655
Overhead expenses	(3,493,309)	(985,204)	(514,793)	(57,708)	(432,122)	-	(5,483,136)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	3,186,133	2,846,234	196,716	(12,452)	236,909	(265,021)	6,188,519
Writeback of/(allowances for) impairment losses on financial investments, net	(180,742)	(924,421)	12,378	-	1,326	-	(1,091,459)
Writeback of/(allowances for) impairment losses on other financial assets, net	3	41,514	(128)	(20,373)	24	-	21,040
Operating profit/(loss)	296	1,618	(1,503)	(8)	6,671	-	7,074
Share of profits in associates and joint ventures	3,005,690	1,964,945	207,463	(32,833)	244,930	(265,021)	5,125,174
Profit/(loss) before taxation and zakat	3,005,690	2,004,942	208,533	(32,833)	244,930	(265,021)	5,166,241
Taxation and zakat							(1,271,823)
Profit after taxation and zakat							3,894,418
Non-controlling interests							(64,369)
Profit for the period - attributable to equity holders of the Bank							3,830,049

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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 =====>							
Six Months Ended 30 June 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			
Included in other operating income are:								
Fee income:								
Commission	557,073	82,332	41,652	2,718	-	(39,015)		644,760
Service charges and fees	436,740	218,598	86,282	36,476	773	(99,510)		679,359
Underwriting fees	-	10,952	18,117	-	-	(5)		29,064
Brokerage income	-	-	222,005	-	-	-		222,005
Fees on loans, advances and financing	58,409	57,806	-	-	(226)	1,710		117,699
Fee income from IBS operations	131,946	54,012	29,182	-	-	(24,061)		191,079
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(123,476)	(34,464)	(30,550)	(481)	(9,642)	-		(198,613)
Amortisation of intangible assets	(66,298)	(20,647)	(20,296)	(410)	(11,769)	-		(119,420)

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A31. Segment Information (cont'd.)

By business segments (cont'd.)

Six Months Ended 30 June 2017	<===== Business Segments =====>						Total RM'000
	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS operations							
- External	5,202,874	2,655,660	207,759	3,990	528,975	(118,686)	8,480,572
- Inter-segment	-	-	(11,257)	(7,678)	27,174	(8,239)	-
	5,202,874	2,655,660	196,502	(3,688)	556,149	(126,925)	8,480,572
Net interest income and income from IBS operations	5,202,874	2,655,660	196,502	(3,688)	556,149	(126,925)	8,480,572
Net earned insurance premiums	-	-	-	-	2,509,691	-	2,509,691
Other operating income	1,404,215	1,105,932	428,569	146,271	435,457	(587,845)	2,932,599
Total operating income	6,607,089	3,761,592	625,071	142,583	3,501,297	(714,770)	13,922,862
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(2,689,290)	80,687	(2,608,603)
Net operating income	6,607,089	3,761,592	625,071	142,583	812,007	(634,083)	11,314,259
Overhead expenses	(3,590,154)	(987,904)	(539,415)	(78,807)	(351,544)	-	(5,547,824)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	3,016,935	2,773,688	85,656	63,776	460,463	(634,083)	5,766,435
Writeback of/(allowances for) impairment losses on financial investments, net	(669,724)	(700,280)	1,698	(540)	(3,919)	-	(1,372,765)
Operating profit/(loss)	-	1,960	-	-	(7,690)	-	(5,730)
Share of profits in associates and joint ventures	2,347,211	2,075,368	87,354	63,236	448,854	(634,083)	4,387,940
Profit/(loss) before taxation and zakat	-	96,832	8,712	77	-	-	105,621
Taxation and zakat	2,347,211	2,172,200	96,066	63,313	448,854	(634,083)	4,493,561
Profit after taxation and zakat							(1,024,230)
Non-controlling interests							3,469,331
Profit for the period - attributable to equity holders of the Bank							(108,094)
							3,361,237
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(120,668)	(34,460)	(27,538)	(401)	(8,154)	-	(191,221)
Amortisation of intangible assets	(88,394)	(23,872)	(22,426)	(236)	(6,972)	-	(141,900)

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A32. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the financial year ended 31 December 2017.

A33. Subsequent Events

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

A34. Changes in the Composition of the Group

There were no significant changes to the composition of the Group during the financial half year ended 30 June 2018.

A35. Commitments and Contingencies

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

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

Group	As at 30 June 2018			As at 31 December 2017		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	11,628,081	11,111,915	6,523,240	12,970,421	12,064,534	6,552,472
Certain transaction-related contingent items	17,267,734	8,895,018	5,928,337	18,427,282	9,348,060	6,086,500
Short-term self-liquidating trade-related contingencies	5,632,338	1,061,808	703,257	6,029,951	1,107,435	694,977
	34,528,153	21,068,741	13,154,834	37,427,654	22,520,029	13,333,949
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	106,912,609	21,043,015	10,670,519	102,342,408	20,083,466	10,313,630
- Maturity exceeding one year	39,770,948	25,269,761	11,389,130	37,907,505	26,263,062	12,565,526
	146,683,557	46,312,776	22,059,649	140,249,913	46,346,528	22,879,156
Miscellaneous commitments and contingencies	10,446,171	333,915	43,203	12,098,705	412,246	180,312
Total credit-related commitments and contingencies	191,657,881	67,715,432	35,257,686	189,776,272	69,278,803	36,393,417

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A35. Commitments and Contingencies (cont'd.)

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

Group (cont'd.)	As at 30 June 2018			As at 31 December 2017		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
Derivative financial instruments						
Foreign exchange related contracts:						
- Less than one year	393,711,561	4,097,205	1,073,695	281,135,919	4,013,251	1,058,177
- One year to less than five years	32,126,777	1,566,743	895,459	30,150,396	1,450,112	1,176,205
- Five years and above	3,198,542	132,662	69,529	4,084,188	89,195	48,174
	429,036,880	5,796,610	2,038,683	315,370,503	5,552,558	2,282,556
Interest rate related contracts:						
- Less than one year	62,865,616	1,356,625	509,843	77,147,663	434,138	193,277
- One year to less than five years	169,492,067	4,238,702	1,992,972	163,085,655	4,039,064	1,659,736
- Five years and above	59,679,067	1,555,445	1,639,437	56,135,013	1,867,117	1,613,596
	292,036,750	7,150,772	4,142,252	296,368,331	6,340,319	3,466,609
Equity and commodity related contracts:						
- Less than one year	6,932,743	15,660	3,069	5,631,415	10,492	3,792
- One year to less than five years	4,615,150	40,629	5,474	4,193,817	10,944	1,976
- Five years and above	33,663	-	-	33,663	-	-
	11,581,556	56,289	8,543	9,858,895	21,436	5,768
Total treasury-related commitments and contingencies	732,655,186	13,003,671	6,189,478	621,597,729	11,914,313	5,754,933
Total commitments and contingencies	924,313,067	80,719,103	41,447,164	811,374,001	81,193,116	42,148,350
Bank						
Contingent liabilities						
Direct credit substitutes	9,548,658	9,548,658	5,221,478	10,665,916	10,373,876	5,071,621
Certain transaction-related contingent items	13,788,620	6,932,788	4,343,950	14,618,417	7,207,090	4,429,669
Short-term self-liquidating trade-related contingencies	5,253,335	910,824	563,899	5,600,847	937,807	548,026
	28,590,613	17,392,270	10,129,327	30,885,180	18,518,773	10,049,316
Commitments						
Irrevocable commitments to extend credit:						
- Maturity within one year	85,321,477	16,196,524	7,473,183	79,885,420	14,787,173	6,948,719
- Maturity exceeding one year	31,743,844	21,784,816	9,815,632	30,199,078	23,168,096	10,967,370
	117,065,321	37,981,340	17,288,815	110,084,498	37,955,269	17,916,089
Miscellaneous commitments and contingencies	7,432,185	323,926	41,181	9,798,574	411,803	180,312
Total credit-related commitments and contingencies	153,088,119	55,697,536	27,459,323	150,768,252	56,885,845	28,145,717

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A35. Commitments and Contingencies (cont'd.)

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

	As at 30 June 2018			As at 31 December 2017		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
Bank (cont'd.)						
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	383,476,248	3,755,567	955,443	273,366,420	3,815,458	991,438
- One year to less than five years	30,925,715	1,294,877	692,539	30,556,992	1,366,385	1,118,455
- Five years and above	3,198,542	145	90	4,084,188	243	125
	417,600,505	5,050,589	1,648,072	308,007,600	5,182,086	2,110,018
Interest rate related contracts:						
- Less than one year	61,210,205	731,598	301,140	75,797,820	296,628	148,788
- One year to less than five years	171,339,593	3,851,859	1,751,554	163,096,687	3,484,049	1,374,343
- Five years and above	58,449,257	1,562,423	1,613,782	55,929,064	1,879,885	1,610,746
	290,999,055	6,145,880	3,666,476	294,823,571	5,660,562	3,133,877
Equity and commodity related contracts:						
- Less than one year	4,669,907	15,660	3,069	3,649,780	10,492	3,792
- One year to less than five years	4,615,150	40,629	5,474	4,192,152	10,944	1,976
	9,285,057	56,289	8,543	7,841,932	21,436	5,768
Total treasury-related commitments and contingencies	717,884,617	11,252,758	5,323,091	610,673,103	10,864,084	5,249,663
Total commitments and contingencies	870,972,736	66,950,294	32,782,414	761,441,355	67,749,929	33,395,380

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

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 30 June 2018, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM7,538.6 million (31 December 2017: RM6,704.7 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

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A35. Commitments and Contingencies (cont'd.)

- (ii) 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)	Tier 1 Capital Ratio	Total Capital Ratio
4.5%*	6.0%	8.0%

* Excluding Capital Conservation Buffer of 2.5% of total risk-weighted assets ("RWA") which is subject to phase-in arrangement effective on 1 January 2016 as well as Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA and any other capital buffers which may be introduced by BNM.

- (ii) Total RWA is calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) both issued by BNM on 2 February 2018 for Conventional banks and Islamic banks respectively.

The sum of the above is further adjusted to take into account any profit-sharing investment accounts ("PSIA") recognised as risk absorbent for capital adequacy purposes, in the manner stipulated under the Guidelines on Recognition and Measurement of PSIA as Risk Absorbent as updated by BNM on 26 July 2011.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital are not subjected to any further capital charges in the computation of RWA.

(b) Compliance and application of capital adequacy ratios

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) both issued on 2 February 2018. The total RWA are computed based on the following approaches:

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

On an entity level basis, the computation of capital adequacy ratios of the subsidiaries of the Group are as follows:

- (i) For Maybank Islamic Berhad, the computation of capital adequacy ratios are based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) both issued on 2 February 2018. The total RWA are computed based on the following approaches:

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

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

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A36. Capital Adequacy (cont'd.)

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

(ii) For Maybank Investment Bank Berhad, the computation of capital adequacy ratios are based on BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) both issued on 2 February 2018. The total RWA are computed based on the following approaches:

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

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

(iii) For PT Bank Maybank Indonesia Tbk, the computation of capital adequacy ratios are in accordance with local requirements, which is based on the Basel II capital accord. The total RWA are computed based on the following approaches:

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

The minimum regulatory capital adequacy requirement for PT Bank Maybank Indonesia Tbk is 10% up to less than 11% (2017: 10% up to less than 11%) of total RWA.

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

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

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

For the financial half year ended 30 June 2018, the Bank has proposed a single-tier interim dividend of 25 sen, which consists of a cash portion of 15 sen and an electable portion of 10 sen per ordinary share. The electable portion can be elected to be reinvested in new ordinary shares in accordance with the DRP.

In arriving the capital adequacy ratios for the financial half year ended 30 June 2018, the proposed single-tier interim dividend has not been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
CET1 Capital Ratio	13.633%	14.773%	13.318%	15.853%
Tier 1 Capital Ratio	15.204%	16.459%	15.191%	17.950%
Total Capital Ratio	18.253%	19.383%	18.241%	19.313%

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A36. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
CET1 Capital				
Share capital	45,828,756	44,250,380	45,828,756	44,250,380
Retained profits ¹	19,167,813	20,451,568	13,544,355	13,582,048
Other reserves ¹	1,588,029	3,619,581	3,842,664	4,612,799
Qualifying non-controlling interests	127,513	137,081	-	-
Less: Shares held-in-trust	(76,148)	(183,438)	(76,148)	(183,438)
CET1 Capital before regulatory adjustments	66,635,963	68,275,172	63,139,627	62,261,789
Less: Regulatory adjustments applied on CET1 Capital:				
Deferred tax assets	(1,984,014)	(802,593)	(981,075)	(315,013)
Goodwill	(5,436,397)	(5,756,367)	(81,015)	(81,015)
Other intangibles	(907,424)	(855,056)	(502,208)	(487,015)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(16,533)	-	(16,032)	-
Gains on financial instruments classified as 'available-for-sale'	-	(17,922)	-	-
Regulatory reserve	(2,902,531)	(2,747,285)	(2,606,535)	(2,233,563)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(3,127,067)	(2,685,548)	(23,826,203)	(17,974,763)
Total CET1 Capital	52,261,997	55,410,401	35,126,559	41,170,420
Additional Tier 1 Capital				
Capital securities	5,940,432	6,244,010	5,940,432	6,244,010
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	81,103	80,195	-	-
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	-	-	(1,000,000)	(800,000)
Total Tier 1 Capital	58,283,532	61,734,606	40,066,991	46,614,430
Tier 2 Capital				
Subordinated obligations	9,266,912	9,271,613	9,266,912	9,271,613
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	494,927	488,385	-	-
General provisions ⁴	345,920	-	107,839	-
Collective allowance ²	-	278,397	-	136,641
Surplus of total eligible provision over total expected loss	1,580,196	1,601,682	1,135,752	1,171,604
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	-	(671,387)	(2,465,639)	(7,038,871)
Total Tier 2 Capital	11,687,955	10,968,690	8,044,864	3,540,987
Total Capital	69,971,487	72,703,296	48,111,855	50,155,417

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

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

³ For the Bank, the regulatory adjustment includes cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM10,289,000 and (iii) Maybank Agro Fund Sdn. Bhd. of RM10,845,000, as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes carrying amount of associates and investment in insurance and takaful entities.

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

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

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A36. Capital Adequacy (cont'd.)

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

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

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk
<u>At 30 June 2018</u>			
CET1 Capital Ratio	13.194%	25.310%	-
Tier 1 Capital Ratio	14.721%	25.310%	-
Total Capital Ratio	19.047%	26.562%	18.769%
<u>At 31 December 2017</u>			
CET1 Capital Ratio	14.500%	31.322%	-
Tier 1 Capital Ratio	16.150%	31.322%	-
Total Capital Ratio	20.782%	31.525%	17.535%

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A36. Capital Adequacy (cont'd.)

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

At 30 June 2018

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000
Standardised Approach exposure	57,506,448	32,411,255	8,903,323	1,173,986	31,506,364
Internal Ratings-Based Approach exposure after scaling factor	<u>263,365,983</u>	<u>189,291,966</u>	<u>61,209,285</u>	-	-
Total RWA for credit risk	320,872,431	221,703,221	70,112,608	1,173,986	31,506,364
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(12,534,326)	-	-
Total RWA for market risk	21,185,233	18,239,256	957,465	228,363	426,769
Total RWA for operational risk	41,285,750	23,807,984	6,933,742	782,266	5,172,403
Total RWA	<u>383,343,414</u>	<u>263,750,461</u>	<u>65,469,489</u>	<u>2,184,615</u>	<u>37,105,536</u>

At 31 December 2017

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000
Standardised Approach exposure	53,705,463	29,785,935	8,796,181	1,023,110	32,949,975
Internal Ratings-Based Approach exposure after scaling factor	<u>266,947,028</u>	<u>195,267,276</u>	<u>60,246,868</u>	-	-
Total RWA for credit risk	320,652,491	225,053,211	69,043,049	1,023,110	32,949,975
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(15,855,390)	-	-
Total RWA for market risk	14,351,443	11,445,563	939,674	124,903	578,180
Total RWA for operational risk	40,075,835	23,197,842	6,490,748	763,899	5,000,612
Total RWA	<u>375,079,769</u>	<u>259,696,616</u>	<u>60,618,081</u>	<u>1,911,912</u>	<u>38,528,767</u>

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

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A37. Derivative Financial Instruments

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

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

	Group			Bank		
	Principal Amount RM'000	<----- Fair Value ----->		Principal Amount RM'000	<----- Fair Value ----->	
At 30 June 2018	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	42,953,988	458,148	(496,997)	36,560,137	378,499	(390,704)
- One year to three years	2,668,093	66,113	(56,887)	2,427,630	67,063	(56,303)
- More than three years	66,155	351	(15,345)	323,895	351	(15,345)
	<u>45,688,236</u>	<u>524,612</u>	<u>(569,229)</u>	<u>39,311,662</u>	<u>445,913</u>	<u>(462,352)</u>
Currency swaps:						
- Less than one year	321,698,636	2,789,156	(2,294,785)	315,749,388	2,692,804	(2,347,964)
- One year to three years	1,246,971	4,941	(14,447)	1,246,971	4,941	(14,447)
- More than three years	6,908	-	(998)	6,908	-	(998)
	<u>322,952,515</u>	<u>2,794,097</u>	<u>(2,310,230)</u>	<u>317,003,267</u>	<u>2,697,745</u>	<u>(2,363,409)</u>
Currency spots:						
- Less than one year	7,674,642	12,754	(12,791)	8,789,455	16,028	(15,079)
Currency options:						
- Less than one year	13,128,623	21,309	(42,007)	13,128,777	19,866	(36,546)
- One year to three years	1,443,758	96,560	(124,889)	1,444,121	55,459	(66,534)
	<u>14,572,381</u>	<u>117,869</u>	<u>(166,896)</u>	<u>14,572,898</u>	<u>75,325</u>	<u>(103,080)</u>
Cross currency interest rate swaps:						
- Less than one year	8,088,479	178,041	(394,231)	9,081,298	264,013	(460,412)
- One year to three years	11,407,100	445,222	(331,242)	10,504,511	438,141	(291,740)
- More than three years	13,285,826	711,460	(442,205)	12,969,713	707,882	(424,633)
	<u>32,781,405</u>	<u>1,334,723</u>	<u>(1,167,678)</u>	<u>32,555,522</u>	<u>1,410,036</u>	<u>(1,176,785)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	56,104,540	47,214	(74,697)	56,528,328	50,062	(73,871)
- One year to three years	73,108,659	285,539	(550,678)	73,228,008	278,970	(547,472)
- More than three years	143,650,486	1,798,402	(1,775,287)	143,955,196	1,793,554	(1,784,023)
	<u>272,863,685</u>	<u>2,131,155</u>	<u>(2,400,662)</u>	<u>273,711,532</u>	<u>2,122,586</u>	<u>(2,405,366)</u>
Interest rate futures:						
- Less than one year	5,603,664	188,072	(185,240)	3,827,427	187,852	(184,936)
- One year to three years	565,167	252	-	-	-	-
	<u>6,168,831</u>	<u>188,324</u>	<u>(185,240)</u>	<u>3,827,427</u>	<u>187,852</u>	<u>(184,936)</u>
Interest rate options:						
- Less than one year	255,671	-	(27)	255,671	-	(27)
- One year to three years	3,828,978	1,704	(4,258)	3,828,978	1,704	(4,258)
- More than three years	7,200,940	221,379	(302,905)	8,190,940	232,416	(302,905)
	<u>11,285,589</u>	<u>223,083</u>	<u>(307,190)</u>	<u>12,275,589</u>	<u>234,120</u>	<u>(307,190)</u>

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A37. Derivative Financial Instruments (cont'd.)

At 30 June 2018 (cont'd.)	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
<u>Trading derivatives (cont'd.)</u>						
<u>Equity related contracts</u>						
Index futures:						
- More than three years	33,663	2,966	-	-	-	-
Equity options:						
- Less than one year	328,503	8,058	(134,468)	-	-	-
Equity swaps:						
- Less than one year	2,058,415	53,572	(185,745)	124,082	16,731	-
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,225,233	173,847	(173,847)	3,225,233	173,847	(173,847)
- One year to three years	3,183,265	139,260	(139,260)	3,183,265	139,260	(139,260)
	<u>6,408,498</u>	<u>313,107</u>	<u>(313,107)</u>	<u>6,408,498</u>	<u>313,107</u>	<u>(313,107)</u>
Commodity swaps:						
- Less than one year	1,320,592	91,112	(90,911)	1,320,592	91,112	(90,911)
- One year to three years	1,427,676	128,982	(128,153)	1,427,676	128,982	(128,153)
- More than three years	4,209	239	(226)	4,209	239	(226)
	<u>2,752,477</u>	<u>220,333</u>	<u>(219,290)</u>	<u>2,752,477</u>	<u>220,333</u>	<u>(219,290)</u>
<u>Hedging derivatives</u>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	167,193	-	(43,131)	167,193	-	(43,131)
- One year to three years	3,216,798	196,802	(69,672)	3,216,798	196,802	(69,672)
- More than three years	1,983,710	-	(83,357)	1,983,710	-	(83,357)
	<u>5,367,701</u>	<u>196,802</u>	<u>(196,160)</u>	<u>5,367,701</u>	<u>196,802</u>	<u>(196,160)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	901,741	2,409	(1,767)	598,779	-	(1,767)
- One year to three years	231,176	1,594	-	-	-	-
- More than three years	585,728	2,952	(6,878)	585,728	2,952	(6,878)
	<u>1,718,645</u>	<u>6,955</u>	<u>(8,645)</u>	<u>1,184,507</u>	<u>2,952</u>	<u>(8,645)</u>
Netting effects under MFRS 132 Amendments						
	-	(589,810)	589,810	-	(589,810)	589,810
Total	<u>732,655,186</u>	<u>7,538,600</u>	<u>(7,587,521)</u>	<u>717,884,617</u>	<u>7,349,720</u>	<u>(7,165,589)</u>

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A37. Derivative Financial Instruments (cont'd.)

At 31 December 2017	Principal Amount RM'000	Group <---- Fair Value ---->		Principal Amount RM'000	Bank <---- Fair Value ---->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Foreign exchange related contracts						
Currency forwards:						
- Less than one year	32,008,349	233,163	(634,310)	25,510,068	227,109	(402,267)
- One year to three years	1,629,193	47,603	(31,293)	1,304,273	39,069	(30,958)
- More than three years	422,172	11,944	(2,671)	670,373	11,944	(2,671)
	<u>34,059,714</u>	<u>292,710</u>	<u>(668,274)</u>	<u>27,484,714</u>	<u>278,122</u>	<u>(435,896)</u>
Currency swaps:						
- Less than one year	236,187,976	2,293,375	(2,202,490)	235,256,487	2,425,979	(2,413,916)
- One year to three years	61,347	6,897	(2,171)	61,347	6,897	(2,171)
- More than three years	6,926	-	(719)	6,926	-	(719)
	<u>236,256,249</u>	<u>2,300,272</u>	<u>(2,205,380)</u>	<u>235,324,760</u>	<u>2,432,876</u>	<u>(2,416,806)</u>
Currency spots:						
- Less than one year	1,851,202	1,568	(4,683)	2,217,295	2,440	(4,766)
Currency options:						
- Less than one year	3,486,393	7,298	(6,526)	3,486,393	7,298	(6,526)
Cross currency interest rate swaps:						
- Less than one year	6,937,210	249,013	(405,083)	6,231,388	254,172	(399,862)
- One year to three years	13,057,868	466,175	(447,398)	13,803,118	583,609	(549,254)
- More than three years	14,392,784	697,288	(647,777)	14,130,849	694,522	(647,776)
	<u>34,387,862</u>	<u>1,412,476</u>	<u>(1,500,258)</u>	<u>34,165,355</u>	<u>1,532,303</u>	<u>(1,596,892)</u>
Interest rate related contracts						
Interest rate swaps:						
- Less than one year	72,311,200	55,593	(86,753)	72,562,300	55,593	(87,548)
- One year to three years	68,156,174	315,620	(301,183)	68,334,401	315,821	(298,075)
- More than three years	136,896,093	1,706,997	(1,659,486)	137,510,497	1,701,148	(1,667,467)
	<u>277,363,467</u>	<u>2,078,210</u>	<u>(2,047,422)</u>	<u>278,407,198</u>	<u>2,072,562</u>	<u>(2,053,090)</u>
Interest rate futures:						
- Less than one year	4,233,443	994	(4,016)	2,632,500	737	(3,263)
- One year to three years	2,957,496	1,362	(230)	1,620,000	633	-
	<u>7,190,939</u>	<u>2,356</u>	<u>(4,246)</u>	<u>4,252,500</u>	<u>1,370</u>	<u>(3,263)</u>
Interest rate options:						
- Less than one year	603,020	5	(11)	603,020	5	(11)
- One year to three years	3,290,696	5,452	(2,308)	3,290,696	5,452	(2,308)
- More than three years	6,792,907	44,212	(241,238)	7,682,907	55,550	(241,250)
	<u>10,686,623</u>	<u>49,669</u>	<u>(243,557)</u>	<u>11,576,623</u>	<u>61,007</u>	<u>(243,569)</u>

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A37. Derivative Financial Instruments (cont'd.)

At 31 December 2017 (cont'd.)	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
<u>Trading derivatives (cont'd.)</u>						
<u>Equity related contracts</u>						
Index futures:						
- More than three years	33,663	3,036	-	-	-	-
	<u>33,663</u>	<u>3,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	191,473	33,953	(86,815)	15,450	1,061	-
- One year to three years	1,665	143	-	-	-	-
	<u>193,138</u>	<u>34,096</u>	<u>(86,815)</u>	<u>15,450</u>	<u>1,061</u>	<u>-</u>
Equity swaps:						
- Less than one year	1,953,990	60,603	(35,301)	148,378	15,080	(1,176)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	2,565,283	207,536	(205,258)	2,565,283	207,536	(205,258)
- One year to three years	3,465,273	256,342	(258,620)	3,465,273	256,342	(258,620)
	<u>6,030,556</u>	<u>463,878</u>	<u>(463,878)</u>	<u>6,030,556</u>	<u>463,878</u>	<u>(463,878)</u>
Commodity swaps:						
- Less than one year	920,669	54,591	(54,069)	920,669	54,591	(54,069)
- One year to three years	382,166	10,982	(10,898)	382,166	10,982	(10,898)
- More than three years	344,713	12,475	(11,878)	344,713	12,475	(11,878)
	<u>1,647,548</u>	<u>78,048</u>	<u>(76,845)</u>	<u>1,647,548</u>	<u>78,048</u>	<u>(76,845)</u>
<u>Hedging derivatives</u>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	664,789	37,343	-	664,789	37,343	-
- One year to three years	3,144,706	161,885	(130,381)	3,144,706	161,885	(130,381)
- More than three years	1,519,588	-	(36,123)	1,519,588	-	(36,123)
	<u>5,329,083</u>	<u>199,228</u>	<u>(166,504)</u>	<u>5,329,083</u>	<u>199,228</u>	<u>(166,504)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- One year to three years	742,552	1,813	(1,311)	202,500	558	(772)
- More than three years	384,750	11,166	(1,791)	384,750	11,166	(1,791)
	<u>1,127,302</u>	<u>12,979</u>	<u>(3,102)</u>	<u>587,250</u>	<u>11,724</u>	<u>(2,563)</u>
Netting effects under MFRS 132 Amendments						
	-	(291,776)	291,776	-	(291,776)	291,776
Total	<u>621,597,729</u>	<u>6,704,651</u>	<u>(7,221,015)</u>	<u>610,673,103</u>	<u>6,865,221</u>	<u>(7,179,998)</u>

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A38. Fair Value Measurements of Financial Instruments

Fair value hierarchy

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

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

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

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

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

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

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

The following tables show the Group's and the Bank's financial assets and financial liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2018 and 31 December 2017.

Group	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 30 June 2018				
Financial assets measured at fair value:				
Financial assets designated upon initial recognition at fair value through profit or loss	80,237	15,012,334	-	15,092,571
Money market instruments	-	899,636	-	899,636
Quoted securities	80,237	-	-	80,237
Unquoted securities	-	14,112,698	-	14,112,698
Financial investments at fair value through profit or loss	4,846,607	8,256,879	1,051,674	14,155,160
Money market instruments	-	2,785,562	-	2,785,562
Quoted securities	4,846,607	-	-	4,846,607
Unquoted securities*	-	5,471,317	1,051,674	6,522,991
Financial investments at fair value through other comprehensive income	1,008,411	115,674,146	506,032	117,188,589
Money market instruments	-	57,737,405	-	57,737,405
Quoted securities	1,008,411	-	-	1,008,411
Unquoted securities*	-	57,936,741	506,032	58,442,773
Loans, advances and financing at fair value through other comprehensive income	-	-	5,904,498	5,904,498
Derivative assets	-	7,118,577	420,023	7,538,600
Foreign exchange related contracts	-	4,980,857	-	4,980,857
Interest rate related contracts	-	2,549,517	-	2,549,517
Equity and commodity related contracts	-	178,013	420,023	598,036
Netting effects under MFRS 132 Amendments	-	(589,810)	-	(589,810)
	5,935,255	146,061,936	7,882,227	159,879,418

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

Group (cont'd.) At 30 June 2018	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss	-	9,729,467	-	9,729,467
Structured deposits	-	2,427,840	-	2,427,840
Borrowings	-	7,301,627	-	7,301,627
Derivative liabilities	11,709	7,155,789	420,023	7,587,521
Foreign exchange related contracts	-	4,422,984	-	4,422,984
Interest rate related contracts	-	2,901,737	-	2,901,737
Equity and commodity related contracts	11,709	420,878	420,023	852,610
Netting effects under MFRS 132 Amendments	-	(589,810)	-	(589,810)
	11,709	16,885,256	420,023	17,316,988

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

Financial liabilities measured at fair value:

Financial liabilities designated at fair value through profit or loss	-	6,375,815	-	6,375,815
Structured deposits	-	2,366,966	-	2,366,966
Borrowings	-	4,008,849	-	4,008,849
Derivative liabilities	26,899	6,715,643	478,473	7,221,015
Foreign exchange related contracts	-	4,551,625	-	4,551,625
Interest rate related contracts	-	2,298,327	-	2,298,327
Equity and commodity related contracts	26,899	157,467	478,473	662,839
Netting effects under MFRS 132 Amendments	-	(291,776)	-	(291,776)
	26,899	13,091,458	478,473	13,596,830

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

Bank	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 30 June 2018				
Financial assets measured at fair value:				
Financial investments at fair value through profit or loss	234,387	8,511,709	921,975	9,668,071
Money market instruments	-	2,380,533	-	2,380,533
Quoted securities	234,387	-	-	234,387
Unquoted securities*	-	6,131,176	921,975	7,053,151
Financial investments at fair value through other comprehensive income	50,063	95,093,233	425,587	95,568,883
Money market instruments	-	43,540,509	-	43,540,509
Quoted securities	50,063	-	-	50,063
Unquoted securities*	-	51,552,724	425,587	51,978,311
Loans, advances and financing at fair value through other comprehensive income	-	-	5,435,831	5,435,831
Derivative assets	-	6,929,697	420,023	7,349,720
Foreign exchange related contracts	-	4,841,849	-	4,841,849
Interest rate related contracts	-	2,547,510	-	2,547,510
Equity and commodity related contracts	-	130,148	420,023	550,171
Netting effects under MFRS 132 Amendments	-	(589,810)	-	(589,810)
	284,450	110,534,639	7,203,416	118,022,505

Financial liabilities measured at fair value:

Financial liabilities designated at fair value through profit or loss	-	8,736,228	-	8,736,228
Structured deposits	-	1,434,601	-	1,434,601
Borrowings	-	7,301,627	-	7,301,627
Derivative liabilities	-	6,745,566	420,023	7,165,589
Foreign exchange related contracts	-	4,316,865	-	4,316,865
Interest rate related contracts	-	2,906,137	-	2,906,137
Equity and commodity related contracts	-	112,374	420,023	532,397
Netting effects under MFRS 132 Amendments	-	(589,810)	-	(589,810)
	-	15,481,794	420,023	15,901,817

Bank	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2017				
Financial assets measured at fair value:				
Financial investments held-for-trading	142,413	7,754,264	-	7,896,677
Money market instruments	-	3,737,846	-	3,737,846
Quoted securities	142,413	-	-	142,413
Unquoted securities	-	4,016,418	-	4,016,418
Financial investments available-for-sale	196,592	88,734,733	355,414	89,286,739
Money market instruments	-	43,705,255	-	43,705,255
Quoted securities	196,592	-	-	196,592
Unquoted securities	-	45,029,478	355,414	45,384,892

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

Bank (cont'd.) At 31 December 2017	<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.):				
Derivative assets	-	6,385,687	479,534	6,865,221
Foreign exchange related contracts	-	4,452,267	-	4,452,267
Interest rate related contracts	-	2,146,663	-	2,146,663
Equity and commodity related contracts	-	78,533	479,534	558,067
Netting effects under MFRS132 Amendments	-	(291,776)	-	(291,776)
	339,005	102,874,684	834,948	104,048,637
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss	-	5,483,120	-	5,483,120
Structured deposits	-	1,474,271	-	1,474,271
Borrowings	-	4,008,849	-	4,008,849
Derivative liabilities	-	6,701,525	478,473	7,179,998
Foreign exchange related contracts	-	4,627,390	-	4,627,390
Interest rate related contracts	-	2,302,485	-	2,302,485
Equity and commodity related contracts	-	63,426	478,473	541,899
Netting effects under MFRS132 Amendments	-	(291,776)	-	(291,776)
	-	12,184,645	478,473	12,663,118

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

Valuation techniques

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

Derivatives

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

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

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

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

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

Financial liabilities designated at fair value through profit or loss

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

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

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

Group	At 1 January 2018 RM'000	Effect of adopting MFRS 9 RM'000	Restated as at 1 January 2018 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 30 June 2018 RM'000
Financial investments at fair value through profit or loss													
Unquoted securities	-	221,261	221,261	-	830,413	-	-	-	-	-	-	-	1,051,674
Financial investments at fair value through other comprehensive income													
Unquoted securities	508,225	(143,814)	364,411	-	-	141,569	-	-	-	52	-	-	506,032
Loans, advances and financing at fair value through other comprehensive income	-	3,816,059	3,816,059	-	-	21,754	2,669,678	-	(602,993)	-	-	-	5,904,498
Derivative assets													
Equity and commodity related contracts	479,534	-	479,534	110,289	(115,142)	-	97,423	-	(152,081)	-	-	-	420,023
Total Level 3 financial assets	987,759	3,893,506	4,881,265	110,289	715,271	163,323	2,767,101	-	(755,074)	52	-	-	7,882,227
Derivative liabilities													
Equity and commodity related contracts	(478,473)	-	(478,473)	114,342	(115,142)	-	(97,423)	-	156,673	-	-	-	(420,023)
Total Level 3 financial liabilities	(478,473)	-	(478,473)	114,342	(115,142)	-	(97,423)	-	156,673	-	-	-	(420,023)
Total net Level 3 financial assets	509,286	3,893,506	4,402,792	224,631	600,129	163,323	2,669,678	-	(598,401)	52	-	-	7,462,204

* 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.):

Group	At 1 January 2017 RM'000	Other (losses)/gains recognised in income statements* RM'000	Unrealised (losses)/gains recognised in income statements# RM'000	Unrealised (losses) recognised in other comprehensive income RM'000	Purchases/ Issuances RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2017 RM'000
At 31 December 2017											
Financial assets held-for-trading											
Unquoted securities	-	(19)	-	-	551	(532)	-	-	-	-	-
Financial assets designated at fair value through profit or loss											
Unquoted securities	80,814	3,540	(21,754)	-	-	(62,600)	-	-	-	-	-
Financial investments available-for-sale											
Unquoted securities	767,606	(3,925)	-	(32,323)	2,925	(90,155)	(35,860)	(6,621)	59,211	(152,633)	508,225
Derivative assets											
Equity and commodity related contracts	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534
Total Level 3 financial assets	1,333,896	283,319	13,440	(32,323)	751,405	(153,287)	(1,108,648)	(6,621)	59,211	(152,633)	987,759
Derivative liabilities											
Equity and commodity related contracts	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
Total Level 3 financial liabilities	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
Total net Level 3 financial assets/ (liabilities)	836,895	594,581	13,431	(32,323)	(22,665)	(153,287)	(627,303)	(6,621)	59,211	(152,633)	509,286

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

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

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

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

	At 1 January 2018 RM'000	Effect of adopting MFRS 9 RM'000	Restated as at 1 January 2018 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 30 June 2018 RM'000
Bank													
At 30 June 2018													
Financial investments at fair value through profit or loss													
Unquoted securities	-	91,562	91,562	-	830,413	-	-	-	-	-	-	-	921,975
Financial investments at fair value through other comprehensive income													
Unquoted securities	355,414	(91,562)	263,852	-	-	161,735	-	-	-	-	-	-	425,587
Loans, advances and financing at fair value through other comprehensive income													
	-	3,600,803	3,600,803	-	-	21,095	2,201,670	-	(387,737)	-	-	-	5,435,831
Derivative assets													
Equity and commodity related contracts	479,534	-	479,534	110,289	(115,142)	-	97,423	-	(152,081)	-	-	-	420,023
Total Level 3 financial assets	834,948	3,600,803	4,435,751	110,289	715,271	182,830	2,299,093	-	(539,818)	-	-	-	7,203,416
Derivative liabilities													
Equity and commodity related contracts	(478,473)	-	(478,473)	114,342	(115,142)	-	(97,423)	-	156,673	-	-	-	(420,023)
Total Level 3 financial liabilities	(478,473)	-	(478,473)	114,342	(115,142)	-	(97,423)	-	156,673	-	-	-	(420,023)
Total net Level 3 financial assets	356,475	3,600,803	3,957,278	224,631	600,129	182,830	2,201,670	-	(383,145)	-	-	-	6,783,393

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

Included within 'Other operating income'.

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

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

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

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

Included within 'Other operating income'.

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

There were no transfers between Level 1 and Level 2 for the Group and the Bank during the financial half year ended 30 June 2018.

Movements in Level 3 financial instruments measured at fair value

There were no transfers into or out of Level 3 for the Group and the Bank during the financial half year ended 30 June 2018.

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A39. Credit Exposure Arising from Credit Transactions with Connected Parties

	Group		Bank	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Outstanding credit exposures with connected parties (RM'000)	14,695,717	20,923,529	31,795,172	32,673,755
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	1.8%	2.7%	5.6%	6.0%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	-	-	-	-

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

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

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A40. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business

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

(a) Unaudited Income Statements for the Financial Half Year Ended 30 June 2018

Group Six-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Interest income	213,069	204,037	219,810	210,076	32,566	36,718	110,562	116,319	576,007	567,150
Interest expense	-	-	-	-	-	-	(16,971)	(16,977)	(16,971)	(16,977)
Net interest income	213,069	204,037	219,810	210,076	32,566	36,718	93,591	99,342	559,036	550,173
Net earned insurance premiums	1,190,293	796,610	814,760	617,451	524,899	515,885	471,455	579,745	3,001,407	2,509,691
Other operating income	(272,235)	257,808	(144,735)	93,290	(4,802)	4,339	(27,790)	76,634	(449,562)	432,071
Total operating income	1,131,127	1,258,455	889,835	920,817	552,663	556,942	537,256	755,721	3,110,881	3,491,935
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,026,783)	(1,170,989)	(877,499)	(903,300)	(553,440)	(557,905)	8,057	(57,096)	(2,449,665)	(2,689,290)
Net operating income	104,344	87,466	12,336	17,517	(777)	(963)	545,313	698,625	661,216	802,645
Overhead expenses	(103,825)	(85,625)	(11,612)	(13,005)	(9)	(9)	(316,984)	(254,480)	(432,430)	(353,119)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	519	1,841	724	4,512	(786)	(972)	228,329	444,145	228,786	449,526
(Allowances for)/writeback of impairment losses on financial investments, net	(156)	(384)	(765)	(478)	417	1,056	1,869	(4,112)	1,365	(3,918)
(Allowances for)/writeback of impairment losses on other financial assets, net	(1)	(1,457)	41	(4,034)	369	(84)	(568)	(2,114)	(159)	(7,689)
Operating profit	(362)	-	-	-	-	-	7,175	-	6,813	-
Share of profits in associates	-	-	-	-	-	-	236,805	437,919	236,805	437,919
Profit before taxation and zakat	-	-	-	-	-	-	236,805	437,919	236,805	437,919
Taxation and zakat	-	-	-	-	-	-	(80,580)	(137,511)	(80,580)	(137,511)
Profit for the period	-	-	-	-	-	-	156,225	300,408	156,225	300,408

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A40. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)

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

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

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Cash and short-term funds	113,490	225,549	19,848	45,708	68,952	34,132	390,690	259,948	592,980	565,337
Deposits and placements with financial institutions	1,011,905	642,249	746,190	582,981	104,317	202,299	1,161,710	743,745	3,024,122	2,171,274
Financial investments at fair value through profit or loss	9,485,716	9,061,661	6,234,387	5,299,221	110,726	-	2,276,714	113,121	18,107,543	14,474,003
Financial investments at fair value through other comprehensive income	651,127	-	2,859,191	-	1,378,859	-	2,167,690	-	7,056,867	-
Financial investments available-for-sale	-	1,132,277	-	3,922,491	-	1,510,604	-	4,214,734	-	10,780,106
Loans, advances and financing	230,286	230,585	-	-	-	-	55,892	56,036	286,178	286,621
Derivative assets	(1,058)	3,319	-	-	-	-	1,252	1,848	194	5,167
Reinsurance/retakaful assets and other insurance receivables	111,156	81,501	63,915	188,038	323,858	345,028	3,371,938	3,319,205	3,870,867	3,933,772
Other assets	374,952	194,918	420,651	175,929	8,932	3,349	60,285	423,843	864,820	798,039
Investment properties	708,214	635,709	-	-	-	-	113,721	113,724	821,935	749,433
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	82,011	86,160	-	-	-	-	55,662	63,001	137,673	149,161
Intangible assets	35,302	33,780	-	-	-	-	49,971	47,259	85,273	81,039
Deferred tax assets	14,578	6,109	17,374	5,459	7,956	5,867	31,055	20,598	70,963	38,033
TOTAL ASSETS	12,817,679	12,333,817	10,361,556	10,219,827	2,003,600	2,101,279	9,736,732	9,377,214	34,919,567	34,032,137
LIABILITIES										
Derivative liabilities	39,162	25,791	-	-	-	-	3,406	-	42,568	25,791
Insurance/takaful contract liabilities and other insurance payables	9,823,649	9,446,728	10,110,579	9,873,134	1,740,105	1,755,432	4,290,093	4,043,549	25,964,426	25,118,843
Other liabilities #	2,923,729	2,840,515	252,248	345,960	262,114	345,048	(1,611,205)	(1,802,610)	1,826,886	1,728,913
Provision for taxation and zakat	14,106	(5,953)	(835)	(852)	-	-	43,764	83,115	57,035	76,310
Deferred tax liabilities	17,033	26,736	(436)	1,585	1,381	799	596,504	566,070	614,482	595,190
Subordinated obligations	-	-	-	-	-	-	811,142	811,307	811,142	811,307
TOTAL LIABILITIES	12,817,679	12,333,817	10,361,556	10,219,827	2,003,600	2,101,279	4,133,704	3,701,431	29,316,539	28,356,354
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	660,865	660,865	660,865	660,865
Other reserves	-	-	-	-	-	-	4,942,163	5,014,918	4,942,163	5,014,918
	-	-	-	-	-	-	5,603,028	5,675,783	5,603,028	5,675,783
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,817,679	12,333,817	10,361,556	10,219,827	2,003,600	2,101,279	9,736,732	9,377,214	34,919,567	34,032,137

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

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A41. The Operations of Islamic Banking Scheme

A41a. Unaudited Income Statements for the Financial Half Year Ended 30 June 2018

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income derived from investment of depositors' funds	2,214,573	1,709,960	4,284,808	3,313,447
Income derived from investment of investment account funds	274,619	394,851	586,038	807,213
Income derived from investment of Islamic Banking Funds	131,284	87,118	238,641	219,578
Allowances for impairment losses on financing and advances, net	(74,781)	(109,632)	(421,189)	(160,547)
Writeback of impairment losses on financial investments, net	1,618	-	6,351	-
Writeback of impairment losses on other financial assets, net	16	-	178	-
Total distributable income	2,547,329	2,082,297	4,694,827	4,179,691
Profit distributed to depositors	(1,303,591)	(954,677)	(2,449,884)	(1,835,497)
Profit distributed to investment account holders	(144,067)	(246,609)	(327,641)	(509,342)
Total net income	1,099,671	881,011	1,917,302	1,834,852
Finance cost	(88,180)	(29,625)	(178,252)	(58,803)
Overhead expenses	(359,719)	(350,721)	(734,024)	(715,839)
Profit before taxation and zakat	651,772	500,665	1,005,026	1,060,210
Taxation	(154,490)	(110,889)	(287,456)	(211,524)
Zakat	919	(3,421)	(4,932)	(7,210)
Profit for the period	498,201	386,355	712,638	841,476

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

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income derived from investment of depositors' funds	2,214,573	1,709,960	4,284,808	3,313,447
Income derived from investment of investment account funds	274,619	394,851	586,038	807,213
Income derived from investment of Islamic Banking Funds	131,284	87,118	238,641	219,578
Total income before allowances for impairment losses on financial assets and overhead expenses	2,620,476	2,191,929	5,109,487	4,340,238
Profit distributed to depositors	(1,303,591)	(954,677)	(2,449,884)	(1,835,497)
Profit distributed to investment account holders	(144,067)	(246,609)	(327,641)	(509,342)
	1,172,818	990,643	2,331,962	1,995,399
Finance cost	(88,180)	(29,625)	(178,252)	(58,803)
Net of intercompany income and expenses	275,495	234,773	554,437	473,688
Income from Islamic Banking Scheme	1,360,133	1,195,791	2,708,147	2,410,284

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

A41b. Unaudited Statements of Comprehensive Income for the Financial Half Year Ended 30 June 2018

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit for the period	498,201	386,355	712,638	841,476
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial gain/(loss)	2	(394)	497	535
Income tax effect	-	98	(124)	(134)
	2	(296)	373	401
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on foreign exchange translation	891	(4,968)	16,585	(53,565)
Net loss on financial investments at fair value through other comprehensive income	(86,732)	-	(74,456)	-
- Net loss from change in fair value	(86,229)	-	(74,897)	-
- Changes in expected credit losses	(503)	-	441	-
Net gain on financial investments available-for-sale	-	38,535	-	55,372
Income tax effect	20,921	(9,249)	17,975	(13,284)
	(64,920)	24,318	(39,896)	(11,477)
Other comprehensive (loss)/income for the period, net of tax	(64,918)	24,022	(39,523)	(11,076)
Total comprehensive income for the period	433,283	410,377	673,115	830,400

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

A41c. Unaudited Statement of Financial Position as at 30 June 2018

<u>Group</u>	Note	30 June 2018 RM'000	31 December 2017 RM'000
ASSETS			
Cash and short-term funds		7,266,968	17,150,402
Deposits and placements with financial institutions		1,505,722	-
Financial investments portfolio		19,072,497	13,092,564
Financing and advances	A41e	168,389,851	162,214,033
Derivative assets		425,951	487,989
Other assets		5,603,733	7,233,195
Statutory deposit with central banks		4,882,000	3,242,000
Property, plant and equipment		-	1,053
Intangible assets		-	2,541
Deferred tax assets		368,458	37,378
Total Assets		207,515,180	203,461,155
LIABILITIES			
Customers' funding:			
- Deposits from customers	A41f	142,073,317	130,068,988
- Investment accounts of customers ¹	A41g	19,176,202	24,555,445
Deposits and placements from financial institutions		26,473,045	28,251,271
Financial liabilities at fair value through profit or loss	A41h	993,239	892,695
Bills and acceptances payable		19,476	8,854
Derivatives liabilities		384,590	650,320
Other liabilities		721,460	660,680
Provision for taxation and zakat		269,316	148,510
Term funding	A41i	4,219,036	4,945,437
Subordinated sukuk	A41j	2,533,528	2,534,105
Capital securities	A41k	1,002,305	1,002,441
Total Liabilities		197,865,514	193,718,746
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		6,727,849	5,769,752
Retained profits		2,730,411	3,499,853
Other reserves		191,406	472,804
		9,649,666	9,742,409
Total Liabilities and Islamic Banking Capital Funds		207,515,180	203,461,155
COMMITMENTS AND CONTINGENCIES		56,166,944	53,480,858

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

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

A41d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Financial Half Year Ended 30 June 2018

<u>Group</u>	←-----Non-distributable-----→						Distributable Retained Profits RM'000	Total RM'000
	Islamic Banking Funds RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	Equity contribution from the holding company*	Defined Benefit Reserve RM'000		
At 1 January 2018								
- as previously stated	5,769,752	508,700	(32,318)	(5,723)	1,697	448	3,499,853	9,742,409
- effect of adopting MFRS 9	-	(403,333)	8,169	-	-	-	(342,699)	(737,863)
At 1 January 2018, as restated	5,769,752	105,367	(24,149)	(5,723)	1,697	448	3,157,154	9,004,546
Profit for the period	-	-	-	-	-	-	712,638	712,638
Other comprehensive income	-	-	(56,481)	16,585	-	373	-	(39,523)
Net gain on foreign exchange translation	-	-	-	16,585	-	-	-	16,585
Net loss on financial investments at fair value through other comprehensive income	-	-	(56,481)	-	-	-	-	(56,481)
Defined benefit plan actuarial gain	-	-	-	-	-	373	-	373
Total comprehensive income for the period	-	-	(56,481)	16,585	-	373	712,638	673,115
Transfer to conventional banking operations	(16,087)	-	-	(10,267)	-	(25)	(1,616)	(27,995)
Transfer to regulatory reserve	-	163,581	-	-	-	-	(163,581)	-
Issue of ordinary shares	974,184	-	-	-	-	-	-	974,184
Dividends paid	-	-	-	-	-	-	(974,184)	(974,184)
At 30 June 2018	6,727,849	268,948	(80,630)	595	1,697	796	2,730,411	9,649,666

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

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

A41d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Financial Half Year Ended 30 June 2018 (cont'd.)

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

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

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

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

A41e. Financing and Advances

	30 June 2018 RM'000	31 December 2017 RM'000
<u>Group</u>		
Financing and advances to customers:		
(A) Financing and advances to customers at fair value through other comprehensive income	468,667	-
(B) Financing and advances to customers at amortised cost	266,355,046	261,036,338
	266,823,713	261,036,338
Unearned income	(95,702,215)	(97,335,170)
Gross financing and advances	171,121,498	163,701,168
Allowances for impaired financing and advances:		
- Stage 1 - 12 Months ECL	(409,813)	-
- Stage 2 - Lifetime ECL not credit impaired	(1,022,913)	-
- Stage 3 - Lifetime ECL credit impaired	(1,298,921)	-
- Individual allowance	-	(661,181)
- Collective allowance	-	(825,954)
Net financing and advances	168,389,851	162,214,033

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

A41e. Financing and Advances (cont'd.)

Group	Bai'^	Murabahah	Musarakah	Al-Ijarah	Ijarah	Istisna'	Others	Total
As at 30 June 2018	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing
				Thumma				and
				RM'000				Advances
								RM'000
Cashline	-	5,977,558	-	-	-	46	-	5,977,604
Term financing								
- Housing financing	16,210,892	64,366,927	2,205,516	-	-	-	634	82,783,969
- Syndicated financing	-	1,441,989	-	-	-	-	-	1,441,989
- Hire purchase receivables	-	29,484	-	37,670,454	-	-	-	37,699,938
- Lease receivables	-	-	-	-	2,625	-	-	2,625
- Other term financing	18,265,503	94,072,248	551,620	-	117,201	129,709	16,943	113,153,224
Bills receivables	-	916	-	-	-	-	-	916
Trust receipts	-	127,449	-	-	-	-	-	127,449
Claims on customers under acceptance credits	-	4,868,028	-	-	-	-	-	4,868,028
Staff financing	133,466	2,012,723	20,334	155,792	-	-	47,040	2,369,355
Credit card receivables	-	-	-	-	-	-	1,039,685	1,039,685
Revolving credit	-	17,351,899	-	-	-	-	-	17,351,899
Financing to:								
- Executive directors of the Bank	2,211	797	-	858	-	-	-	3,866
- Executive directors of subsidiaries	-	2,617	-	549	-	-	-	3,166
	34,612,072	190,252,635	2,777,470	37,827,653	119,826	129,755	1,104,302	266,823,713
Unearned income								(95,702,215)
Gross financing and advances^^								171,121,498
Allowances for impaired financing and advances:								
- Stage 1 - 12 Months ECL								(409,813)
- Stage 2 - Lifetime ECL not credit impaired								(1,022,913)
- Stage 3 - Lifetime ECL credit impaired								(1,298,921)
Net financing and advances								168,389,851

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

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

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

A41e. Financing and Advances (cont'd.)

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

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

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

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

A41e. Financing and Advances (cont'd.)

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

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
At 1 January 2018/2017		
- as previously stated	1,755,299	1,667,994
- effect of adopting MFRS 9	121,438	-
At 1 January 2018/2017, as restated	<u>1,876,737</u>	1,667,994
Newly impaired	984,393	1,289,639
Reclassified as non-impaired	(69,237)	(531,863)
Amount recovered	(352,628)	(405,108)
Amount written-off	(94,271)	(265,363)
Transferred to holding company	(33,574)	-
Exchange differences	(2,550)	-
Gross impaired financing at 30 June 2018/31 December 2017	<u>2,308,870</u>	1,755,299
Less: Stage 3 - Lifetime ECL credit impaired	(1,298,921)	-
Individual allowance	-	(661,181)
Net impaired financing at 30 June 2018/31 December 2017	<u>1,009,949</u>	<u>1,094,118</u>
<u>Calculation of ratio of net impaired financing:</u>		
Gross impaired financing at 30 June 2018/31 December 2017 (excluding financing funded by RPSIA and IA)	2,252,919	1,689,335
Less: Stage 3 - Lifetime ECL credit impaired	(1,298,921)	-
Individual allowance	-	(661,181)
Net impaired financing at 30 June 2018/31 December 2017	<u>953,998</u>	<u>1,028,154</u>
Gross financing and advances (excluding financing funded by RPSIA and IA)	135,526,514	122,450,621
Less: Stage 3 - Lifetime ECL credit impaired	(1,298,921)	-
Individual allowance	-	(661,181)
Net financing and advances	<u>134,227,593</u>	<u>121,789,440</u>
Net impaired financing as a percentage of net financing and advances	<u>0.71%</u>	<u>0.84%</u>

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

A41e. Financing and Advances (cont'd.)

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

At amortised cost

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2018				
- effect of adopting MFRS 9	336,760	1,016,011	1,067,740	2,420,511
At 1 January 2018, as restated	336,760	1,016,011	1,067,740	2,420,511
Transferred to Stage 1	150,528	(140,866)	(9,662)	-
Transferred to Stage 2	(25,740)	44,194	(18,454)	-
Transferred to Stage 3	(2,455)	(75,437)	77,892	-
Allowance made/(written back), net*	891	(31,311)	(68,900)	(99,320)
New financial assets originated or purchased	119,007	68,862	127,652	315,521
Financial assets derecognised	(36,186)	(69,067)	(34,954)	(140,207)
Changes due to change in credit risk	(119,939)	185,190	211,346	276,597
Modifications to contractual cash flows of financial assets	(120)	(3,739)	47,998	44,139
Amount written-off	-	-	(108,380)	(108,380)
Changes in models	6,353	131	-	6,484
Changes in risk parameters	(30,160)	23,139	-	(7,021)
Other movements	12,302	5,806	6,643	24,751
Exchange differences	(1,428)	-	-	(1,428)
At 30 June 2018	409,813	1,022,913	1,298,921	2,731,647

At fair value through other comprehensive income

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2018				
- effect of adopting MFRS 9	522	-	-	522
At 1 January 2018, as restated	522	-	-	522
New financial assets originated or purchased	829	6,675	-	7,504
Financial assets derecognised	(522)	-	-	(522)
At 30 June 2018	829	6,675	-	7,504

Individual allowance

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

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

A41e. Financing and Advances (cont'd.)

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

	30 June 2018 RM'000	31 December 2017 RM'000
<u>Collective allowance</u>		
At 1 January 2018/2017		
- as previously stated	825,954	758,418
- effect of adopting MFRS 9	<u>(825,954)</u>	-
At 1 January 2018/2017, as restated	-	758,418
Allowance made*	-	178,389
Amount written-off	-	(115,476)
Transferred from individual allowance	-	5,191
Exchange differences	-	(568)
At 30 June 2018/31 December 2017	<u>-</u>	<u>825,954</u>
As a percentage of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)		<u>1.20%</u>

* As at 30 June 2018, the gross exposure of the financing funded by RPSIA was RM16,418.8 million (31 December 2017: RM16,695.1 million). The expected credit loss relating to these financing amounting to RM242.4 million (31 December 2017: The individual allowance and collective allowance amounting to RM168.3 million and RM41.5 million respectively) are recognised in the Group's conventional banking operations.

The gross exposure of the financing funded by IA as at 30 June 2018 was RM19,176.2 million (31 December 2017: RM24,555.4 million). The expected credit loss relating to financing funded by IA are not recognised in the financial statements of the Group, but is charged to and borne by the investors.

A41f. Deposits from Customers

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
Savings deposit		
Qard	<u>15,898,884</u>	<u>14,629,051</u>
Demand deposit		
Qard	<u>17,640,686</u>	<u>18,734,884</u>
Term deposit		
Murabahah	106,470,350	94,379,313
Qard	<u>2,063,397</u>	<u>2,325,740</u>
	<u>108,533,747</u>	<u>96,705,053</u>
Total deposits from customers	<u>142,073,317</u>	<u>130,068,988</u>

A41g. Investment Accounts of Customers

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

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
Business enterprises	8,894,375	9,841,269
Individuals	9,211,741	13,255,075
Government and statutory bodies	191,240	218,371
Others	878,846	1,240,730
	<u>19,176,202</u>	<u>24,555,445</u>

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

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

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

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
<u>Mudharabah</u>		
- without maturity	10,140,066	9,948,920
- with maturity		
Due within six months	8,143,107	12,053,209
Six months to one year	875,069	2,532,512
One year to three years	2,592	2,564
Three years to five years	15,368	18,240
	<u>9,036,136</u>	<u>14,606,525</u>
Total investment accounts of customers	<u>19,176,202</u>	<u>24,555,445</u>

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

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
Retail financing	17,375,400	24,554,642
Non-retail financing	1,800,802	803
	<u>19,176,202</u>	<u>24,555,445</u>

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

<u>Group</u>	<u>Investment account holder ("IAH")</u>	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 30 June 2018		
Investment accounts of customers	<u>58</u>	<u>2.97</u>
As at 31 December 2017		
Investment accounts of customers	<u>60</u>	<u>3.07</u>

A41h. Financial Liabilities at Fair Value Through Profit or Loss

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
Structured deposits	<u>993,239</u>	<u>892,695</u>

The carrying amount of structured deposits designated at fair value through profit or loss of the Group as at 30 June 2018 was RM998,982,000 (31 December 2017: RM898,182,000). The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A41i. Term Funding

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
Unsecured term funding:		
(i) Commercial Papers		
- Less than one year	<u>1,724,137</u>	<u>2,459,845</u>
(ii) Medium Term Notes		
- Less than one year	491,907	482,370
- More than one year	<u>2,002,992</u>	<u>2,003,222</u>
	<u>2,494,899</u>	<u>2,485,592</u>
Total term funding	<u>4,219,036</u>	<u>4,945,437</u>

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

A41j. Subordinated Sukuk

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,516,202	1,516,397
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,017,326	1,017,708
	2,533,528	2,534,105

A41k. Capital Securities

<u>Group</u>	30 June 2018 RM'000	31 December 2017 RM'000
RM1.0 billion Additional Tier 1 Sukuk Wakalah	1,002,305	1,002,441

A42. Financial Effects arising from Adoption of MFRS 9 *Financial Instruments*

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

Group

Statement of Financial Position

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

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A42. Financial Effects arising from Adoption of MFRS 9 *Financial Instruments* (cont'd.)

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

Group (cont'd.)

Statement of Financial Position

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

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A42. Financial Effects arising from Adoption of MFRS 9 *Financial Instruments* (cont'd.)

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

Bank
Statement of Financial Position

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

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A42. Financial Effects arising from Adoption of MFRS 9 Financial Instruments (cont'd.)

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

Bank (cont'd.)

Statement of Financial Position (cont'd.)

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

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

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

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A42. Financial Effects arising from Adoption of MFRS 9 *Financial Instruments* (cont'd.)

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

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

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

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

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

B1. Performance Review

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

The Group posted profit after tax and zakat attributable to equity holders of RM3,830.1 million for the six-month financial period ended 30 June 2018, an increase of RM468.8 million or 13.9% compared to the previous corresponding six-month financial period ended 30 June 2017.

The Group's net interest income and Islamic Banking income for the six-month financial period ended 30 June 2018 increased by RM207.5 million or 2.4% to RM8,688.1 million compared to the previous corresponding six-month financial period ended 30 June 2017.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM491.7 million or 19.6% to RM3,001.4 million for the six-month financial period ended 30 June 2018 compared to the previous corresponding six-month financial period ended 30 June 2017.

Other operating income of the Group for the six-month financial period ended 30 June 2018 was RM2,309.6 million, a decrease of RM623.0 million or 21.2% from RM2,932.6 million in the previous corresponding six-month financial period ended 30 June 2017. The decrease was due to lower investment income of RM457.0 million and unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM343.3 million for the six-month financial period ended 30 June 2018 as compared to unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL and derivatives of RM237.1 million in the previous corresponding six-month financial period ended 30 June 2017. The decrease was, however, mitigated by higher foreign exchange gain of RM274.9 million, higher realised gain on derivatives of RM88.4 million and higher gain on disposal of property, plant and equipment of RM54.7 million compared to the previous corresponding six-month financial period ended 30 June 2017.

The Group's overhead expenses for the six-month financial period ended 30 June 2018 recorded a decrease of RM64.7 million or 1.2% to RM5,483.1 million compared to the previous corresponding six-month financial period ended 30 June 2017. The decrease in overhead expenses was mainly due to lower administration and general expenses of RM108.7 million and lower establishment costs of RM68.5 million. The decrease was, however, mitigated by higher personnel expenses of RM92.3 million and higher marketing expenses of RM20.2 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM281.3 million or 20.5% to RM1,091.5 million for the six-month financial period ended 30 June 2018.

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B1. Performance Review (cont'd.)

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

The Group's profit before taxation and zakat for the six-month financial period ended 30 June 2018 compared to the previous corresponding six-month financial period ended 30 June 2017 is further segmented based on the operating segments of the Group as follows:

Group Community Financial Services ("Group CFS")

Group CFS's profit before taxation and zakat increased by RM658.5 million or 28.1% to RM3,005.7 million for the six-month financial period ended 30 June 2018 from RM2,347.2 million for the previous corresponding six-month financial period ended 30 June 2017. The increase was mainly due to lower allowances for impairment losses on loans, advances, financing and other debts of RM489.0 million, lower overhead expenses of RM96.8 million, higher net interest income and income from IBS operations of RM44.0 million and higher other operating income of RM28.3 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation and zakat decreased by RM167.3 million or 7.7% to RM2,004.9 million for the six-month financial period ended 30 June 2018 from RM2,172.2 million for the previous corresponding six-month financial period ended 30 June 2017. The decrease was mainly due to higher allowances for impairment losses on loans, advances, financing and other debts of RM224.1 million and lower share of profits in associates and joint ventures of RM56.8 million. The decrease was, however, mitigated by higher other operating income of RM64.2 million, higher writeback for impairment losses on financial investments and other financial assets of RM41.2 million, higher net interest income and income from IBS operations of RM5.6 million and lower overhead expenses of RM2.7 million.

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

Group Investment Banking's profit before taxation and zakat increased by RM112.5 million or 117.1% to RM208.5 million for the six-month financial period ended 30 June 2018 from RM96.1 million for the previous corresponding six-month financial period ended 30 June 2017. The increase was mainly driven by higher other operating income of RM81.6 million, lower overhead expenses of RM24.6 million, higher writeback for impairment losses on loans, advances, financing and other debts of RM10.7 million and higher net interest income and income from IBS operations of RM4.8 million.

c) Group Asset Management

Group Asset Management recorded a loss before taxation and zakat of RM32.8 million for the six-month financial period ended 30 June 2018 compared to a profit before taxation and zakat of RM63.3 million for the previous corresponding six-month financial period ended 30 June 2017. The loss was mainly due to lower other operating income of RM106.0 million and higher allowances for impairment losses on financial investments and other financial assets of RM20.4 million. This loss was, however, mitigated by lower overhead expenses of RM21.1 million, higher net interest income and income from IBS operations of RM8.7 million and higher writeback for impairment losses on loans, advances, financing and other debts of RM0.5 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation and zakat decreased by RM204.0 million or 45.4% to RM244.9 million for the six-month financial period ended 30 June 2018 from RM448.9 million for the previous corresponding six-month financial period ended 30 June 2017. The decrease was contributed mainly by lower other operating income of RM877.2 million and higher overhead expenses of RM80.6 million. The decrease was, however, offset by higher net earned insurance premiums of RM491.7 million, lower net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM239.6 million, higher writeback for impairment losses on financial investments and other financial assets of RM14.4 million and higher net interest income of RM2.9 million.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,959.0 million for the quarter ended 30 June 2018, an increase of RM300.6 million or 18.1% compared to the previous period corresponding quarter ended 30 June 2017.

The Group's net interest income and Islamic Banking income for the quarter ended 30 June 2018 increased by RM88.6 million or 2.1% compared to the previous period corresponding quarter ended 30 June 2017.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries for the quarter ended 30 June 2018 increased by RM234.2 million or 18.7% to RM1,490.0 million compared to the previous period corresponding quarter ended 30 June 2017.

The Group's other operating income decreased by RM519.2 million or 34.0% to RM1,008.0 million for the quarter ended 30 June 2018 compared to the previous period corresponding quarter ended 30 June 2017. The decrease was mainly contributed by unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM337.8 million for the quarter ended 30 June 2018 as compared to unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL and derivatives of RM99.5 million for the previous period corresponding quarter ended 30 June 2017, lower investment income of RM333.8 million and lower fee income of RM16.3 million. The decrease was, however, offset by higher foreign exchange gain of RM220.0 million and higher realised gain on derivatives of RM55.0 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund for the quarter ended 30 June 2018 decreased by RM255.9 million or 20.8% to RM974.3 million compared to the previous period corresponding quarter ended 30 June 2017. The decrease was mainly attributable to lower net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM169.4 million.

The Group's overhead expenses for the quarter ended 30 June 2018 decreased by RM64.2 million or 2.3% compared to the previous period corresponding quarter ended 30 June 2017. The decrease was mainly contributed by the decrease in administration and general expenses of RM39.1 million and establishment costs of RM43.5 million. The decrease was, however, mitigated by higher marketing expenses of RM12.7 million and personnel expenses of RM5.7 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM248.1 million to RM582.1 million for the quarter ended 30 June 2018 compared to the previous period corresponding quarter ended 30 June 2017.

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B1. Performance Review (cont'd.)

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

The Group's profit before taxation and zakat for the quarter ended 30 June 2018 compared to the previous period corresponding quarter ended 30 June 2017 is further segmented based on the operating segments of the Group as follows:

Group Community Financial Services ("Group CFS")

Group CFS's profit before taxation and zakat increased by RM468.7 million or 41.1% to RM1,609.7 million for the quarter ended 30 June 2018 from RM1,141.0 million for the previous period corresponding quarter ended 30 June 2017. The increase was mainly due to lower allowance for impairment losses on loans, advances, financing and other debts of RM372.4 million, lower overhead expenses of RM54.1 million, higher other operating income of RM25.0 million and higher net interest income and income from IBS operations of RM17.3 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation and zakat decreased by RM30.5 million or 3.1% to RM964.3 million for the quarter ended 30 June 2018 from RM994.8 million for the previous period corresponding quarter ended 30 June 2017. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM131.7 million and lower share of profits in associates and joint ventures of RM26.0 million. The decrease was, however, mitigated by higher net interest income and income from IBS operations of RM60.6 million, higher other operating income of RM31.5 million and lower overhead expenses of RM16.7 million.

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

Group Investment Banking's profit before taxation and zakat increased by RM21.1 million or 65.4% to RM53.3 million for the quarter ended 30 June 2018 from RM32.2 million for the previous period corresponding quarter ended 30 June 2017. The increase was mainly due to lower overhead expenses of RM27.7 million, higher writeback of impairment losses on loans, advances, financing and other debts of RM1.7 million and higher other operating income of RM1.4 million. The increase was, however, offset by lower share of profits in associates and joint ventures of RM5.8 million and lower net interest income and income from IBS operations of RM3.2 million.

c) Group Asset Management

Group Asset Management's profit before taxation and zakat decreased by RM30.0 million or 80.7% to RM7.2 million for the quarter ended 30 June 2018 from RM37.2 million for the previous period corresponding quarter ended 30 June 2017. The decrease was mainly due to lower other operating income of RM39.1 million. The decrease was, however, mitigated by higher net interest income and income from IBS operations of RM4.2 million and lower overhead expenses of RM5.0 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation and zakat decreased by RM136.1 million or 50.0% to RM136.1 million for the quarter ended 30 June 2018 from RM272.2 million for the previous period corresponding quarter ended 30 June 2017. The decrease was contributed mainly by lower other operating income of RM555.5 million, higher overhead expenses of RM39.4 million and lower net interest income of RM21.2 million. The decrease was, however, mitigated by higher net earned insurance premiums of RM234.2 million, lower net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM232.6 million, lower allowance for impairment losses on financial investments and other financial assets of RM7.5 million and lower allowance for impairment losses on loans, advances, financing and other debts of RM5.7 million.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax and zakat attributable to equity holders in this quarter ended 30 June 2018 increased by RM88.0 million or 4.7% to RM1,959.0 million against the preceding quarter ended 31 March 2018.

The Group's net interest income for the quarter ended 30 June 2018 decreased by RM59.9 million to RM2,960.0 million against the preceding quarter of RM3,019.9 million. Income from Islamic Banking Scheme operations increased by RM12.1 million to RM1,360.1 million for the quarter ended 30 June 2018 compared to RM1,348.0 million in the preceding quarter ended 31 March 2018.

The Group's net earned insurance premiums for the quarter ended 30 June 2018 decreased by RM21.4 million to RM1,490.0 million compared to RM1,511.4 million in the preceding quarter ended 31 March 2018.

Other operating income of the Group for the quarter ended 30 June 2018 decreased by RM293.6 million to RM1,008.0 million compared to RM1,301.6 million in the preceding quarter ended 31 March 2018. The decrease was mainly due to lower unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL and derivatives of RM332.3 million, lower investment income of RM155.0 million and lower gain on disposal of property, plant and equipment of RM51.3 million. The decrease was, however, offset by higher foreign exchange gain of RM136.5 million and higher realised gain on derivatives of RM95.2 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund decreased by RM378.8 million to RM974.3 million for the quarter ended 30 June 2018 compared to RM1,353.1 million in the preceding quarter ended 31 March 2018. The decrease was mainly attributable to lower net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM290.5 million.

The Group posted a decrease of RM74.5 million in overhead expenses to RM2,704.3 million for the quarter ended 30 June 2018 compared to RM2,778.8 million in the preceding quarter ended 31 March 2018. The decrease was mainly due to lower establishment costs of RM41.1 million, lower personnel expenses of RM40.0 million and lower marketing expenses of RM20.4 million. The decrease was, however, mitigated by higher administration and general expenses of RM26.9 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM72.8 million to RM582.1 million in the quarter ended 30 June 2018 compared to RM509.3 million in the preceding quarter ended 31 March 2018.

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B3. Prospects

The world's real GDP growth momentum is expected to be at +3.9% in 2018E (2017: +3.7%), underpinned by a pick up in the US (2018E: +2.8%; 2017: +2.3%) and improved growth in selected BRIC markets such as Brazil (2018E: +1.9%; 2017: +1.0%), Russia (2018E: +1.8%; 2017: +1.5%) and India (2018E: +7.3%; 2017: +6.7%). Global growth is expected to see some moderation in 2H 2018 amid the outlook for slower expansion in China (2018E: +6.6%; 2017: +6.9%), the Eurozone (2018E: +2.2%; 2017: +2.4%) and Japan (2018E: +1.2%; 2017: +1.7%).

The ASEAN-6 countries are expected to chart a stable pace of growth in 2018E at +5.1% (2017: +5.1%), in spite of headwinds such as global monetary policy normalisation and US-China trade war risk. Maybank Group's home markets are expected to remain on a growth path in 2018E, with Malaysia growth expected to be +4.8% (2017: +5.9%), Singapore forecasted to grow at +3.5% (2017: +3.6%) and Indonesia to maintain growth at +5.2% (2017: +5.1%).

Following Malaysia's 14th General Election held on 9 May, the country's real GDP growth in 2018 will be supported by an expected pick-up in consumer spending. External demand growth will also expand in 2018 but the pace of growth is expected to moderate after the high growth experienced in 2017. Reviews of major infrastructure projects may affect investment growth, while Maybank Malaysia's loan growth is expected to be in-line with industry growth, as the bank focuses on pockets of opportunities within the consumer, retail SME and corporate lending segments.

Singapore's GDP is expected to grow at 3.5% in 2018 amid some cooling off in the manufacturing sector. In 2018, the services sector is likely to maintain its growth momentum, although recent property cooling measures are expected to moderate the outlook on property-related business services and construction. Maybank Singapore's loan growth will mainly be driven by SME, consumer financing and corporate lending. Maybank Singapore will also focus on building its wealth management services by expanding our investment and insurance products and deepening cross-selling across key customer segments.

Indonesia is expected to maintain its GDP growth of 5.2% in 2018, driven by the domestic economic recovery and government spending. Maybank Indonesia will remain focused on corporate lending growth among top-tier clients while protecting its net interest margin by maintaining pricing discipline across all products. Another area of growth for Maybank Indonesia will be the expansion of its fee income streams through strategic partnerships in bancassurance and general insurance as well as e-channel transactions.

At Maybank Group, key priorities for 2018 include maintaining pricing discipline across our products, focus on attaining cheaper funding sources to support loan growth, growing our loan portfolio within our risk appetite, while proactively managing our asset quality. The Group has also implemented MFRS 9 on 1st January 2018 and will continue to keep its capital and liquidity positions strong. The impairment assessment under MFRS 9 is based on the expected credit loss model, which uses forward-looking assumptions, as opposed to the previous accounting standard MFRS 139, in which the impairment assessment is based on an incurred loss model.

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

B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the financial half year ended 30 June 2018.

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B5. Taxation and Zakat

The analysis of the tax expense for the financial half year ended 30 June 2018 are as follows:

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Malaysian income tax	661,729	485,865	1,253,929	863,012
Foreign income tax	123,410	37,286	225,193	126,038
	<u>785,139</u>	<u>523,151</u>	<u>1,479,122</u>	<u>989,050</u>
(Over)/under provision in respect of prior period:				
Malaysian income tax	(33)	-	(33)	-
Foreign income tax	(2,597)	117	(8,568)	(6,966)
	<u>782,509</u>	<u>523,268</u>	<u>1,470,521</u>	<u>982,084</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	(170,641)	(9,301)	(208,978)	30,080
	<u>(170,641)</u>	<u>(9,301)</u>	<u>(208,978)</u>	<u>30,080</u>
Tax expense for the financial period	611,868	513,967	1,261,543	1,012,164
Zakat	2,775	6,297	10,280	12,066
	<u>614,643</u>	<u>520,264</u>	<u>1,271,823</u>	<u>1,024,230</u>

The Group's effective tax rate for the financial half year ended 30 June 2018 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

<u>Bank</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Malaysian income tax	486,168	308,488	842,646	505,316
Foreign income tax	(1,105)	519	1,693	1,053
	<u>485,063</u>	<u>309,007</u>	<u>844,339</u>	<u>506,369</u>
(Over)/under provision in respect of prior period:				
Foreign income tax	(8,228)	27	(8,113)	(6,250)
	<u>476,835</u>	<u>309,034</u>	<u>836,226</u>	<u>500,119</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	(148,028)	(44,461)	(49,932)	31,775
	<u>(148,028)</u>	<u>(44,461)</u>	<u>(49,932)</u>	<u>31,775</u>
Tax expense for the financial period	328,807	264,573	786,294	531,894

The Bank's effective tax rate for the financial half year ended 30 June 2018 was lower than the statutory tax rate due to certain income not subject to tax.

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

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B6. Status of Corporate Proposals Announced but Not Completed

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

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

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

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

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

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

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

The Proposals are subject to the following approval being obtained:

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

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

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

On 7 March 2018, Maybank announced that MAS had approved, among others, the Proposed Subscription, subject to MAS being informed promptly when the Proposed SUTL Acquisition and Proposed Subscription are affected.

On 23 March 2018, Maybank announced that SC had approved, among others, the Proposed Subscription, subject to the following conditions:

- (a) Maybank Asset Management Sdn Bhd ("MAMS"), a wholly-owned subsidiary of the MAMG nominated to hold the AMB Shares pursuant to the terms of the AMB SPA, to fulfil the representations made in the application to the SC;

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B6. Status of Corporate Proposals Announced but Not Completed (cont'd.)

On 23 March 2018, Maybank announced that SC had approved, among others, the Proposed Subscription, subject to the following conditions (cont'd.):

- (b) MAMS is required to notify the SC on the alternative strategy for AMB;
- (c) MAMS to ensure the merger and integration of operations are managed effectively with no disruption to the functioning of the organisations;
- (d) the Proposed Subscription and Proposed Acquisitions should not adversely affect the financial soundness of the licensed entities; and
- (e) any potential risks are addressed and managed on an on-going basis.

On 12 April 2018, the Proposed Subscription was approved by Maybank's shareholders during the extraordinary general meeting.

On 20 April 2018, Maybank announced that BNM had on 19 April 2018, approved the application in relation to the Proposed Acquisition.

On 16 May 2018, Maybank announced that MAMG had issued separate letters of confirmation to the following parties:

- (i) ASNB to confirm the fulfilment of the AMB-CPs which are to be fulfilled by MAMG and vary the terms of the AMB SPA relating to the completion date of the AMB SPA and the definition of "Management Accounts", which was accepted by ASNB on even date ("MAMG AMB-CPs Confirmation Letter"); and
- (ii) PIL to confirm the fulfilment of the SUTL-CPs which are to be fulfilled by MAMG and vary the terms of the SUTL SPA relating to the completion date of the SUTL SPA and the definition of "Management Accounts", which was accepted by PIL on even date ("MAMG SUTL-CPs Confirmation Letter").

In addition:

- (i) ASNB had on 16 May 2018 issued a letter of confirmation to MAMG to confirm the fulfilment of the AMB-CPs which are to be fulfilled by ASNB and vary the terms of the AMB SPA relating to the completion date of the AMB SPA and the definition of "Management Accounts", which was accepted by MAMG on even date ("ASNB AMB-CPs Confirmation Letter");
- (ii) ASNB had on 16 May 2018 issued a second supplemental letter to MAMG to vary the term of the AMB SPA relating to the definition of "Management Accounts", which was accepted by MAMG on even date ("AMB SPA Second Supplemental Letter");
- (iii) PIL had on 16 May 2018 issued a letter of confirmation to MAMG to confirm the fulfilment of the SUTL-CPs which are to be fulfilled by PIL and vary the terms of the SUTL SPA relating to the completion date of the SUTL SPA and the definition of "Management Accounts", which was accepted by MAMG on even date ("PIL SUTL-CPs Confirmation Letter"); and
- (iv) PIL had on 16 May 2018 issued a second supplemental letter to MAMG to vary the term of the SUTL SPA relating to the definition of "Management Accounts" and to vary the designated account details of PIL, which was accepted by MAMG on even date ("SUTL SPA Second Supplemental Letter").

In view of the MAMG AMB-CPs Confirmation Letter, ASNB AMB-CPs Confirmation Letter, AMB SPA Second Supplemental Letter, MAMG SUTL-CPs Confirmation Letter, PIL SUTL-CPs Confirmation Letter and SUTL SPA Second Supplemental Letter, the AMB-CPs and SUTL-CPs in relation to the Proposed Acquisitions have been fulfilled and the AMB SPA and SUTL SPA have become unconditional.

On 17 May 2018, Maybank announced that the Proposed Acquisitions have been completed following the settlement of the purchase consideration.

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B6. Status of Corporate Proposals Announced but Not Completed (cont'd.)

On 30 May 2018, Maybank announced that MAMG had issued:

- (i) a letter of confirmation to PNB to confirm the fulfilment of the conditions precedent stipulated in the Subscription Agreement ("Subscription Agreement-CPs") which are to be fulfilled by MAMG and vary the term of the Subscription Agreement relating to the completion date of the Subscription Agreement, which was accepted by PNB on even date ("MAMG Subscription Agreement-CPs Confirmation Letter"); and
- (ii) a supplemental letter to PNB to vary the term of the Subscription Agreement relating to the definition of "Management Accounts" and to vary the completion deliverables that will be delivered by MAMG. Parties agreed that the written resolution or minutes of meeting of the MAMG Board that will be delivered by MAMG on completion shall not include the appointment of PNB's nominee as director of MAMG. The amendments were accepted by PNB on even date ("Subscription Agreement Supplemental Letter"). Accordingly, PNB's nominee will be appointed as director of MAMG after completion.

In addition, PNB had on 30 May 2018 issued a letter of confirmation to MAMG to confirm the fulfilment of the Subscription Agreement-CPs which are to be fulfilled by PNB and vary the term of the Subscription Agreement relating to the completion date of the Subscription Agreement, which was accepted by MAMG on even date ("PNB Subscription Agreement-CPs Confirmation Letter").

In view of the MAMG Subscription Agreement-CPs Confirmation Letter, Subscription Agreement Supplemental Letter and PNB Subscription Agreement-CPs Confirmation Letter, the Subscription Agreement-CPs in relation to the Proposed Subscription have been fulfilled and the Subscription Agreement has become unconditional. Following the settlement of the Subscription Consideration, the Proposed Subscription has been completed on 30 May 2018.

The completion of the Proposed Acquisitions and Proposed Subscription will not have any effect on the issued and paid-up share capital and shareholding of the substantial shareholders of Maybank, and no material effect on the earnings per share, net assets per share and gearing of the Group for the financial year ending 31 December 2018.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposal

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

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

Please refer to Note A14, A15, A16, A17 and A41g.

B9. Derivative Financial Instruments

Please refer to Note A37.

B10. Changes in Material Litigation

There is no material litigation during the financial half year ended 30 June 2018.

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B11. Dividend

The Board of Directors have declared a single-tier interim dividend in respect of the financial year ending 31 December 2018 of 25 sen (30 June 2017: 23 sen) per ordinary share.

The Board of Directors have also determined that the Dividend Reinvestment Plan will apply to the single-tier interim dividend in which an electable portion of 10 sen per ordinary share can be elected to be reinvested in new ordinary shares and the remaining portion of 15 sen per ordinary share will be paid in cash.

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

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

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.

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,959,013	1,658,440	3,830,049	3,361,237
Weighted average number of ordinary shares in issue ('000)	10,920,218	10,328,035	10,880,190	10,253,538
Basic earnings per share	17.94 sen	16.06 sen	35.20 sen	32.78 sen

Diluted EPS

The diluted EPS of the Group is calculated by dividing the net profit for the quarter/period attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue, which has been adjusted for the number of ordinary shares that could have been issued under the Maybank Group 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 half year ended 30 June 2018 as the ordinary shares under ESS relating to RSU have been fully vested. No adjustment was made to the net profit for the quarter/period.

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

Diluted EPS (cont'd.)

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,959,013	1,658,440	3,830,049	3,361,237
Weighted average number of ordinary shares in issue ('000)	10,920,218	10,328,035	10,880,190	10,253,538
Effects of dilution ('000)	-	4,911	-	5,788
Adjusted weighted average number of ordinary shares in issue ('000)	10,920,218	10,332,946	10,880,190	10,259,326
Diluted earnings per share	17.94 sen	16.05 sen	35.20 sen	32.76 sen

By Order of the Board

Wan Marzimin Wan Muhammad

LS0009924

Company Secretary

30 August 2018