

BASEL II PILLAR 3 DISCLOSURE

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OVERVIEW

The Pillar 3 Disclosure for financial year ended 31 December 2012 for Malayan Banking Berhad (“Maybank” or the “Bank”) and its subsidiaries (“Maybank Group” or the “Group”) complies with the Bank Negara Malaysia’s (“BNM”) “Risk Weighted Capital Adequacy Framework (“RWCAF”) - Disclosure Requirements (“Pillar 3”)), which is the equivalent of that issued by the Basel Committee on Banking Supervision (“BCBS”) entitled “International Convergence of Capital Measurement and Capital Standards” (commonly referred to as Basel II).

The Group has adopted the Foundation Internal Rating Based (“FIRB”) Approach and supervisory slotting criteria to calculate credit risk weighted assets for major non-retail portfolios, and the AIRB Approach for major retail portfolios. Other credit portfolios, especially those in the Bank’s subsidiaries and some overseas units, are on the Standardised Approach and will be progressively migrated to the Internal Ratings-Based (“IRB”) approaches.

For market risk, the Group has adopted the Standardised Approach (“SA”) whereas for operational risk, the Basic Indicator Approach (“BIA”) is currently being adopted pending migration to The Standardised Approach (“TSA”) once approval has been obtained from BNM.

MEDIUM AND LOCATION OF DISCLOSURE

The Group’s Pillar 3 disclosure will be made available under the Investor Relations section of the Group’s website at www.maybank.com.my and as a separate report in the annual and half-yearly financial reports, after the notes to the financial statements.

BASIS OF DISCLOSURE

This Pillar 3 disclosure document has been designed to be in compliance with the BNM’s Pillar 3 Guidelines, and is to be read in conjunction with the Group’s and the Bank’s financial statements for financial year ended 31 December 2012. Whilst this document discloses the Group’s assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the financial statements for the year ended 31 December 2012 published by the Group.

COMPARATIVE INFORMATION

This is the third full Pillar 3 Disclosure since the Group adopted the Basel II IRB approach in July 2010. The corresponding disclosure in the preceding reporting period would be as at 31 December 2011.

SCOPE OF APPLICATION

In this Pillar 3 document, Maybank's information is presented on a consolidated basis, namely Maybank Group covering Maybank, its subsidiaries and overseas branches. For regulatory reporting purposes, Maybank establishes two main levels of reporting namely at Maybank Group level, covering Maybank and its subsidiaries excluding the investments in insurance entities and associates, and at Maybank level covering Maybank and its wholly-owned offshore banking subsidiary, Maybank International (L) Ltd. ("MILL").

In this Pillar 3 document, Malayan Banking Berhad and its subsidiaries are referred to as "Maybank Group" or the "Group". The Group offers Islamic banking financial services in Malaysia via its wholly-owned subsidiary, Maybank Islamic Berhad ("MIB").

Information on subsidiaries and associates of the Group is available in the notes to the financial statements. The basis of consolidation for accounting purposes is described in the notes to the financial statements, and differs from that used for regulatory capital reporting purposes.

CAPITAL MANAGEMENT

INTRODUCTION

The Group's approach to capital management is driven by its strategic objectives and takes into account all relevant regulatory, economic and commercial environments in which the Group operates. The Group regards having a strong capital position as essential to the Group's business strategy and competitive position. As such, implications on the Group's capital position are taken into account by the Board and senior management prior to implementing major business decisions in order to preserve the Group's overall capital strength.

The Group's capital management policies are to diversify its sources of capital; to allocate and deploy capital efficiently, guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses; and to meet the expectations of key stakeholders, including investors, regulators and rating agencies. These policies are adopted with the aim to ensure adequate capital resources and efficient capital structure to:

- meet regulatory capital ratios at all times, at levels sufficiently above the minimum requirements of BNM;
- support the Group's credit rating from local and foreign rating agencies;
- ensure regulated subsidiaries can meet their minimum capital requirements, based on home regulator or host regulator requirement where relevant;
- allocate capital to businesses to support the Group's strategic objectives and optimise returns on capital;
- remain flexible to take advantage of future opportunities;
- build and invest in businesses, even in a reasonably stressed environment; and
- optimise returns to shareholders.

CAPITAL MANAGEMENT FRAMEWORK

The Group's capital management is guided by the Group Capital Management Framework to ensure management of capital in a consistent and aligned manner across the Group. The capital framework applies to the Maybank Group of companies, including key entities that are wholly or majority owned that provide banking and financial services activities in their respective jurisdictions.

The Group Capital Management Framework, which is approved by the Board, provides a comprehensive approach to the management of capital for the Group. Specifically, the capital framework aims to:-

- establish a blueprint for which capital management policies and procedures will be developed;
- establish principles and strategies in which capital will be managed and optimised;
- establish the roles and responsibilities of the Board of Directors, Group Executive Committee and the business and support units pertaining to capital management matters;
- establish guidelines to manage capital on an integrated approach and in compliance with all internal and regulatory requirements across the Group; and
- establish a high level of corporate governance pertaining to management of capital of the Group.

The framework also contains principles for the development and usage of Risk Adjusted Performance Measurement ("RAPM") to measure and manage the capital performance for all Group entities. The RAPM tool is implemented by the Group to promote optimal capital levels for business sectors, subsidiaries and branches, to reduce wastage, to minimise cost of capital and to optimise returns on capital.

A strong governance and process framework is embedded in the Group Capital Management Framework. Appropriate policies are in place governing the transfer of capital within the Group. The purpose is to ensure that capital is remitted as appropriate, subject to local regulatory requirements and overall capital resource is optimised at Group and entity levels. Overall responsibility for the effective management of capital rests with the Board whilst the Group EXCO is responsible for ensuring the effectiveness of the capital management policies on an ongoing basis and for updating the Group Capital Management Framework to reflect revisions and new developments.

CAPITAL MANAGEMENT

CAPITAL MANAGEMENT PLAN

The Group Capital Management Framework is also supplemented by the Group Capital Management Plan to ensure robust monitoring of the Group's capital position and to ensure that the Group (inclusive of subsidiaries, associates and overseas branches) has adequate levels of capital and optimal capital mix to support the Group's business plans and strategic objectives during the financial year.

The Group Capital Management Plan is updated on an annual basis and approved by the Board for implementation at the beginning of each financial year. The capital plan is drawn up to cover at least a three year horizon and takes into account, amongst others, the Group's strategic objectives and business plans, regulatory capital requirements, views of key stakeholders such as regulators, investors, rating agencies and analysts, capital benchmarking against peers, available supply of capital and capital raising options, performance of business sectors, subsidiaries and overseas branches based on RAPM approach as well as ICAAP and stress testing results.

The Group Capital Management Plan is reviewed by the Board semi-annually in order to keep abreast with the latest developments on capital management and also to ensure effective and timely execution of the plans contained therein.

The Bank has implemented five DRPs since its implementation in 2010, all with successful reinvestment rates exceeding 85%. The latest two DRPs (4th and 5th) implemented during the financial year ended 31 December 2012 were successful with high reinvestment rates at 88.52% and 88.19% respectively. The reinvestment rates achieved by the Group for all the past five DRPs are highlighted below:

Dividend Reinvestment Plan	1st	2nd	3rd	4th	5th
Dividend proposal	Final Cash Dividend	Interim Cash Dividend	Final Cash Dividend	Final Cash Dividend	Interim Cash Dividend
Financial year/period ended	30 Jun 2010	30 Jun 2011	30 Jun 2011	31 Dec 2011	31 Dec 2012
Completion date	21 Dec 2010	13 May 2011	29 Dec 2011	5 Jun 2012	29 Oct 2012
Gross dividend per share	44 sen	28 sen	32 sen	36 sen	32 sen
Reinvestment rate achieved	88.59%	91.13%	86.10%	88.52%	88.19%

CAPITAL STRUCTURE

The quality and composition of capital are key factors in the Board and senior management's evaluation of the Group's capital adequacy position. The Group places strong emphasis on the quality of its capital and, accordingly, holds a significant amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability on a going concern basis.

The common equity capital of the Group comprises of issued and paid up share capital, share premium, reserves and retained profits. During the financial year, the issued and paid-up share capital of the Group has increased by another RM800,609,252 arising, among others, from the private equity placement of 412,000,000 new ordinary shares of RM1.00 each on 11 October 2012 as well as from the completion of the 4th and 5th Dividend Reinvestment Plan ("DRP") via the issuance and allotment totaling 375,998,352 new ordinary shares of RM1.00 each on 5 June 2012 and 29 October 2012 respectively.

The DRP scheme was announced by the Bank on 25 March 2010 to allow shareholders of the Bank to reinvest their dividends into new ordinary share(s) of RM1.00 each in the Bank. The DRP is part of the Group's strategy to preserve common equity capital ahead of the Basel III rules which will commence on 1 January 2013 as well as to ensure sufficient capacity to grow its business whilst providing healthy dividend income to its shareholders.

In respect of the financial year ended 31 December 2012, the Board has proposed the payment of final dividend of net 28.5 sen per ordinary share, comprising of single-tier dividend of 15 sen per ordinary share and franked dividend of 18 sen per ordinary share less 25% tax (net 13.5 sen). Out of the final dividend amount of 28.5 sen per ordinary share, 4.0 sen per ordinary share will be paid in cash while the balance 24.5 sen net per ordinary share will be the portion which can be elected to be reinvested in new Maybank shares in accordance with the DRP, subject to the relevant regulatory approvals, as well as, shareholders' approval at the forthcoming Annual General Meeting.

In addition to common equity, the Group also maintains other types of capital instruments such as Innovative Tier 1 Capital Securities, Non-Innovative Tier 1 Capital Securities and Subordinated Bonds/Certificates/Notes in order to optimise its capital mix and cost of capital.

The Group has about RM6.1 billion of additional Tier 1 capital instruments outstanding as at 31 December 2012, comprising of innovative and non-innovative types, as follows:

Tier 1 Capital Instruments

Description	Issue Date	Key Terms	As at 31.12.12 RM'million
RM3.5 billion 6.85% Stapled Capital Securities ("NCPCS") (non-innovative) due on 27 June 2038	27 Jun 2008	Callable on 27 June 2018 & maturing 27 June 2038. Callable at the option of the bank 10 years from issue date or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied.	3,502
SGD600 million 6.00% Innovative Tier 1 capital securities due on 10 August 2068	11 Aug 2008	Callable on 11 August 2018 & maturing 10 August 2068. Callable at the option of the bank 10 years from issuance date. There will be step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the 3 month SGD Swap Offer Rate.	1,531
RM1.1 billion 6.30% Innovative Tier 1 capital securities due on 25 September 2068	25 Sep 2008	Callable on 25 September 2018 & maturing 25 September 2068. Callable on 25 September 2018 at the option of the bank 10 years from issuance date. There will be step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3 months RM deposits.	1,118

CAPITAL MANAGEMENT

The Group also has about RM11.6 billion of subordinated bonds/certificates/notes outstanding as at 31 December 2012, the details of which are as follows:

Subordinated Obligations

Description	Issue Date	Key Terms	As at 31.12.12 RM'million
RM1.5 billion 5.00% subordinated Islamic bonds due in 2018	15 May 2006	Callable 15 May 2013 & maturing 15 May 2018 (12 non-call 7)	1,510
SGD1.0 billion 3.80% subordinated notes due in 2021	28 Apr 2011	Callable 28 April 2016 & maturing 28 April 2021 (10 non-call 5)	2,518
RM2.0 billion 4.10% subordinated notes due in 2021	15 Aug 2011	Callable 15 August 2016 & maturing 16 August 2021 (10 non-call 5)	2,030
RM750 million 3.97% subordinated notes due in 2021	28 Dec 2011	Callable 28 December 2016 & maturing 28 December 2021 (10 non-call 5)	750
RM250 million 4.12% subordinated notes due in 2023	28 Dec 2011	Callable 28 December 2018 & maturing 28 December 2023 (12 non-call 7)	250
RM2.1 billion 4.25% subordinated notes due in 2024	10 May 2012	Callable 10 May 2019 & maturing 10 May 2024 (12 non-call 7)	2,112
USD800 million 3.25% subordinated notes due in 2022	20 Sep 2012	Callable 20 September 2017 & maturing 20 September 2022 (10 non-call 5)	2,469
RM1.0 billion 4.22% subordinated sukuk due in 2021	31 Mar 2011	Callable 31 March 2016 & maturing 31 March 2021 (10 non-call 5)	1,011
IDR 1.5 trillion 10.75% subordinated bond due in 2018	31 May 2011	Maturing 19 May 2018	381
IDR 500 billion 10.00% subordinated bond due in 2018	6 Dec 2011	Maturing 6 December 2018	159
IDR 1.0 trillion 9.25% subordinated bond due in 2019	31 Oct 2012	Maturing 31 October 2019	321

On 31 October 2012, a subsidiary, Billion, issued IDR 1.0 trillion subordinated notes. The subordinated notes bear fixed interest rate at 9.25% per annum and due date of the subordinated notes will be made 31 October 2019. The interest of the subordinated notes will be paid quarterly based on interest payment date of the notes. The first interest payment will be made on 31 January 2013, while the last interest payment and due date of the notes will be made on 6 December 2018.

During the financial year, the Group has redeemed two subordinated bonds totalling RM2.5 billion, which were both issued in April 2007 on a 10 non-callable 5 basis features and redeemed the RM3.1 billion subordinated term loan in July 2012 which was drawdown in 28 November 2008. The Group has issued two new subordinated notes amounting to RM4.6 billion which are recognised by BNM for computation of regulatory Tier II capital. Brief terms and conditions of the new Tier II capital instruments issued during the financial year are summarised below:

(i) RM2.1 billion 4.25% subordinated notes due in 2024

On 10 May 2012, Maybank issued RM2.1 billion nominal value Tier II subordinated notes under the RM7.0 billion subordinated note programme. The subordinated notes are under a 12 non-callable 7 basis feature, payable semi-annually in arrears in November and May each year, and are due in May 2024. Maybank has the option to redeem the subordinated notes in whole, but not in part on 10 May 2019 and on each semi-annual interest payment date thereafter, subject to prior consent of Bank Negara Malaysia.

(ii) USD800 million 3.25% subordinated notes due 2022

On 20 September 2012, Maybank issued USD800 million nominal value Tier 2 subordinated notes under the USD5 billion multicurrency medium term note programme. The subordinated notes are under a 10 non-callable 5 basis feature, payable semi-annually in arrears in March and September each year, and are due in September 2022. Maybank has the option to redeem the subordinated notes in whole, but not in part on 20 September 2017 and each semi-annual interest payment date thereafter, subject to prior written consent of Bank Negara Malaysia.

IMPLEMENTATION OF BASEL III

The implementation of Basel III in Malaysia will commence with effect from 1 January 2013 under the new Basel III rules released on 28 November 2012 by BNM. The BNM Basel III rules are broadly in line with the proposals promulgated by the Basel Committee of Banking Supervision ("BCBS") in December 2010 (updated June 2011) with the exception of a few main items relevant to the Group which are more stringent compared to BCBS such as:-

Item	BNM Basel III Rule
Deferred tax assets; and investment in the capital of affiliated (or with >10% interest) unconsolidated financial and insurance/takaful entities	BNM requires full deduction from Common Equity Tier 1 capital ("CET1") compared to recognition up to 10% of common equity under BCBS.
Unrealised gain for financial investment available-for-sale	BNM requires 55% haircut for gains but full deduction in case of losses compared to full recognition of gains and phase-in arrangement for losses under BCBS
Non-qualifying non-controlling interest and capital instruments issued out of subsidiaries and held by third parties	BNM does not allow phase-in arrangement compared to BCBS.
Property revaluation gain	BNM requires full deduction from CET1 but 45% can be recognised in Tier 2 capital compared to full recognition of gains and phase-in arrangement for losses under BCBS

Under the new Basel III rules, banking institutions will be required to maintain higher minimum quantity and quality of capital but the requirements will be subject to a series of transitional arrangements and will be phase-in over a period of time, commencing 2013 and to be fully effective by 2019. BNM is also expected to introduce additional capital buffer requirements which will comprise of Capital Conservation Buffer of 2.5% of total RWA and Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA. Further guidance on the capital buffer requirements will be announced by BNM before 2016 on its computation approach and operations.

Despite the more stringent Basel III requirements under BNM, Group expects its capital position to continue to remain healthy at levels above the minimum regulatory requirements.

Detailed discussion on capital adequacy and constituents of capital are discussed in detail under note 53 in the financial statements.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

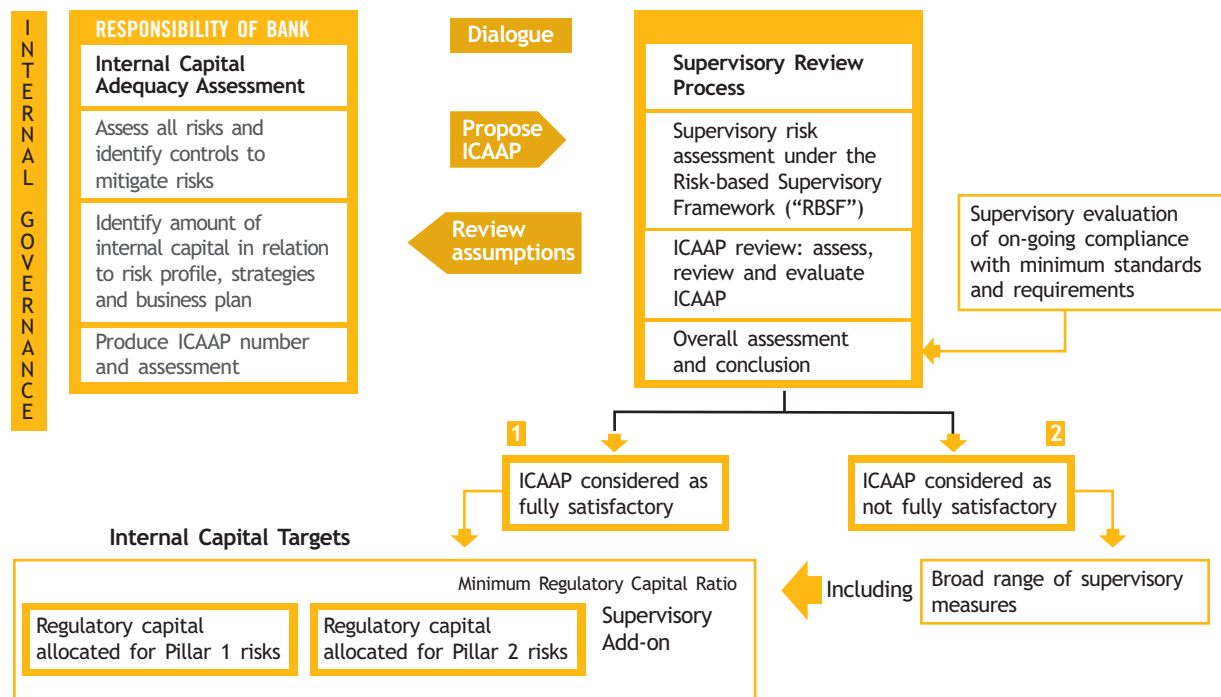
At the Group, the overall capital adequacy in relation to its risk profile is assessed through a process articulated in the ICAAP. The ICAAP Framework has been formalised and approved by the Board in April 2008, with the latest fifth version revised in June 2012. The ICAAP has been implemented within the organisation to ensure all material risks are identified, measured and reported, and adequate capital levels consistent with the risk profiles are held.

The Group's ICAAP closely integrates the risk and capital assessment processes. The ICAAP framework is designed to ensure that adequate levels, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted on half yearly basis to the Executive Risk Committee ("ERC"), the Risk Management Committee ("RMC") and the Board for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them.

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In line with BNM's Guideline on ICAAP which was last updated on 2 December 2011, banks are required to submit a Board-approved ICAAP document to BNM by 31 March 2013. The requirements include an overview of ICAAP, current and projected financial and capital position, ICAAP governance, risk assessment models and processes, risk appetite and capital management, stress testing and capital planning and use of ICAAP. The Group will submit the required ICAAP documents to BNM before 31 March 2013.

ICAAP Framework



Supplementing the ICAAP reports is the Group Capital Management Plan, which is updated on an annual basis where the internal capital targets are set and reviewed, among others as part of sound capital management.

Comprehensive Risk Assessment under ICAAP Framework

Under the Group's ICAAP methodology, the following risk types are identified and measured:

- Risks captured under Pillar 1 (credit risk, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk);
- Risks not taken into account by Pillar 1 (e.g. interest rate risk in banking book, liquidity risk, business/strategic risk, reputational risk and credit concentration risk); and
- External factors, including changes in economic environment, regulations, and accounting rules.

A key process emplaced within the Group provides for the identification of material risks that may arise through the introduction of new products and services. Material risks are defined as "risks which would materially impact the financial performance of the bank should the risk occur". In the Group's ICAAP Framework, the Material Risk Assessment Process ("MRAP") is designed to create an ability to estimate the impact of risk drivers on earnings and capital. New material risks, if any, are reviewed on a quarterly basis and incorporated in the regular ICAAP reports tabled to the ERC and the RMC.

Assessment of Pillar 1 and Pillar 2 Risks

In line with industry best practices, the Group quantifies its risks using methodologies that have been reasonably tested and deemed to be accepted in the industry.

Where risks may not be easily quantified due to the lack of commonly accepted risk measurement techniques, expert judgment is used to determine the size and materiality of risk. The Group's ICAAP would then focus on the qualitative controls in managing such material non-quantifiable risks. These qualitative measures include the following:

- Adequate governance process;
- Adequate systems, procedures and internal controls;
- Effective risk mitigation strategies; and
- Regular monitoring and reporting.

Regular Stress Testing

The Group's stress testing programme is embedded within the risk and capital management process of the Group, and is a key function of capital planning and business planning processes. The programme serves as a forward-looking risk and capital management tool to understand our risk profile under extreme but plausible conditions. Such conditions may arise from economic, political and environmental factors.

Under Maybank Group Stress Test ("GST") Framework as approved by the Board, it considers the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, risk weighted assets and capital adequacy.

Specifically, the stress test programme is designed to:

- Highlight the dynamics of stress events and their potential implications on the Group's trading and banking book exposures, liquidity positions and likely reputational impacts;
- Identify proactively key strategies to mitigate the effects of stress events; and
- Produce stress results as inputs into the Group's ICAAP in the determination of capital adequacy and capital buffers.

Stress test themes reviewed by the Stress Test Working Group in the past include slowing Chinese economy, a repeat of Asian Financial Crisis, US dollar depreciation, pandemic flu, asset price collapse, interest rate hikes, a global double-dip recession scenario, Japan disasters, crude oil price hike, the Eurozone and US debt crises, amongst others.

The Stress Test Working Group, which comprises of business and risk management teams, tables the stress test reports at the Senior Management and Board committees and discusses the results with regulators on a regular basis.

CAPITAL MANAGEMENT

CAPITAL ADEQUACY RATIOS

On 29 June 2010, the Bank and its subsidiary, MIB has received approval from BNM to migrate to IRB Approach for credit risk under Basel II RWCAF from 1 July 2010 onwards:

Table 1: Capital Adequacy Ratios for Maybank Group, Maybank and Maybank Islamic Berhad as at 31 December 2012

Capital Adequacy Ratios	Group	Maybank	Maybank Islamic
Before deducting proposed dividend			
Core capital ratio	13.66%	17.43%	10.83%
Risk-weighted capital ratio ("RWCR")*	17.47%	17.43%	12.59%

Expressed in RM'000

Capital Adequacy Ratios	Group	Maybank	Maybank Islamic
Capital base	49,305,529	36,019,850	4,975,590
Credit RWA	245,629,212	182,229,741	34,975,262
Credit RWA absorbed by PSIA	—	—	(127,317)
Market RWA	8,913,850	6,200,948	747,905
Operational RWA	27,685,920	18,180,446	2,959,425
Additional risk-weighted assets due to capital floor	—	—	968,148
Total RWA	282,228,982	206,611,135	39,523,423

Note*: RWCR is computed by dividing capital base over total RWA.

The risk-weighted capital ratio of the Group as at 31 December 2012 stood at 17.47%, which is an increase from the previous financial period's ratio of 16.46%.

The risk-weighted capital ratio at 17.47% against the Group's total RWA is testament of the Group's resilience and strength in meeting its obligations. Similarly, at entity level, the Bank's RWCR remain strong at 17.43% and MIB registered a healthy ratio of 12.59%.

Please refer to note 53 in the financial statements for detailed discussion on the capital adequacy ratios.

Table 2. Disclosure on Capital Adequacy under IRB Approach for Maybank Group, Maybank and Maybank Islamic

As at 31.12.2012	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
Eligible Tier 1 Capital			
Paid-up ordinary share capital/Islamic banking fund	8,440,046	8,440,046	132,720
Share premium	15,639,646	15,639,646	2,687,480
Retained profit	5,650,192	4,211,532	1,311,406
Statutory reserve fund	8,023,712	7,805,342	147,338
General reserve fund	—	312,410	1,697
Total non-innovative Tier 1 (non-IT1) and innovative Tier 1 (IT1) capital	6,093,421	6,093,421	—
Non-innovative Tier 1 capital	3,498,312	3,498,312	—
Total innovative Tier 1 capital	2,595,109	2,595,109	—
RM Approved innovative debt capital instruments issued	1,099,315	1,099,315	—
FX Approved innovative debt capital instruments issued	1,495,794	1,495,794	—
Minority interest in shares of non-wholly owned subsidiaries	399,838	—	—
Share in unit trust	(102,405)	(102,405)	—
Total Tier 1 capital	44,144,445	42,399,992	4,280,641
Less:			
Goodwill	(5,588,553)	(81,015)	—
Deductions in excess of Tier 2 capital	—	(6,299,127)	—
ELIGIBLE TIER 1 CAPITAL	38,555,897	36,019,850	4,280,641
Eligible Tier 2 Capital			
Maximum allowable subordinated debt capital	13,394,620	11,546,020	1,000,000
RM subordinated debt capital	8,447,327	6,598,726	1,000,000
FX subordinated debt capital	4,947,293	4,947,293	—
Collective allowance for SA approach	728,806	294,552	85,396
Surplus of total EP over total EL under the IRB approach, subject to limit	—	—	—
Total Tier 2 capital	14,123,426	11,840,572	1,085,396
Total Tier 2 capital (subject to limits)	14,123,426	11,840,572	1,085,396
Less:			
Investment in subsidiaries	(2,709,503)	(17,872,187)	—
Securitisation exposures held in the banking book	—	—	—
Excess of total EL over total EP under the IRB approach	(664,291)	(267,512)	(390,447)
Liquidity reserve	—	—	—
Total deductions from Tier 2 Capital	(3,373,794)	(18,139,699)	(390,447)
ELIGIBLE TIER 2 CAPITAL	10,749,632	—	694,949
CAPITAL BASE	49,305,529	36,019,850	4,975,590

CAPITAL MANAGEMENT

Table 2. Disclosure on Capital Adequacy under IRB Approach for Maybank Group, Maybank and Maybank Islamic (Cont'd.)

As at 31.12.2011	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
<u>Eligible Tier 1 Capital</u>			
Paid-up ordinary share capital/ Islamic banking fund	7,639,437	7,639,437	110,600
Share premium	9,598,847	9,598,847	2,488,400
Retained profit	5,855,354	4,648,594	1,102,606
Statutory reserve fund	6,926,383	6,728,866	147,338
General reserve fund	—	228,821	1,697
Capital redemption reserve	—	—	—
Total non-innovative Tier 1 (non-IT1) and innovative Tier 1 (IT1) capital	6,057,884	6,057,884	—
Non-innovative Tier 1 capital	3,498,065	3,498,065	—
Total innovative Tier 1 capital	2,559,819	2,559,819	—
RM Approved innovative debt capital instruments issued	1,099,218	1,099,218	—
FX Approved innovative debt capital instruments issued	1,460,601	1,460,601	—
Minority interest	381,926	—	—
Total Tier 1 capital	36,459,831	34,902,448	3,850,641
Less:			
Goodwill	(6,031,401)	(81,015)	—
Deductions in excess of Tier 2 capital	—	(4,193,087)	—
ELIGIBLE TIER 1 CAPITAL	30,428,430	30,628,347	3,850,641
<u>Eligible Tier 2 Capital</u>			
Maximum allowable subordinated debt capital	13,889,529	12,491,343	1,000,000
RM subordinated debt capital	10,100,000	9,100,000	1,000,000
FX subordinated debt capital	3,789,529	3,391,343	—
Collective allowance for SA approach	892,370	430,448	97,411
Surplus of total EP over total EL under the IRB approach, subject to limit	359,978	384,425	—
Total Tier 2 capital	15,141,877	13,306,216	1,097,411
Total Tier 2 capital (subject to limits)	15,141,877	13,306,216	1,097,411
Less:			
Investment in subsidiaries	(2,891,773)	(17,467,920)	—
Securitisation exposures held in the banking book	(31,383)	(31,383)	—
Excess of total EL over total EP under the IRB approach	—	—	(36,645)
Liquidity reserve	—	—	—
Total deductions from Tier 2 Capital	(2,923,156)	(13,306,216)	(36,645)
ELIGIBLE TIER 2 CAPITAL	12,218,721	—	1,060,766
CAPITAL BASE	42,647,151	30,628,347	4,911,407

RISK MANAGEMENT

INTRODUCTION

The management of risk lies at the heart of the Group's business. All of the Group's activities involve the acceptance, evaluation, measurement and management of risks or combination of risks. During the financial year ended 31 December 2012, the Group has made great strides in the management of risk in a more robust and holistic manner across the region. Amidst the challenging business landscape and tighter regulatory regime, the Group's risk management has managed to enhance and integrate risks into the business to drive value creation for the Group.

OVERVIEW

The objective of the Group's risk management, practiced consistently across the Group, is to support the Group's strategies in building sustainably profitable business regionally in the best interests of the shareholders and various stakeholders. Risk management is firmly embedded in how we run our business through:

- a strong governance structure, with clear framework of risk ownership, accountability, standards and policy;
- alignment of risk and business objectives, and integration of risk appetite and stress testing into business planning and capital management;
- embedding risk culture as the foundation upon which a strong enterprise-wide risk management framework is built on; and
- an independent, integrated and specialist Group risk function.

RISK GOVERNANCE STRUCTURE

The risk governance structures were further strengthened to embed and enhance our risk management and risk culture across the Group, given our regional growth plans. The chart illustrating the risk governance structures of Maybank Group can be found on page 225 of the Risk Management's write-up under Governance in the Annual Report. To further enhance governance over the embedded risk units, overseas units and the Group's subsidiaries, an enhanced risk governance on a Group-wide basis was implemented with the following objectives:

- To align risk management practices across the Group;
- To align the implementation of the Group's risk frameworks and policies;

- To enhance risk oversight by the Group;
- To provide clarity in the roles and responsibilities of risk management functions within business sectors, subsidiaries, overseas branches and units;
- To allocate more dedicated resources in supporting risk management functions;
- To align the Group's risk management practices to leading risk management practices; and
- To improve scalability and repeatability of risk management functions in supporting the Group's regional growth.

In line with the above-mentioned regionalisation move, an Early Alert Unit/Department will also be set-up at the respective overseas units to better manage the Group's asset quality.

RISK APPETITE

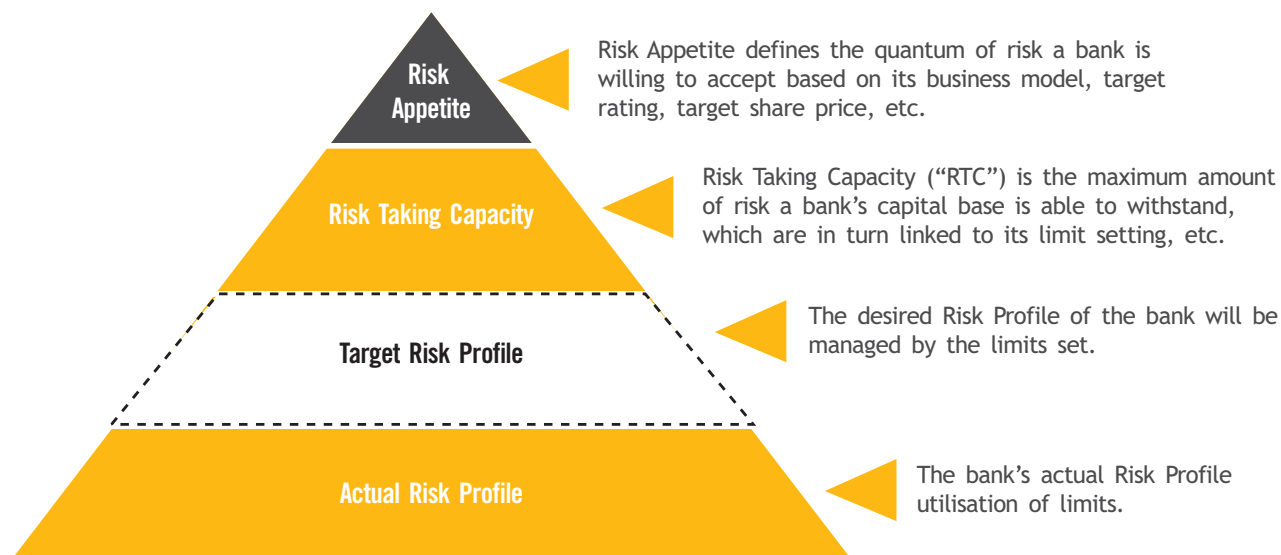
The Group's risk appetite statements were reviewed and approved by the Board to better link our business strategies with our risk taking capacities and to optimise our risk-return trade-offs. From Maybank's perspective, risk appetite links the risk strategy of the Group to the business strategy through desired target ratings (solvency), earnings volatility and risk limits, among others.

We have successfully implemented the Group Risk Appetite Framework across the Bank and our major overseas subsidiaries and key branches. We continue to align and embed our Risk Appetite into our key risk management and business planning processes to ensure that our risk, return and capital are managed on an integrated basis.

For this purpose, we have established a team, focused on managing the Risk Appetite process, and to act as an interface between the Board, Senior Management and all the business stakeholders of the Group. We view the Risk Appetite Framework as an effective communication tool, which fosters risk-return trade off discussions between the Board, business and risk management.

RISK MANAGEMENT

The Risk Appetite Framework was used to clearly and effectively communicate the boundaries of risk as defined by the Board and Senior Management to various businesses across the Group, and to ensure that all the principal risks of the Group are considered in the risk management, business planning, and capital planning processes.



EMBED RISK CULTURE

Risk Culture is defined by the Institute of International Finance ("IIF") as "the norms and traditions of behaviour of individuals and of groups within an organisation which determine the way in which they identify, understand, discuss and act on the risks the organisation confronts and assumes." In line with the Board's desire to "Create and Embed the Right Risk Culture", we have designed a "Risk Culture Index" aimed at measuring the current state risk culture across the Group.

We view Risk Culture as the foundation upon which a strong enterprise wide risk management framework is built upon, and that creating and embedding a strong risk culture is the cornerstone of effective management of risk for the Group and our clients. Therefore, through the Index, we aim to measure and specifically target areas where we can focus our risk management capability building, and ensure our risk culture is institutionalised.

The Index was successfully launched in 2012, and the results of which will be incorporated into the performance management process across the Group. Specific action plans would also be developed to ensure that we are able to sustain our growth in a responsible and risk-aware manner.

INDEPENDENT GROUP RISK FUNCTION

Risk is ever evolving and not static, influenced by various factors ranging from economic, geopolitical, regulatory, environmental, to the day-to-day operations. This calls for continual assessment, monitoring and management of the complex interactions of risks across the Group.

The Group Credit & Risk Management function, headed by the Group Chief Risk Officer ("GCRO"), provides an independent, expert and integrated assessment of risks across the Group:

- supporting the Group's regional expansion and businesses in the development and achievement of strategic objectives;
- acting as a strategic partner with business in budget planning and risk appetite setting and operation;
- providing authority limits for both central and regional approvals, controls, risk systems and architecture leadership, and group risk reporting to management;
- continuing development of risk functions across the regions that the Group have operations in and embedding the Group's risk culture; and
- addressing external stakeholders including regulators and analysts pertaining to risk issues.

In addition to the day-to-day operations, the Group Risk function also engages fully with business development activities such as new product sign-offs and approvals, post-implementation reviews and due diligence exercises.

CREDIT RISK

CREDIT RISK DEFINITION

Credit risk arises as a result of customers or counter-parties' failure or unwillingness to fulfil their financial and contractual obligations as and when they arise. These obligations arise from the Group's direct lending operations, trade finance and its funding, investment and trading activities undertaken by the Group.

REGULATORY CAPITAL REQUIREMENTS

Of the various types of risks which the Group engages in, credit risk generates the largest regulatory capital requirement.

Tables 3 through 5 present the minimum regulatory capital requirements for credit risk under the IRB approach for the Group, the Bank and MIB, respectively. These tables tabulate the total RWA under the various exposure classes under the IRB approach and apply the minimum capital requirements at 8% as set by BNM to ascertain the minimum capital required for each of the portfolios assessed.

Table 3: Disclosure on Capital Adequacy under IRB Approach for Maybank Group

Item	As at 31.12.2012 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	<u>On-Balance-Sheet Exposures</u>				
	Sovereigns/Central Banks	56,634,064	56,634,064	1,810,034	144,803
	Public Sector Entities	1,797,557	1,794,015	949,400	75,952
	Banks, Development Financial Institutions & MDBs	3,420,615	3,417,704	1,609,508	128,761
	Insurance Cos, Securities Firms & Fund Managers	792,996	792,251	792,251	63,380
	Corporates	34,251,637	33,304,211	32,821,068	2,625,685
	Regulatory Retail	16,968,402	16,884,155	11,906,530	952,522
	Residential Mortgage	2,301,724	2,301,724	896,046	71,684
	Higher Risk Assets	458,029	458,029	687,044	54,963
	Other Assets	8,460,764	8,460,764	2,289,429	183,154
	Securitisation Exposures	296,629	296,629	59,326	4,746
	Equity Exposure	108,742	108,742	117,242	9,379
	Defaulted Exposures	2,150,397	2,150,001	3,191,548	255,324
	Total On-Balance Sheet Exposures	127,641,556	126,602,289	57,129,425	4,570,354
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	625,448	625,448	426,249	34,100
	Off balance sheet exposures other than OTC derivatives or credit derivatives	4,680,619	4,402,765	3,293,766	263,501
	Defaulted Exposures	29	29	18	1
	Total Off-Balance Sheet Exposures	5,306,096	5,028,242	3,720,033	297,603
	Total On and Off-Balance Sheet Exposures	132,947,652	131,630,533	60,849,458	4,867,957

Table 3: Disclosure on Capital Adequacy under IRB Approach for Maybank Group (Cont'd.)

Item	As at 31.12.2012 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.2	<u>Exposures under the IRB Approach</u>				
	<u>On-Balance-Sheet Exposures</u>				
	Banks, Development Financial Institutions & MDBs	57,631,179	57,631,179	17,325,205	1,386,016
	Corporate Exposures	137,070,729	137,070,729	86,398,539	6,911,883
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	81,460,170	81,460,170	51,100,502	4,088,040
	b) Corporates (with firm-size adjustment)	52,094,035	52,094,035	32,916,498	2,633,320
	c) Specialised Lending (Slotting Approach)				
	- Project Finance	3,516,524	3,516,524	2,381,539	190,523
	Retail Exposures	122,462,572	122,462,572	40,666,941	3,253,355
	a) Residential Mortgages	39,872,773	39,872,773	14,862,718	1,189,017
	b) Qualifying Revolving Retail Exposures	4,544,108	4,544,108	2,414,682	193,175
	c) Hire Purchase Exposures	34,089,521	34,089,521	11,662,898	933,032
	d) Other Retail Exposures	43,956,170	43,956,170	11,726,643	938,131
	Defaulted Exposures	2,816,748	2,816,748	571,910	45,753
	Total On-Balance Sheet Exposures	319,981,228	319,981,228	144,962,595	11,597,007
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	9,117,245	9,117,245	3,230,775	258,462
	Off balance sheet exposures other than OTC derivatives or credit derivatives	48,883,834	48,883,834	26,112,280	2,088,982
	Defaulted Exposures	22,636	22,636	14,869	1,190
	Total Off-Balance Sheet Exposures	58,023,715	58,023,715	29,357,924	2,348,634
	Total On and Off-Balance Sheet Exposures	378,004,943	378,004,943	174,320,520	13,945,642
	Total IRB Approach after Scaling Factor of 1.06			184,779,754	14,782,380
	Total Credit Risk (Exposures under Standardised Approach & IRB Approach)	510,952,595	509,635,475	245,629,212	19,650,337
2.0	<u>Market Risk</u>				
	Interest Rate Risk			4,106,931	328,554
	Foreign Currency Risk			4,199,619	335,969
	Equity Risk			173,850	13,908
	Commodity Risk			2,525	202
	Option Risk			430,925	34,474
	Total Market Risk			8,913,850	713,108
3.0	Operational Risk			27,685,920	2,214,874
4.0	Total RWA and Capital Requirements			282,228,982	22,578,319

Table 3: Disclosure on Capital Adequacy under IRB Approach for Maybank Group (Cont'd.)

Item	As at 31.12.2011 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	<u>On-Balance-Sheet Exposures</u>				
	Sovereigns/Central Banks	61,566,161	61,566,161	3,013,399	241,072
	Public Sector Entities	1,002,719	994,184	816,459	65,317
	Banks, Development Financial Institutions & MDBs	3,771,959	3,771,574	1,301,047	104,084
	Insurance Cos, Securities Firms & Fund Managers	334,063	334,063	334,063	26,725
	Corporates	42,112,182	41,210,415	40,705,480	3,256,438
	Regulatory Retail	14,075,274	13,621,464	10,162,664	813,013
	Residential Mortgage	2,063,422	2,063,422	926,505	74,120
	Higher Risk Assets	574,927	574,927	862,391	68,991
	Other Assets	19,094,871	19,094,871	4,552,604	364,208
	Securitisation Exposures	1,012,355	1,012,355	554,994	44,400
	Equity Exposure	580,746	580,746	848,279	67,862
	Defaulted Exposures	1,526,949	1,526,682	2,233,761	178,701
	Total On-Balance Sheet Exposures	147,715,628	146,350,864	66,311,646	5,304,931
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	387,044	387,044	183,998	14,720
	Off balance sheet exposures other than OTC derivatives or credit derivatives	5,199,198	4,805,851	4,160,252	332,820
	Defaulted Exposures	22	22	18	1
	Total Off-Balance Sheet Exposures	5,586,264	5,192,917	4,344,268	347,541
	Total On and Off-Balance Sheet Exposures	153,301,891	151,543,780	70,655,914	5,652,473
1.2	Exposures under the IRB Approach				
	<u>On-Balance-Sheet Exposures</u>				
	Banks, Development Financial Institutions & MDBs	50,251,862	50,251,862	16,889,675	1,351,174
	Corporate Exposures	111,203,419	111,203,419	74,398,747	5,951,900
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	62,937,722	62,937,722	40,282,351	3,222,588
	b) Corporates (with firm-size adjustment)	46,897,742	46,897,742	33,147,324	2,651,786
	c) Specialised Lending (Slotting Approach) - Project Finance	1,367,955	1,367,955	969,072	77,526
	Retail Exposures	104,937,142	104,937,142	35,550,703	2,844,057
	a) Residential Mortgages	37,497,934	37,497,934	14,314,657	1,145,173
	b) Qualifying Revolving Retail Exposures	4,627,319	4,627,319	2,556,446	204,516
	c) Hire Purchase Exposures	30,735,761	30,735,761	11,415,515	913,241
	d) Other Retail Exposures	32,076,128	32,076,128	7,264,085	581,127
	Defaulted Exposures	4,412,542	4,412,542	861,167	68,893
	Total On-Balance Sheet Exposures	270,804,965	270,804,965	127,700,293	10,216,023

Table 3: Disclosure on Capital Adequacy under IRB Approach for Maybank Group (Cont'd.)

Item	As at 31.12.2011 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	7,437,556	7,437,556	2,578,493	206,279
	Off balance sheet exposures other than OTC derivatives or credit derivatives	25,095,621	25,095,621	14,140,116	1,131,209
	Defaulted Exposures	194,197	194,197	15,250	1,220
	Total Off-Balance Sheet Exposures	32,727,374	32,727,374	16,733,859	1,338,708
	Total On and Off-Balance Sheet Exposures	303,532,340	303,532,339	144,434,152	11,554,732
	Total IRB Approach after Scaling Factor of 1.06			153,100,201	12,248,016
	Total Credit Risk (Exposures under Standardised Approach & IRB Approach)	456,834,231	455,076,118	223,756,115	17,900,489
2.0	<u>Market Risk</u>				
	Interest Rate Risk			5,747,763	459,821
	Foreign Currency Risk			4,163,411	333,072
	Equity Risk			196,089	15,687
	Commodity Risk			1,014	81
	Option Risk			270,988	21,679
	Total Market Risk			10,379,265	830,341
3.0	Operational Risk			24,983,371	1,998,670
4.0	Total RWA and Capital Requirements			259,118,751	20,729,500

Table 4: Disclosure on Capital Adequacy under IRB Approach for Maybank

Item	As at 31.12.2012 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	On-Balance-Sheet Exposures				
	Sovereigns/Central Banks	31,341,304	31,341,304	370,667	29,653
	Public Sector Entities	1,128,923	1,128,923	819,354	65,548
	Banks, Development Financial Institutions & MDBs	—	—	—	—
	Insurance Cos, Securities Firms & Fund Managers	494	494	494	40
	Corporates	14,051,035	14,033,801	13,682,325	1,094,586
	Regulatory Retail	6,646,438	6,639,400	4,331,852	346,548
	Residential Mortgage	889,835	889,835	391,658	31,333
	Higher Risk Assets	319,443	319,443	479,165	38,333
	Other Assets	9,155,591	9,155,591	4,269,165	341,533
	Securitisation Exposures	296,629	296,629	59,326	4,746
	Equity Exposure	107,709	107,709	116,207	9,297
	Defaulted Exposures	190,556	190,456	268,292	21,463
	Total On-Balance Sheet Exposures	64,127,957	64,103,585	24,788,505	1,983,080
	Off-Balance-Sheet Exposures				
	OTC Derivatives	254,653	254,653	233,348	18,668
	Off balance sheet exposures other than OTC derivatives or credit derivatives	2,744,301	2,744,301	2,438,754	195,100
	Defaulted Exposures	29	29	18	1
	Total Off-Balance Sheet Exposures	2,998,983	2,998,983	2,672,120	213,769
	Total On and Off-Balance Sheet Exposures	67,126,940	67,102,568	27,460,623	2,196,850
1.2	Exposures under the IRB Approach				
	On-Balance-Sheet Exposures				
	Banks, Development Financial Institutions & MDBs	56,829,211	56,829,211	17,673,871	1,413,910
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—
	Corporate Exposures	119,200,475	119,200,475	74,747,103	5,979,768
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	72,305,941	72,305,941	45,191,352	3,615,308
	b) Corporates (with firm-size adjustment)	44,446,396	44,446,396	28,050,651	2,244,052
	c) Specialised Lending (Slotting Approach)				
	- Project Finance	2,448,138	2,448,138	1,505,100	120,408
	Retail Exposures	83,953,051	83,953,051	27,075,604	2,166,048
	a) Residential Mortgages	32,074,705	32,074,705	10,198,843	815,907
	b) Qualifying Revolving Retail Exposures	4,205,587	4,205,587	2,234,913	178,793
	c) Hire Purchase Exposures	18,798,030	18,798,030	6,872,074	549,766
	d) Other Retail Exposures	28,874,729	28,874,729	7,769,774	621,582
	Defaulted Exposures	2,435,800	2,435,800	461,103	36,888
	Total On-Balance Sheet Exposures	262,418,537	262,418,537	119,957,681	9,596,614

CREDIT RISK

Table 4: Disclosure on Capital Adequacy under IRB Approach for Maybank (Cont'd.)

Item	As at 31.12.2012 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	8,926,671	8,926,671	3,106,257	248,501
	Off balance sheet exposures other than OTC derivatives or credit derivatives	43,006,447	43,006,447	22,933,647	1,834,692
	Defaulted Exposures	16,984	16,984	11,013	881
	Total Off-Balance Sheet Exposures	51,950,102	51,950,102	26,050,917	2,084,074
	Total On and Off-Balance Sheet Exposures	314,368,639	314,368,639	146,008,602	11,680,688
	Total IRB Approach after Scaling Factor of 1.06			154,769,118	12,381,529
	Total Credit Risk (Exposures under Standardised Approach & IRB Approach)	381,495,578	381,471,206	182,229,741	14,578,379
2.0	<u>Market Risk</u>				
	Interest Rate Risk			3,345,023	267,602
	Foreign Currency Risk			2,443,975	195,518
	Equity Risk			—	—
	Commodity Risk			—	—
	Option Risk			411,950	32,956
	Total Market Risk			6,200,948	496,076
3.0	Operational Risk			18,180,446	1,454,436
4.0	Total RWA and Capital Requirements			206,611,135	16,528,891

Table 4: Disclosure on Capital Adequacy under IRB Approach for Maybank (Cont'd.)

Item	As at 31.12.2011 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	<u>On-Balance-Sheet Exposures</u>				
	Sovereigns/Central Banks	43,329,944	43,329,944	1,422,455	113,796
	Public Sector Entities	863,528	861,443	698,335	55,867
	Banks, Development Financial Institutions & MDBs	—	—	—	—
	Insurance Cos, Securities Firms & Fund Managers	4,006	4,006	4,006	320
	Corporates	22,456,258	22,421,600	21,790,820	1,743,266
	Regulatory Retail	5,377,033	5,110,622	3,672,810	293,825
	Residential Mortgage	736,715	736,715	408,861	32,709
	Higher Risk Assets	437,645	437,645	656,467	52,517
	Other Assets	17,324,102	17,324,102	5,355,679	428,454
	Securitisation Exposures	1,012,355	1,012,355	554,994	44,400
	Equity Exposure	567,104	567,104	828,265	66,261
	Defaulted Exposures	221,137	221,137	290,326	23,226
	Total On-Balance Sheet Exposures	92,329,827	92,026,673	35,683,018	2,854,641
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	171,032	171,032	132,908	10,633
	Off balance sheet exposures other than OTC derivatives or credit derivatives	3,481,319	3,250,692	3,018,348	241,468
	Defaulted Exposures	22	22	18	1
	Total Off-Balance Sheet Exposures	3,652,373	3,421,746	3,151,274	252,102
	Total On and Off-Balance Sheet Exposures	95,982,200	95,448,419	38,834,291	3,106,743
1.2	Exposures under the IRB Approach				
	<u>On-Balance-Sheet Exposures</u>				
	Banks, Development Financial Institutions & MDBs	50,469,618	50,469,618	16,787,783	1,343,023
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—
	Corporate Exposures	96,521,273	96,521,273	64,320,827	5,145,666
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	55,591,935	55,591,935	35,946,724	2,875,738
	b) Corporates (with firm-size adjustment)	40,237,285	40,237,285	27,993,952	2,239,516
	c) Specialised Lending (Slotting Approach) - Project Finance	692,053	692,053	380,151	30,412
	Retail Exposures	74,494,070	74,494,070	24,656,183	1,972,495
	a) Residential Mortgages	31,960,977	31,960,977	11,214,807	897,185
	b) Qualifying Revolving Retail Exposures	4,314,675	4,314,675	2,375,020	190,002
	c) Hire Purchase Exposures	16,618,373	16,618,373	6,279,439	502,355
	d) Other Retail Exposures	21,600,045	21,600,045	4,786,917	382,953
	Defaulted Exposures	3,891,501	3,891,501	693,937	55,515
	Total On-Balance Sheet Exposures	225,376,461	225,376,461	106,458,728	8,516,698

CREDIT RISK

Table 4: Disclosure on Capital Adequacy under IRB Approach for Maybank (Cont'd.)

Item	As at 31.12.2011 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	7,294,530	7,294,530	2,525,339	202,027
	Off balance sheet exposures other than OTC derivatives or credit derivatives	21,775,436	21,775,436	12,437,733	995,019
	Defaulted Exposures	188,701	188,701	11,630	930
	Total Off-Balance Sheet Exposures	29,258,667	29,258,667	14,974,702	1,197,976
	Total On and Off-Balance Sheet Exposures	254,635,128	254,635,128	121,433,430	9,714,674
	Total IRB Approach after Scaling Factor of 1.06			128,719,436	10,297,555
	Total Credit Risk (Exposures under Standardised Approach & IRB Approach)	350,617,328	350,083,547	167,553,727	13,404,298
2.0	<u>Market Risk</u>				
	Interest Rate Risk			4,764,168	381,133
	Foreign Currency Risk			3,345,510	267,641
	Equity Risk			8,599	688
	Commodity Risk			1,012	81
	Option Risk			257,386	20,591
	Total Market Risk			8,376,694	670,134
3.0	Operational Risk			17,970,181	1,437,614
4.0	Total RWA and Capital Requirements			193,900,582	15,512,047

Table 5: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic

Item	As at 31.12.2012 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk						
1.1	Exempted Exposures (Standardised Approach)						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	16,867,117	16,867,117	12,461	—	12,461	997
	Public Sector Entities	647,515	647,515	115,256	—	115,256	9,220
	Insurance Cos, Securities Firms & Fund Managers	229	229	229	—	229	18
	Corporates	961,929	961,929	954,354	—	954,354	76,348
	Regulatory Retail	880,629	880,629	514,558	—	514,558	41,165
	Residential Mortgage	510,664	510,664	188,850	—	188,850	15,108
	Higher Risk Assets	36	36	54	—	54	4
	Other Assets	892,925	892,925	486,882	—	486,882	38,951
	Defaulted Exposures	6,294	6,294	5,421	—	5,421	434
	Total On-Balance Sheet Exposures	20,767,338	20,767,338	2,278,065	—	2,278,065	182,245
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	43,193	43,193	33,100	—	33,100	2,648
	Off balance sheet exposures other than OTC derivatives or credit derivatives	853,206	853,206	100,193	—	100,193	8,015
	Defaulted Exposures	—	—	—	—	—	—
	Total Off-Balance Sheet Exposures	896,399	896,399	133,293	—	133,293	10,663
	Total On and Off-Balance Sheet Exposures	21,663,737	21,663,737	2,411,358	—	2,411,358	192,908
1.2	Exposures under the IRB Approach						
	<u>On-Balance-Sheet Exposures</u>						
	Banks, Development Financial Institutions & MDBs	9,336,048	9,336,048	3,023,182	—	3,023,182	241,855
	Corporate Exposures	17,951,852	17,951,852	10,923,073	(120,110)	10,802,963	864,237
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	9,235,827	9,235,827	5,180,787	(120,110)	5,060,677	404,854
	b) Corporates (with firm-size adjustment)	7,647,639	7,647,639	4,865,847	—	4,865,847	389,268
	c) Specialised Lending (Slotting Approach) - Project Finance	1,068,386	1,068,386	876,439	—	876,439	70,115
	Retail Exposures	38,509,521	38,509,521	13,591,337	—	13,591,337	1,087,308
	a) Residential Mortgages	7,798,068	7,798,068	4,663,875	—	4,663,875	373,110
	b) Qualifying Revolving Retail Exposures	338,521	338,521	179,769	—	179,769	14,382
	c) Hire Purchase Exposures	15,291,491	15,291,491	4,790,824	—	4,790,824	383,266
	d) Other Retail Exposures	15,081,441	15,081,441	3,956,869	—	3,956,869	316,550
	Defaulted Exposures	380,948	380,948	110,807	—	110,807	8,865
	Total On-Balance Sheet Exposures	66,178,369	66,178,369	27,648,399	(120,110)	27,528,289	2,202,263

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Table 5: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic (Cont'd.)

Item	As at 31.12.2012 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
	Off-Balance-Sheet Exposures						
	OTC Derivatives	187,137	187,137	120,357	—	120,357	9,629
	Off balance sheet exposures other than OTC derivatives or credit derivatives	5,722,703	5,722,703	2,948,052	—	2,948,052	235,844
	Defaulted Exposures	5,652	5,652	3,856	—	3,856	308
	Total Off-Balance Sheet Exposures	5,915,492	5,915,492	3,072,265	—	3,072,265	245,781
	Total On and Off-Balance Sheet Exposures	72,093,861	72,093,861	30,720,664	(120,110)	30,600,554	2,448,044
	Total IRB Approach after Scaling Factor of 1.06			32,563,904	(127,317)	32,436,587	2,594,927
	Total Credit Risk (Exposures under Standardised Approach & IRB Approach)	93,757,599	93,757,598	34,975,262	(127,317)	34,847,945	2,787,836
2.0	Market Risk						
	Bench Mark Rate Risk			126,089	—	126,089	10,087
	Equity Risk			—	—	—	—
	Foreign Exchange Risk			621,816	—	621,816	49,745
	Option Risk			—	—	—	—
	Total Market Risk			747,905	—	747,905	59,832
3.0	Operational Risk			2,959,425	—	2,959,425	236,754
4.0	Additional RWA due to capital Floor			968,148		968,148	77,452
5.0	Total RWA and Capital Requirements			39,650,740	(127,317)	39,523,423	3,161,874

Table 5: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic (cont'd.)

Item	As at 31.12.2011 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk						
1.1	Exempted Exposures (Standardised Approach)						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	12,198,099	12,198,099	—	—	—	—
	Public Sector Entities	93,011	89,323	77,315	—	77,315	6,185
	Insurance Cos, Securities Firms & Fund Managers	329	329	329	—	329	26
	Corporates	2,649,670	2,464,690	2,707,937	—	2,707,937	216,635
	Regulatory Retail	924,021	826,110	619,583	—	619,583	49,567
	Residential Mortgage	189,943	189,943	119,680	—	119,680	9,574
	Higher Risk Assets	30,340	30,340	45,510	—	45,510	3,641
	Other Assets	2,368,113	2,368,113	525,833	—	525,833	42,067
	Defaulted Exposures	5,926	5,926	6,240	—	6,240	499
	Total On-Balance Sheet Exposures	18,459,452	18,172,873	4,102,427	—	4,102,427	328,194
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	181,545	181,545	36,749	—	36,749	2,940
	Off balance sheet exposures other than OTC derivatives or credit derivatives	412,955	412,955	14,504	—	14,504	1,160
	Defaulted Exposures	—	—	—	—	—	—
	Total Off-Balance Sheet Exposures	594,500	594,500	51,253	—	51,253	4,100
	Total On and Off-Balance Sheet Exposures	19,053,952	18,767,374	4,153,679	—	4,153,679	332,294
1.2	Exposures under the IRB Approach						
	<u>On-Balance-Sheet Exposures</u>						
	Banks, Development Financial Institutions & MDBs	8,622,533	8,622,533	3,523,929	—	3,523,929	281,914
	Corporate Exposures	14,682,146	14,682,146	10,272,192	(194,270)	10,077,922	806,234
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	7,345,787	7,345,787	4,529,898	(194,270)	4,335,628	346,850
	b) Corporates (with firm-size adjustment)	6,660,457	6,660,457	5,153,373	—	5,153,373	412,270
	c) Specialised Lending (Slotting Approach) - Project Finance	675,902	675,902	588,921	—	588,921	47,114
	Retail Exposures	30,398,139	30,398,139	10,894,520	—	10,894,520	871,561
	a) Residential Mortgages	5,536,957	5,536,957	3,099,850	—	3,099,850	247,988
	b) Qualifying Revolving Retail Exposures	312,644	312,644	181,426	—	181,426	14,514
	c) Hire Purchase Exposures	14,117,388	14,117,388	5,136,076	—	5,136,076	410,886
	d) Other Retail Exposures	10,431,150	10,431,150	2,477,168	—	2,477,168	198,173
	Defaulted Exposures	521,041	521,041	167,230	—	167,230	13,378
	Total On-Balance Sheet Exposures	54,223,859	54,223,859	24,857,871	(194,270)	24,663,601	1,973,088

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Table 5: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic (Cont'd.)

Item	As at 31.12.2011 Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	143,026	143,026	53,154	—	53,154	4,252
	Off balance sheet exposures other than OTC derivatives or credit derivatives	3,320,186	3,320,186	1,702,384	—	1,702,384	136,191
	Defaulted Exposures	5,496	5,496	3,620	—	3,620	290
	Total Off-Balance Sheet Exposures	3,468,707	3,468,707	1,759,158	—	1,759,158	140,733
	Total On and Off-Balance Sheet Exposures	57,692,566	57,692,566	26,617,030	(194,270)	26,422,760	2,113,821
	Total IRB Approach after Scaling Factor of 1.06			28,214,051	(205,926)	28,008,125	2,240,650
	Total Credit Risk (Exposures under Standardised Approach & IRB Approach)	76,746,518	76,459,940	32,367,730	(205,926)	32,161,804	2,572,944
2.0	<u>Market Risk</u>						
	Bench Mark Rate Risk			284,442	—	284,442	22,755
	Equity Risk			—	—	—	—
	Foreign Exchange Risk			23,500	—	23,500	1,880
	Total Market Risk			307,942	—	307,942	24,635
3.0	Operational Risk			2,573,751	—	2,573,751	205,900
4.0	Additional RWA due to capital Floor			3,891,670	—	3,482,850	278,628
5.0	Total RWA and Capital Requirements			39,141,093	(205,926)	38,935,167	3,114,813

MANAGEMENT OF CREDIT RISK

Corporate and institutional credit risks are assessed by business units and approved by an independent party (Group Credit Management) where each customer is assigned a credit rating based on the assessment of relevant factors including customer's financial position, types of facilities and securities offered.

Reviews are conducted at least once a year with updated information on customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when the accounts show signs of credit deterioration.

A two-pronged approach is adopted:

- Managing the Credit Risk
- Managing the Credit Portfolio

Retail credit exposures are managed on a programme basis. Credit programme are assessed jointly between credit risk and business units. Reviews on credit programmes are conducted at least once a year to assess the performance of the portfolio.

Group wide hierarchy of credit approving authorities and committee structures are in place to ensure appropriate underwriting standards are enforced consistently throughout the Group.

MANAGEMENT OF CONCENTRATION RISK

To manage large exposures, the Group has in place, amongst others, the following limits and related lending guidelines to avoid undue concentration of credit risk in its loan portfolio:

- Countries
- Business Segments
- Economic Sectors
- Single Customer Groups
- Banks & Non-Bank Financial Institutions
- Counterparties
- Collaterals

ASSET QUALITY MANAGEMENT

To effectively manage vulnerable corporate and institutional credits of the Group, there are dedicated teams comprising Corporate Remedial Management at Head Office and Loan Management Centres at Regional Offices. Vulnerable consumer credits are managed by the Recovery Management Unit at Head Office and Asset Quality Management Centres at Regional Offices. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial action.

Credit Risk Management (“CRM”) Framework

The CRM framework includes comprehensive credit risk policies, tools and methodologies for identification, measurement, monitoring and control of credit risk on a consistent basis. Components of the CRM framework constitute:

- Strong emphasis in creating and enhancing credit risk awareness.
- Comprehensive selection and training of lending personnel in the management of credit risk.
- Leveraging on knowledge sharing tools including e-learning courses to enhance credit skills within the Group.

The Group’s credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. The Credit Risk Management (CRM) is responsible for developing, enhancing and communicating an effective and consistent credit risk management framework across the Group to ensure appropriate credit policies are in place to identify, measure, control and monitor such risks.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss framework and internally developed Credit Risk Rating System (“CRRS”).

Tables 6 through 8 present the geographic analysis and distribution of exposures under both the SA and IRB approaches for the Group, the Bank and MIB respectively. These tables show the geographic distribution and the proportion of credit exposures assessed under the SA and IRB approaches.

Tables 9 through 11 present the disclosure on credit risk exposures by the various industries for the Group, the Bank and MIB, respectively.

In Tables 12 through 14, the credit risk exposures are presented by maturity periods of one year or less, one to five years and over five years for the Group, the Bank and MIB, respectively.

Table 6: Disclosure on Credit Risk Exposure - Geographic Analysis for Maybank Group

As at 31.12.2012 Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others i.e. Oversea Units RM'000	Total RM'000
Exposures under Standardised Approach					
Sovereigns/Central Banks	34,832,970	13,442,562	6,787,671	2,417,071	57,480,274
Public Sector Entities	1,147,743	665,777	3,484	17,672	1,834,676
Banks, Development Financial Institutions & MDBs	88,919	573,644	2,566,060	762,049	3,990,672
Insurance Cos, Securities Firms & Fund Managers	42,078	791,528	—	37,657	871,263
Corporates	6,872,519	2,168,819	18,160,480	10,592,869	37,794,687
Regulatory Retail	4,417,099	5,915,293	7,150,054	1,650,987	19,133,433
Residential Mortgage	1,217,049	106,876	894,420	91,306	2,309,651
Higher Risk Assets	511,210	62,518	—	1,573	575,301
Other Assets	179,847	1,396,956	2,413,769	4,561,750	8,552,322
Securitisation Exposures	296,629	—	—	—	296,629
Equity Exposure	81,411	26,531	—	802	108,744
Total Standardised Approach	49,687,474	25,150,504	37,975,938	20,133,736	132,947,652
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	44,930,152	12,579,297	—	12,497,094	70,006,543
Insurance Cos, Securities Firms & Fund Managers	5	—	—	—	5
Corporate Exposures	112,396,920	51,054,720	—	11,466,010	174,917,650
a) Corporates (excluding Specialised Lending and firm-size adjustments)	66,073,008	27,225,235	—	11,101,364	104,399,605
b) Corporates (with firm-size adjustment)	42,807,387	23,829,485	—	364,646	67,001,518
c) Specialised Lending (Slotting Approach) - Project Finance	3,516,525	—	—	—	3,516,525
Retail Exposures	109,391,200	23,689,545	—	—	133,080,744
a) Residential Mortgages	30,342,965	10,175,458	—	—	40,518,423
b) Qualifying Revolving Retail Exposures	5,304,839	3,053,059	—	—	8,357,898
c) Hire Purchase Exposures	27,211,291	7,775,234	—	—	34,986,525
d) Other Retail Exposures	46,532,104	2,685,794	—	—	49,217,898
Total IRB Approach	266,718,278	87,323,562	—	23,963,102	378,004,943
Total Standardised and IRB Approaches	316,405,750	112,474,064	37,975,939	44,096,839	510,952,595

Table 6: Disclosure on Credit Risk Exposure - Geographic Analysis for Maybank Group (Cont'd.)

As at 31.12.2011 Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others i.e. Oversea Units RM'000	Total RM'000
Exposures under Standardised Approach					
Sovereigns/Central Banks	44,687,764	10,084,929	4,624,699	2,616,939	62,014,330
Public Sector Entities	308,174	653,459	6,498	54,850	1,022,981
Banks, Development Financial Institutions & MDBs	13,844	630,472	2,761,571	685,383	4,091,271
Insurance Cos, Securities Firms & Fund Managers	16,976	329,728	—	207,594	554,298
Corporates	7,530,990	4,049,100	16,527,110	18,679,690	46,786,891
Regulatory Retail	5,025,305	3,113,988	6,247,015	943,536	15,329,844
Residential Mortgage	903,858	42,685	1,139,139	15,772	2,101,454
Higher Risk Assets	599,057	11,085	—	1,635	611,777
Other Assets	7,832,719	9,449,314	1,263,488	651,265	19,196,787
Securitisation Exposures	1,012,355	—	—	—	1,012,355
Equity Exposure	535,122	44,782	—	—	579,904
Total Standardised Approach	68,466,165	28,409,540	32,569,521	23,856,664	153,301,891
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	29,021,470	10,569,472	—	17,150,313	56,741,255
Corporate Exposures	96,932,882	33,305,532	—	2,103,546	132,341,960
a) Corporates (excluding Specialised Lending and firm-size adjustments)	55,389,963	18,248,481	—	1,547,130	75,185,574
b) Corporates (with firm-size adjustment)	40,174,964	15,057,051	—	556,416	55,788,432
c) Specialised Lending (Slotting Approach) - Project Finance	1,367,955	—	—	—	1,367,955
Retail Exposures	90,254,426	24,194,697	—	—	114,449,123
a) Residential Mortgages	26,392,809	11,361,652	—	—	37,754,461
b) Qualifying Revolving Retail Exposures	5,478,817	2,745,869	—	—	8,224,686
c) Hire Purchase Exposures	24,115,708	8,031,004	—	—	32,146,712
d) Other Retail Exposures	34,267,091	2,056,173	—	—	36,323,264
Total IRB Approach	216,208,779	68,069,701	—	19,253,859	303,532,338
Total Standardised and IRB Approaches	284,674,944	96,479,241	32,569,521	43,110,523	456,834,230

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Table 7: Disclosure on Credit Risk Exposure - Geographic Analysis for Maybank

As at 31.12.2012 Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others i.e. Oversea Units RM'000	Total RM'000
Exposures under Standardised Approach					
Sovereigns/Central Banks	17,215,486	13,430,910	—	787,757	31,434,153
Public Sector Entities	485,809	665,777	—	—	1,151,585
Insurance Cos, Securities Firms & Fund Managers	40,420	—	—	36,913	77,333
Corporates	5,438,345	1,935,145	—	9,073,531	16,447,021
Regulatory Retail	3,329,660	3,418,660	—	287,795	7,036,116
Residential Mortgage	703,486	106,876	—	84,501	894,863
Higher Risk Assets	418,696	15,981	—	—	434,677
Other Assets	8,360,656	519,572	—	366,625	9,246,853
Securitisation Exposures	296,629	—	—	—	296,629
Equity Exposure	81,178	26,531	—	—	107,709
Total Standardised Approach	36,370,365	20,119,452	—	10,637,122	67,126,939
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	44,012,048	12,579,297	—	12,497,094	69,088,440
Insurance Cos, Securities Firms & Fund Managers	5	—	—	—	5
Corporate Exposures	91,356,663	51,054,720	—	10,738,278	153,149,660
a) Corporates (excluding Specialised Lending and firm-size adjustments)	55,444,781	27,225,235	—	10,373,632	93,043,647
b) Corporates (with firm-size adjustment)	33,463,744	23,829,485	—	364,646	57,657,875
c) Specialised Lending (Slotting Approach) - Project Finance	2,448,138	—	—	—	2,448,138
Retail Exposures	68,440,988	23,689,545	—	—	92,730,532
a) Residential Mortgages	22,384,693	10,175,458	—	—	32,560,151
b) Qualifying Revolving Retail Exposures	4,891,301	3,053,059	—	—	7,944,360
c) Hire Purchase Exposures	11,094,764	7,775,234	—	—	18,869,997
d) Other Retail Exposures	30,070,230	2,685,794	—	—	32,756,024
Total IRB Approach	203,809,703	87,323,562	—	23,235,371	314,368,639
Total Standardised and IRB Approaches	240,180,067	107,443,014	—	33,872,494	381,495,578

Table 7: Disclosure on Credit Risk Exposure - Geographic Analysis for Maybank (Cont'd.)

As at 31.12.2011 Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others i.e. Oversea Units RM'000	Total RM'000
Exposures under Standardised Approach					
Sovereigns/Central Banks	32,170,726	10,080,374	—	1,224,547	43,475,648
Public Sector Entities	213,865	653,459	—	—	867,324
Insurance Cos, Securities Firms & Fund Managers	16,066	—	—	207,594	223,660
Corporates	4,703,788	3,743,217	—	17,133,374	25,580,379
Regulatory Retail	3,519,730	1,652,599	—	417,426	5,589,755
Residential Mortgage	709,566	42,685	—	15,772	768,023
Higher Risk Assets	471,847	1,050	—	—	472,896
Other Assets	8,991,154	8,126,829	—	307,073	17,425,057
Securitisation Exposures	1,012,355	—	—	—	1,012,355
Equity Exposure	522,322	44,782	—	—	567,104
Total Standardised Approach	52,331,419	24,344,994	—	19,305,787	95,982,200
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	29,092,439	10,569,472	—	17,150,313	56,812,224
Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	—
Corporate Exposures	80,423,296	33,305,532	—	2,103,546	115,832,374
a) Corporates (excluding Specialised Lending and firm-size adjustments)	47,324,716	18,248,481	—	1,547,130	67,120,327
b) Corporates (with firm-size adjustment)	32,406,527	15,057,051	—	556,416	48,019,995
c) Specialised Lending (Slotting Approach) - Project Finance	692,053	—	—	—	692,053
Retail Exposures	57,795,833	24,194,697	—	—	81,990,529
a) Residential Mortgages	20,849,051	11,361,652	—	—	32,210,703
b) Qualifying Revolving Retail Exposures	5,096,793	2,745,869	—	—	7,842,662
c) Hire Purchase Exposures	8,679,271	8,031,004	—	—	16,710,274
d) Other Retail Exposures	23,170,718	2,056,173	—	—	25,226,891
Total IRB Approach	167,311,568	68,069,701	—	19,253,859	254,635,128
Total Standardised and IRB Approaches	219,642,987	92,414,695	—	38,559,646	350,617,328

Table 8: Disclosure on Credit Risk Exposure - Geographic Analysis for Maybank Islamic

As at 31.12.2012 Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others i.e. Oversea Units RM'000	Total RM'000
Exposures under Standardised Approach					
Sovereigns/Central Banks	17,617,117	—	—	—	17,617,117
Public Sector Entities	661,934	—	—	—	661,934
Insurance Cos, Securities Firms & Fund Managers	1,657	—	—	—	1,657
Corporates	1,081,313	—	—	—	1,081,313
Regulatory Retail	893,152	—	—	—	893,152
Residential Mortgage	513,563	—	—	—	513,563
Higher Risk Assets	2,075	—	—	—	2,075
Other Assets	892,926	—	—	—	892,926
Total Standardised Approach	21,663,737	—	—	—	21,663,737
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	9,452,183	—	—	—	9,452,183
Corporate Exposures	21,691,465	—	—	—	21,691,465
a) Corporates (excluding Specialised Lending and firm-size adjustments)	11,279,436	—	—	—	11,279,436
b) Corporates (with firm-size adjustment)	9,343,643	—	—	—	9,343,643
c) Specialised Lending (Slotting Approach) - Project Finance	1,068,386	—	—	—	1,068,386
Retail Exposures	40,950,214	—	—	—	40,950,214
a) Residential Mortgages	7,958,273	—	—	—	7,958,273
b) Qualifying Revolving Retail Exposures	413,539	—	—	—	413,539
c) Hire Purchase Exposures	16,116,527	—	—	—	16,116,527
d) Other Retail Exposures	16,461,875	—	—	—	16,461,875
Total IRB Approach	72,093,862	—	—	—	72,093,862
Total Standardised and IRB Approaches	93,757,599	—	—	—	93,757,599

Table 8: Disclosure on Credit Risk Exposure - Geographic Analysis for Maybank Islamic (Cont'd.)

As at 31.12.2011 Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others i.e. Oversea Units RM'000	Total RM'000
Exposures under Standardised Approach					
Sovereigns/Central Banks	12,498,099	—	—	—	12,498,099
Public Sector Entities	94,309	—	—	—	94,309
Insurance Cos, Securities Firms & Fund Managers	910	—	—	—	910
Corporates	2,937,690	—	—	—	2,937,690
Regulatory Retail	929,252	—	—	—	929,252
Residential Mortgage	193,640	—	—	—	193,640
Higher Risk Assets	31,938	—	—	—	31,938
Other Assets	2,368,113	—	—	—	2,368,113
Total Standardised Approach	19,053,951	—	—	—	19,053,951
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	8,769,320	—	—	—	8,769,320
Corporate Exposures	16,509,586	—	—	—	16,509,586
a) Corporates (excluding Specialised Lending and firm-size adjustments)	8,065,247	—	—	—	8,065,247
b) Corporates (with firm-size adjustment)	7,768,437	—	—	—	7,768,437
c) Specialised Lending (Slotting Approach) - Project Finance	675,902	—	—	—	675,902
Retail Exposures	32,413,661	—	—	—	32,413,661
a) Residential Mortgages	5,543,759	—	—	—	5,543,759
b) Qualifying Revolving Retail Exposures	382,024	—	—	—	382,024
c) Hire Purchase Exposures	15,436,438	—	—	—	15,436,438
d) Other Retail Exposures	11,051,440	—	—	—	11,051,440
Total IRB Approach	57,692,567	—	—	—	57,692,567
Total Standardised and IRB Approaches	76,746,518	—	—	—	76,746,518

Table 9: Disclosure on Credit Risk Exposure - Industry Analysis for Maybank Group

As at 31.12.2012 Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	18,494,556	263	28,695,263	106,888	5,524,058	-	4,659,247	57,480,275
Public Sector Entities	340,890	-	-	1,455	851	-	775,320	-	678,717	-	37,442	1,834,675
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	3,482,517	-	-	-	508,155	3,990,672
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	4,961	42,070	-	-	824,232	871,263
Corporates	687,943	586,961	1,756,087	1,712,993	2,505,648	6,158,008	3,538,317	4,755,514	419,606	2,757,865	12,915,746	37,794,688
Regulatory Retail	5,004	1,292	155,824	34,098	1,190	296,708	526,089	15,974	25,894	10,936,382	7,134,978	19,133,433
Residential Mortgage	-	-	-	-	-	-	-	-	-	2,219,074	90,577	2,309,651
Higher Risk Assets	22,331	-	-	-	-	-	228,988	-	-	214,300	109,682	575,301
Other Assets	-	-	-	-	-	2	287,949	337	-	943,727	7,320,307	8,552,322
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	296,629	296,629
Equity Exposure	-	-	11,613	4,269	-	-	12,967	-	-	61,453	18,442	108,744
Total Standardised Approach	1,056,168	588,253	1,923,524	1,752,815	21,002,245	6,454,981	37,552,371	4,920,783	6,648,275	17,132,801	33,915,437	132,947,653
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	63,097,686	-	-	-	6,908,857	70,006,543
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	5	-	-	-	-	5
Corporate Exposures	6,874,000	1,305,976	33,982,713	19,160,650	5,381,618	26,405,268	60,155,263	12,162,824	2,621,148	504	6,867,683	174,917,647
a) Corporates (excluding Specialised Lending and firm-size adjustments)	2,957,988	481,538	19,897,150	10,527,192	4,450,333	13,875,027	37,837,897	7,040,587	863,153	504	6,468,236	104,399,605
b) Corporates (with firm-size adjustment)	3,916,012	824,438	10,569,039	8,633,458	931,285	12,530,241	22,317,366	5,122,237	1,757,995	-	399,447	67,001,518
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	3,516,524	-	-	-	-	-	-	-	-	3,516,524
Retail Exposures	347,720	41,170	878,192	867,425	18,070	2,601,375	1,136,857	392,222	308,201	126,025,043	464,470	133,080,744
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	40,518,423	-	40,518,423
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	8,357,898	-	8,357,898
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	34,986,525	-	34,986,525
d) Other Retail Exposures	347,720	41,170	878,192	867,425	18,070	2,601,375	1,136,857	392,222	308,201	42,162,197	464,470	49,217,898
Total IRB Approach	7,221,720	1,347,146	34,860,905	20,028,075	5,399,688	29,006,643	124,389,811	12,555,046	2,929,349	126,025,547	14,241,010	378,004,940
Total Standardised and IRB Approaches	8,277,887	1,935,399	36,784,430	21,780,891	26,401,932	35,461,625	161,942,184	17,475,829	9,577,623	143,158,346	48,156,447	510,952,595

Table 9: Disclosure on Credit Risk Exposure - Industry Analysis for Maybank Group (Cont'd.)

As at 31.12.2011 Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns/Central Banks	—	—	—	—	19,248,305	132	27,017,117	—	2,779,229	—	12,969,547	62,014,330
Public Sector Entities	528,569	—	—	738	830	5,171	219,489	25,603	173,372	—	69,209	1,022,981
Banks, Development Financial Institutions & MDBs	—	—	—	—	—	—	4,081,735	9,535	—	—	—	4,091,270
Insurance Cos, Securities Firms & Fund Managers	—	1,987	—	—	—	—	252,486	5,979	—	—	293,846	554,298
Corporates	1,591,694	1,203,917	6,930,571	2,082,687	2,446,623	6,071,834	4,854,390	5,510,965	974,302	2,773,532	12,346,376	46,786,890
Regulatory Retail	12,859	6,759	94,786	51,481	2,085	432,801	354,068	22,392	3,903,062	9,739,633	709,917	15,329,844
Residential Mortgage	—	—	471	—	—	341	3,324	115	—	2,096,465	739	2,101,454
Higher Risk Assets	22,331	—	1,263	1,053	—	—	201,896	—	—	276,566	108,668	611,777
Other Assets	121,843	426,082	1,054,156	40,858	8,879	4,206,475	2,232,578	2,481	98,892	2,819,898	8,184,646	19,196,787
Securitisation Exposures	—	—	—	—	—	—	—	—	—	—	1,012,355	1,012,355
Equity Exposure	—	—	13,410	24,075	—	95	7,260	—	—	—	535,065	579,904
Total Standardised Approach	2,277,296	1,638,745	8,094,657	2,200,892	21,706,722	10,716,849	39,224,343	5,577,070	7,928,857	17,706,094	36,230,369	153,301,891
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	—	—	—	—	—	—	55,477,847	—	—	—	1,263,408	56,741,255
Corporate Exposures	4,453,854	1,015,725	24,864,871	15,672,537	4,824,270	19,585,128	48,400,240	9,225,895	2,367,831	—	1,931,610	132,341,960
a) Corporates (excluding Specialised Lending and firm-size adjustments)	1,669,392	141,094	13,519,085	7,300,355	3,586,120	8,637,937	33,303,616	4,464,463	1,266,889	—	1,296,623	75,185,574
b) Corporates (with firm-size adjustment)	2,784,462	874,631	9,977,831	8,372,182	1,238,150	10,947,191	15,096,624	4,761,432	1,100,941	—	634,987	55,788,432
c) Specialised Lending (Slotting Approach)	—	—	1,367,955	—	—	—	—	—	—	—	—	1,367,955
- Project Finance	—	—	—	—	—	—	—	—	—	—	—	—
Retail Exposures	—	—	—	—	—	—	—	—	—	114,449,124	—	114,449,124
a) Residential Mortgages	—	—	—	—	—	—	—	—	—	37,754,461	—	37,754,461
b) Qualifying Revolving Retail Exposures	—	—	—	—	—	—	—	—	—	8,224,686	—	8,224,686
c) Hire Purchase Exposures	—	—	—	—	—	—	—	—	—	32,146,712	—	32,146,712
d) Other Retail Exposures	—	—	—	—	—	—	—	—	—	36,323,264	—	36,323,264
Total IRB Approach	4,453,854	1,015,725	24,864,871	15,672,537	4,824,270	19,585,128	103,878,087	9,225,895	2,367,831	114,449,124	3,195,018	303,532,339
Total Standardised and IRB Approaches	6,731,151	2,654,470	32,959,527	17,873,428	26,530,991	30,301,977	143,102,430	14,802,965	10,296,687	132,155,218	39,425,387	456,834,230

Table 10: Disclosure on Credit Risk Exposure - Industry Analysis for Maybank

As at 31.12.2012 Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	6,987,116	263	20,208,606	106,888	3,133,364	-	997,916	31,434,153
Public Sector Entities	235,697	-	-	90	851	-	745,431	-	158,597	-	10,919	1,151,585
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	8	40,413	-	-	36,913	77,333
Corporates	66,610	4,505	739,097	734,463	1,158,187	486,595	610,475	957,208	234,340	2,049,885	9,405,657	16,447,022
Regulatory Retail	-	-	-	-	-	-	-	-	-	6,869,202	166,914	7,036,116
Residential Mortgage	-	-	-	-	-	-	-	-	-	810,362	84,501	894,863
Higher Risk Assets	22,331	-	-	-	-	-	90,438	-	-	212,225	109,682	434,677
Other Assets	-	-	-	-	-	-	-	-	-	880,228	366,525	9,246,853
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	296,629	296,629
Equity Exposure	-	-	11,613	4,269	-	-	12,734	-	-	61,453	17,640	107,709
Total Standardised Approach	324,638	4,505	750,710	738,822	8,146,153	486,858	21,667,692	1,104,508	3,526,301	18,883,356	11,493,395	67,126,939
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	68,352,569	-	-	-	735,871	69,088,440
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	5	-	-	-	-	5
Corporate Exposures	5,511,185	1,167,442	28,072,543	15,776,391	4,227,671	23,309,030	56,517,574	10,340,582	2,038,501	504	6,188,239	153,149,660
a) Corporates (excluding Specialised Lending and firm-size adjustments)	2,085,082	473,845	16,614,117	8,405,555	3,786,198	12,514,024	36,112,628	6,452,424	783,549	504	5,815,722	93,043,647
b) Corporates (with firm-size adjustment)	3,426,103	693,596	9,010,287	7,370,837	441,473	10,795,006	20,404,946	3,888,158	1,254,952	-	372,517	57,657,875
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	2,448,138	-	-	-	-	-	-	-	-	2,448,138
Retail Exposures	275,074	32,596	725,744	667,626	13,324	2,163,209	806,734	260,698	223,410	86,666,962	295,155	92,130,531
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	32,560,151	-	32,560,151
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	7,944,360	-	7,944,360
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	18,869,997	-	18,869,997
d) Other Retail Exposures	275,074	32,596	725,744	667,626	13,324	2,163,209	806,734	260,698	223,410	27,292,455	295,155	32,756,024
Total IRB Approach	5,786,259	1,200,037	28,798,287	16,444,017	4,240,994	25,472,239	125,676,883	10,601,280	2,261,910	86,667,465	7,219,265	314,368,639
Total Standardised and IRB Approaches	6,110,897	1,204,542	30,332,139	17,182,839	12,387,148	25,959,097	147,344,575	13,967,125	5,788,212	106,891,831	19,320,420	381,495,578

Table 10: Disclosure on Credit Risk Exposure - Industry Analysis for Maybank (Cont'd.)

As at 31.12.2011 Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns/Central Banks	–	–	–	–	13,280,795	132	19,900,406	–	2,475,738	–	7,818,576	43,475,648
Public Sector Entities	461,982	–	–	2	830	–	163,661	25,603	149,011	–	66,235	867,324
Banks, Development Financial Institutions & MDBs	–	–	–	–	–	–	–	–	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers	–	1,987	–	–	–	–	213,699	5,069	–	–	2,905	223,661
Corporates	612,113	269,906	3,080,949	1,360,709	1,368,060	1,591,499	2,063,981	3,069,651	485,745	1,787,384	9,890,392	25,580,379
Regulatory Retail	–	–	1,435	1,275	677	3,899	242,879	1,362	1,388	5,231,317	105,523	5,589,755
Residential Mortgage	–	–	471	–	–	341	3,324	115	–	763,033	739	768,023
Higher Risk Assets	22,331	–	1,263	1,053	–	–	94,953	–	–	244,628	108,668	472,896
Other Assets	121,843	426,082	1,049,323	40,858	8,869	4,204,367	1,891,984	1,218	53,686	9,226,365	400,462	17,425,057
Securitisation Exposures	–	–	–	–	–	–	–	–	–	–	1,012,355	1,012,355
Equity Exposure	–	–	13,410	24,075	–	95	7,202	–	–	–	522,322	567,104
Total Standardised Approach	1,218,269	697,975	4,146,851	1,427,971	14,659,721	5,800,332	24,582,090	3,103,019	3,165,568	17,252,727	19,928,177	95,982,200
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	–	–	–	–	–	–	56,028,000	–	–	–	784,224	56,812,224
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–	–	–	–	–	–	–	–	–
Corporate Exposures	3,755,883	994,977	21,221,171	13,180,078	4,220,696	17,351,810	43,717,828	7,709,205	1,983,484	–	1,697,243	115,832,374
a) Corporates (excluding Specialised Lending and firm-size adjustments)	1,214,562	140,326	12,068,314	5,854,344	3,570,336	7,698,524	30,193,803	3,941,590	1,254,082	–	1,184,446	67,120,327
b) Corporates (with firm-size adjustment)	2,541,321	854,651	8,460,804	7,325,734	650,359	9,653,286	13,524,025	3,767,615	729,403	–	512,797	48,019,995
c) Specialised Lending (Slotting Approach)	–	–	–	–	–	–	–	–	–	–	–	–
- Project Finance	–	–	692,053	–	–	–	–	–	–	–	–	692,053
Retail Exposures	–	–	–	–	–	–	–	–	–	81,990,529	–	81,990,529
a) Residential Mortgages	–	–	–	–	–	–	–	–	–	32,210,703	–	32,210,703
b) Qualifying Revolving Retail Exposures	–	–	–	–	–	–	–	–	–	7,842,662	–	7,842,662
c) Hire Purchase Exposures	–	–	–	–	–	–	–	–	–	16,710,274	–	16,710,274
d) Other Retail Exposures	–	–	–	–	–	–	–	–	–	25,226,891	–	25,226,891
Total IRB Approach	3,755,883	994,977	21,221,171	13,180,078	4,220,696	17,351,810	99,745,828	7,709,205	1,983,484	81,990,529	2,481,467	254,635,128
Total Standardised and IRB Approaches	4,974,152	1,692,952	25,368,022	14,608,049	18,879,917	23,152,142	124,327,918	10,812,224	5,149,052	99,243,256	22,409,644	350,617,329

Table 11: Disclosure on Credit Risk Exposure - Industry Analysis for Maybank Islamic

As at 31.12.2012 Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	11,507,440	-	1,864,370	-	2,390,693	-	1,854,614	17,617,117
Public Sector Entities	105,193	-	-	1,365	-	-	29,889	-	520,120	-	5,367	661,934
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	1,657	-	-	-	1,657
Corporates	141,972	378	-	58,832	119,478	16,770	10,284	381,985	25,106	185,516	140,993	1,081,314
Regulatory Retail	-	-	-	-	-	-	-	-	-	893,152	-	893,152
Residential Mortgage	-	-	-	-	-	-	-	-	-	513,563	-	513,563
Higher Risk Assets	-	-	-	-	-	-	-	-	-	2,075	-	2,075
Other Assets	-	-	-	-	-	-	-	-	-	892,926	-	892,926
Total Standardised Approach	247,165	378	-	60,197	11,626,918	16,770	1,904,543	383,642	2,935,919	2,487,232	2,000,974	21,663,738
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	3,279,197	-	-	-	6,172,986	9,452,183
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Exposures	1,357,318	131,216	5,761,991	3,384,259	1,151,922	3,096,089	4,279,435	1,646,138	581,771	-	301,326	21,691,465
a) Corporates (excluding Specialised Lending and firm-size adjustments)	867,409	374	3,134,853	2,121,638	662,110	1,360,854	2,367,015	412,059	78,728	-	274,396	11,279,436
b) Corporates (with firm-size adjustment)	489,909	130,842	1,558,752	1,262,621	489,812	1,735,235	1,912,420	1,234,079	503,043	-	26,930	9,343,643
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	1,068,386	-	-	-	-	-	-	-	-	1,068,386
Retail Exposures	72,646	8,574	152,448	199,799	4,746	438,166	330,123	131,524	84,791	39,358,081	169,315	40,950,213
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	7,958,273	-	7,958,273
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	413,539	-	413,539
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	16,116,527	-	16,116,527
d) Other Retail Exposures	72,646	8,574	152,448	199,799	4,746	438,166	330,123	131,524	84,791	14,869,742	169,315	16,461,874
Total IRB Approach	1,429,964	139,790	5,914,439	3,584,058	1,156,668	3,534,255	7,888,755	1,777,661	666,561	39,358,081	6,643,627	72,093,861
Total Standardised and IRB Approaches	1,677,129	140,168	5,914,439	3,644,255	12,783,586	3,551,026	9,793,298	2,161,304	3,602,481	41,845,313	8,644,601	93,757,599

Table 11: Disclosure on Credit Risk Exposure - Industry Analysis for Maybank Islamic (Cont'd.)

As at 31.12.2011 Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	5,967,510	-	3,167,049	-	-	-	3,363,540	12,498,099
Public Sector Entities	66,587	-	-	737	-	-	17,627	-	7,711	-	1,647	94,309
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	910	-	-	-	910
Corporates	53,327	2,990	760,393	18,616	135,110	78,602	67,556	895,086	150,507	162,507	612,995	2,937,690
Regulatory Retail	-	-	-	-	-	-	-	-	-	929,252	-	929,252
Residential Mortgage	-	-	-	-	-	-	-	-	-	193,640	-	193,640
Higher Risk Assets	-	-	-	-	-	-	-	-	-	31,938	-	31,938
Other Assets	-	-	3,868	-	-	2,107	69	-	885	2,353,221	7,964	2,368,113
Total Standardised Approach	119,915	2,990	764,261	19,352	6,102,620	80,709	3,252,301	895,996	159,103	3,670,558	3,986,146	19,053,952
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	8,290,136	-	-	-	479,184	8,769,320
Corporate Exposures	697,972	20,748	3,643,700	2,492,459	603,574	2,233,318	4,682,412	1,516,690	384,346	-	234,367	16,509,586
a) Corporates (excluding Specialised Lending and firm-size adjustments)	454,830	768	1,450,771	1,446,012	15,783	939,413	3,109,812	522,872	12,808	-	112,177	8,065,247
b) Corporates (with firm-size adjustment)	243,141	19,980	1,517,027	1,046,447	587,791	1,293,905	1,572,600	993,818	371,539	-	122,190	7,768,437
c) Specialised Lending (Slotting Approach)	-	-	675,902	-	-	-	-	-	-	-	-	675,902
- Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	-	-	-	-	-	-	-	-	-	32,413,661	-	32,413,661
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	5,543,759	-	5,543,759
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	382,024	-	382,024
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	15,436,438	-	15,436,438
d) Other Retail Exposures	-	-	-	-	-	-	-	-	-	11,051,440	-	11,051,440
Total IRB Approach	697,972	20,748	3,643,700	2,492,459	603,574	2,233,318	12,972,548	1,516,690	384,346	32,413,661	713,551	57,692,566
Total Standardised and IRB Approaches	817,886	23,738	4,407,961	2,511,811	6,706,194	2,314,027	16,224,849	2,412,686	543,450	36,084,219	4,699,697	76,746,518

Table 12: Disclosure on Credit Risk Exposure - Maturity Analysis for Maybank Group

As at 31.12.2012 Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Standardised Approach				
Sovereigns/Central Banks	31,090,793	14,640,610	11,748,872	57,480,274
Public Sector Entities	109,056	676,103	1,049,517	1,834,675
Banks, Development Financial Institutions & MDBs	2,855,926	866,947	267,798	3,990,672
Insurance Cos, Securities Firms & Fund Managers	52,220	812,912	6,131	871,263
Corporates	13,850,663	17,093,880	6,850,145	37,794,688
Regulatory Retail	6,958,287	8,177,426	3,997,721	19,133,434
Residential Mortgage	12,573	335,019	1,962,058	2,309,651
Higher Risk Assets	139,863	427,123	8,315	575,300
Other Assets	2,360,603	6,191,719	—	8,552,322
Securitisation Exposures	—	296,629	—	296,629
Equity Exposure	61,453	47,291	—	108,744
Total Standardised Approach	57,491,438	49,565,659	25,890,557	132,947,652
IRB Approach				
Banks, Development Financial Institutions & MDBs	47,522,021	17,582,710	4,901,813	70,006,543
Insurance Cos, Securities Firms & Fund Managers	5	—	—	5
Corporate Exposures	73,685,512	51,750,996	49,481,140	174,917,650
a) Corporates (excluding Specialised Lending and firm-size adjustments)	45,867,429	28,177,829	30,354,349	104,399,607
b) Corporates (with firm-size adjustment)	27,818,083	20,056,643	19,126,791	67,001,518
c) Specialised Lending (Slotting Approach) - Project Finance	—	3,516,525	—	3,516,525
Retail Exposures	6,266,399	22,623,160	104,191,186	133,080,744
a) Residential Mortgages	43,845	1,562,182	38,912,396	40,518,423
b) Qualifying Revolving Retail Exposures	2,260,247	5,908,806	188,845	8,357,898
c) Hire Purchase Exposures	297,198	11,542,408	23,146,918	34,986,525
d) Other Retail Exposures	3,665,108	3,609,763	41,943,026	49,217,898
Total IRB Approach	127,473,936	91,956,866	158,574,139	378,004,942
Total Standardised and IRB Approaches	184,965,373	141,522,525	184,464,696	510,952,595

Table 12: Disclosure on Credit Risk Exposure - Maturity Analysis for Maybank Group (Cont'd.)

As at 31.12.2011 Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Standardised Approach				
Sovereigns/Central Banks	27,803,279	12,676,120	21,534,932	62,014,330
Public Sector Entities	660,357	79,123	283,501	1,022,981
Banks, Development Financial Institutions & MDBs	1,877,940	2,165,302	48,027	4,091,270
Insurance Cos, Securities Firms & Fund Managers	575	553,723	—	554,298
Corporates	14,890,750	25,719,629	6,176,511	46,786,890
Regulatory Retail	5,005,404	6,775,820	3,548,620	15,329,844
Residential Mortgage	525,279	342,115	1,234,060	2,101,454
Higher Risk Assets	138,027	339,872	133,879	611,777
Other Assets	10,274,575	7,703,086	1,219,127	19,196,787
Securitisation Exposures	1,012,355	—	—	1,012,355
Equity Exposure	—	579,904	—	579,904
Total Standardised Approach	62,188,541	56,934,694	34,178,657	153,301,891
IRB Approach				
Banks, Development Financial Institutions & MDBs	31,118,360	22,760,591	2,862,304	56,741,255
Corporate Exposures	57,503,540	42,448,551	32,389,870	132,341,960
a) Corporates (excluding Specialised Lending and firm-size adjustments)	33,562,168	24,643,104	16,980,302	75,185,574
b) Corporates (with firm-size adjustment)	23,941,372	16,437,492	15,409,568	55,788,432
c) Specialised Lending (Slotting Approach) - Project Finance	—	1,367,955	—	1,367,955
Retail Exposures	1,526,626	27,699,242	85,223,255	114,449,123
a) Residential Mortgages	43,363	6,702,240	31,008,859	37,754,461
b) Qualifying Revolving Retail Exposures	926,623	6,898,009	400,053	8,224,686
c) Hire Purchase Exposures	287,022	10,379,839	21,479,851	32,146,712
d) Other Retail Exposures	269,619	3,719,153	32,334,492	36,323,264
Total IRB Approach	90,148,526	92,908,383	120,475,429	303,532,338
Total Standardised and IRB Approaches	152,337,067	149,843,077	154,654,085	456,834,230

Table 13: Disclosure on Credit Risk Exposure - Maturity Analysis for Maybank

As at 31.12.2012 Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Standardised Approach				
Sovereigns/Central Banks	14,436,001	8,200,080	8,798,072	31,434,154
Public Sector Entities	86,685	630,562	434,338	1,151,585
Banks, Development Financial Institutions & MDBs	—	—	—	—
Insurance Cos, Securities Firms & Fund Managers	49,979	21,222	6,131	77,333
Corporates	3,843,176	8,848,488	3,755,358	16,447,022
Regulatory Retail	3,464,873	1,091,107	2,480,137	7,036,116
Residential Mortgage	2,653	65,822	826,388	894,863
Higher Risk Assets	138,791	288,436	7,449	434,676
Other Assets	8,989,306	257,547	—	9,246,853
Securitisation Exposures	—	296,629	—	296,629
Equity Exposure	61,453	46,256	—	107,709
Total Standardised Approach	31,072,918	19,746,149	16,307,873	67,126,939
IRB Approach				
Banks, Development Financial Institutions & MDBs	39,308,654	24,918,479	4,861,307	69,088,440
Insurance Cos, Securities Firms & Fund Managers	5	—	—	5
Corporate Exposures	63,349,698	48,471,937	41,328,025	153,149,660
a) Corporates (excluding Specialised Lending and firm-size adjustments)	39,205,297	27,548,554	26,289,797	93,043,648
b) Corporates (with firm-size adjustment)	24,144,401	18,475,245	15,038,228	57,657,874
c) Specialised Lending (Slotting Approach) - Project Finance	—	2,448,138	—	2,448,138
Retail Exposures	5,678,197	16,822,833	69,629,501	92,130,531
a) Residential Mortgages	39,339	1,312,684	31,208,127	32,560,151
b) Qualifying Revolving Retail Exposures	2,229,582	5,530,114	184,664	7,944,360
c) Hire Purchase Exposures	203,616	7,284,673	11,381,708	18,869,997
d) Other Retail Exposures	3,205,661	2,695,362	26,855,000	32,756,024
Total IRB Approach	108,336,554	90,213,249	115,818,833	314,368,639
Total Standardised and IRB Approaches	139,409,472	109,959,398	132,126,706	381,495,578

Table 13: Disclosure on Credit Risk Exposure - Maturity Analysis for Maybank (Cont'd.)

As at 31.12.2011 Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Standardised Approach				
Sovereigns/Central Banks	17,884,878	7,101,440	18,489,329	43,475,648
Public Sector Entities	580,811	19,872	266,641	867,324
Banks, Development Financial Institutions & MDBs	—	—	—	—
Insurance Cos, Securities Firms & Fund Managers	—	223,660	—	223,660
Corporates	5,827,213	17,259,020	2,494,146	25,580,379
Regulatory Retail	2,100,707	1,449,182	2,039,866	5,589,755
Residential Mortgage	505,169	40,017	222,836	768,023
Higher Risk Assets	124,211	232,472	116,213	472,896
Other Assets	16,427,499	997,557	—	17,425,057
Securitisation Exposures	1,012,355	—	—	1,012,355
Equity Exposure	—	567,104	—	567,104
Total Standardised Approach	44,462,844	27,890,324	23,629,032	95,982,200
IRB Approach				
Banks, Development Financial Institutions & MDBs	35,895,911	18,068,030	2,848,282	56,812,224
Insurance Cos, Securities Firms & Fund Managers	—	—	—	—
Corporate Exposures	49,421,656	39,201,893	27,208,825	115,832,374
a) Corporates (excluding Specialised Lending and firm-size adjustments)	28,576,658	23,668,676	14,874,993	67,120,327
b) Corporates (with firm-size adjustment)	20,844,998	14,841,165	12,333,832	48,019,995
c) Specialised Lending (Slotting Approach) - Project Finance	—	692,053	—	692,053
Retail Exposures	1,384,884	15,890,696	64,714,949	81,990,529
a) Residential Mortgages	37,925	1,272,320	30,900,458	32,210,703
b) Qualifying Revolving Retail Exposures	923,045	6,525,086	394,531	7,842,662
c) Hire Purchase Exposures	204,903	6,582,013	9,923,358	16,710,274
d) Other Retail Exposures	219,011	1,511,277	23,496,603	25,226,891
Total IRB Approach	86,702,451	73,160,620	94,772,057	254,635,128
Total Standardised and IRB Approaches	131,165,295	101,050,944	118,401,089	350,617,328

Table 14: Disclosure on Credit Risk Exposure - Maturity Analysis for Maybank Islamic

As at 31.12.2012 Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Standardised Approach				
Sovereigns/Central Banks	11,873,720	4,504,670	1,216,478	17,594,868
Public Sector Entities	18,886	27,869	615,179	661,934
Insurance Cos, Securities Firms & Fund Managers	1,495	162	—	1,657
Corporates	792,853	—	288,460	1,081,313
Regulatory Retail	207,892	84,375	600,886	893,153
Residential Mortgage	309	23,682	489,572	513,563
Higher Risk Assets	1,072	137	866	2,075
Other Assets	915,174	—	—	915,174
Total Standardised Approach	13,811,401	4,640,895	3,211,441	21,663,737
IRB Approach				
Banks, Development Financial Institutions & MDBs	8,213,367	1,198,311	40,506	9,452,184
Corporate Exposures	10,335,814	3,202,536	8,153,114	21,691,464
a) Corporates (excluding Specialised Lending and firm-size adjustments)	6,662,132	552,752	4,064,551	11,279,435
b) Corporates (with firm-size adjustment)	3,673,682	1,581,398	4,088,563	9,343,643
c) Specialised Lending (Slotting Approach) - Project Finance	—	1,068,386	—	1,068,386
Retail Exposures	588,201	5,800,326	34,561,686	40,950,213
a) Residential Mortgages	4,506	249,498	7,704,269	7,958,273
b) Qualifying Revolving Retail Exposures	30,666	378,692	4,181	413,539
c) Hire Purchase Exposures	93,582	4,257,735	11,765,210	16,116,527
d) Other Retail Exposures	459,447	914,401	15,088,026	16,461,874
Total IRB Approach	19,137,382	10,201,173	42,755,306	72,093,861
Total Standardised and IRB Approaches	32,948,783	14,842,068	45,966,747	93,757,598

Table 14: Disclosure on Credit Risk Exposure - Maturity Analysis for Maybank Islamic (Cont'd.)

As at 31.12.2011 Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Standardised Approach				
Sovereigns/Central Banks	6,264,637	4,772,393	1,461,069	12,498,099
Public Sector Entities	73,538	4,401	16,370	94,309
Insurance Cos, Securities Firms & Fund Managers	575	335	—	910
Corporates	541,498	1,126,661	1,269,532	2,937,691
Regulatory Retail	77,765	81,764	769,723	929,252
Residential Mortgage	6,819	12,738	174,084	193,641
Higher Risk Assets	13,816	457	17,665	31,938
Other Assets	2,360,490	7,623	—	2,368,113
Total Standardised Approach	9,339,138	6,006,372	3,708,443	19,053,951
IRB Approach				
Banks, Development Financial Institutions & MDBs	4,062,737	4,692,561	14,022	8,769,320
Corporate Exposures	8,081,883	3,246,658	5,181,045	16,509,586
a) Corporates (excluding Specialised Lending and firm-size adjustments)	4,985,510	974,429	2,105,309	8,065,247
b) Corporates (with firm-size adjustment)	3,096,374	1,596,327	3,075,736	7,768,437
c) Specialised Lending (Slotting Approach) - Project Finance	—	675,902	—	675,902
Retail Exposures	96,810	11,808,545	20,508,305	32,413,660
a) Residential Mortgages	5,438	5,429,920	108,401	5,543,759
b) Qualifying Revolving Retail Exposures	3,579	372,923	5,522	382,024
c) Hire Purchase Exposures	82,118	3,797,826	11,556,493	15,436,437
d) Other Retail Exposures	5,675	2,207,876	8,837,889	11,051,440
Total IRB Approach	12,241,430	19,747,764	25,703,372	57,692,566
Total Standardised and IRB Approaches	21,580,568	25,754,134	29,411,816	76,746,518

CREDIT IMPAIRMENT POLICY AND CLASSIFICATION AND IMPAIRMENT ALLOWANCE FOR LOANS, ADVANCES AND FINANCING

Refer to Note 2.3 and Note 2.4 of the financial statements for the accounting policies and accounting estimates on impairment assessment of loans, advances and financing. The disclosure on reconciliation of impairment/allowance can be found in Note 48(c)(10) of the financial statements.

BASEL II REQUIREMENTS

The Group has obtained BNM's approval to use internal credit models for evaluating the majority of its credit risk exposures. For Corporate and Bank portfolios, the Group has adopted the FIRB Approach, which allows the Group to use its internal PD estimates to determine an asset risk weighting while the Group has adopted the AIRB Approach for the retail portfolios.

In line with Basel II requirements for capital adequacy purposes, the parameters are calibrated to a full economic cycle experience to reflect long-run, cycle-neutral estimations:

- **Probability of Default ("PD")**

PD represents the probability of a borrower defaulting within the next 12 months time horizon. The first level estimation is based on portfolio's Observed Default Rate of the more recent years' data. The average long run default experience covering crisis periods including the major Asian crisis in 1997 is reflected through Central Tendency calibration for the Basel estimated PD.

- **Loss Given Default ("LGD")**

LGD measures the economic loss the bank would incur in the event of borrower defaulting. Among others, it takes into account post default pathways, cure probability, direct and indirect costs associated with the workout and recoveries from borrower and collateral liquidation.

For Basel II purposes, LGD is calibrated to loss experiences during period of economic crisis whereby for most portfolios, the estimated loss during crisis years is expected to be higher than that during normal economy period. The crisis period LGD, known as Downturn LGD, is used as input for RWA calculations.

- **Exposure at Default ("EAD")**

EAD is linked to facility risk; namely the expected gross exposure of a facility should a borrower default. The "race-to-default" is captured by Credit Conversion Factor ("CCF"), which should reflect the expected increase in exposure amount due to additional drawdown by borrower facing financial difficulties leading to default.

Internal experience during crisis period is being taken into consideration for EAD estimations and where there is a material difference in EAD during downturn period as compared to normal period, Downturn EAD would be used in RWA computation.

APPLICATION OF INTERNAL RATINGS (USE TEST)

Since the development and implementation of the Group's internal rating models, the Group has been using internal ratings in the following essential areas:

- **Credit approval** - the determination on the level of approval for a loan application is determined based on the internal rating of the borrower;
- **Policy** - Policy has been formulated to allow low risk borrowers rated grade 1 to grade 9 in the Corporate Masterscale be put under the fast track process flow for loan application;
- **Reporting** - regular reporting on the risk rating portfolio distribution and sectoral outlook vs borrower risk profile within sector are being produced and monitored by the Group;
- **Capital Management** - the Group has put in place risk-based capital management ICAAP programme. The use of RWA and regulatory capital charge for decision making and capital charge information for budget process are currently being practised by the Group;

- **Risk Governance** - Internal ratings are also being used for various risk governance activities such as the setting of group exposure under the Maybank Group Exposure Limit (“MGEL”), threshold limit for CRC review, sectoral limit framework, sampling methodology for credit review and policy breach framework; and
- **Pricing Decision** - authority is given for credit approver to vary pricing based on the riskiness of the borrower as reflected by the borrowers’ ratings.
- **Experts Judgment Approach** - The default experience for some exposures, for example Holding Companies and Specialised Lending is insufficient for the Group to perform the required analyses to develop a robust statistical model. Another approach known as experts’ judgment approach is therefore opted to develop the scorecard. Under this approach, the qualitative, quantitative and factor weights were determined by the Group’s credit experts.

CREDIT RISK MODELS AND TOOLS

Credit Risk Rating System (“CRRS”)

The CRRS comprises two components, namely, the Borrower Risk Rating (“BRR”) and Facility Risk Rating (“FRR”). The BRR is a borrower-specific rating component that provides an estimate on the likelihood of the borrower going into default over the next twelve months. The BRR estimates the borrower risk and is independent of the type/nature of facilities and collaterals offered.

NON-RETAIL PORTFOLIOS

Corporate exposures comprise corporate, commercial, small business, Real Estate, Non-Bank Financial Institutions (NBFIs) and Specialised Lending portfolios, while, for bank exposures, they include other commercial banks and Development Financial Institutions (“DFIs”) portfolios.

The Group employs a variety of techniques in developing its PD models. In each case, the appropriate approach is dictated by the availability and appropriateness of the Group’s internal data.

The general approach adopted by the Group can be categorised into the following three categories:

- **Default History Based (“Good-Bad” analysis)** – This approach is adopted when the Group has sufficient default data. Under this approach, statistical method is employed to determine the likelihood of default on existing exposures. The Group’s Credit Risk Rating System (“CRRS”) models were developed using this approach;
- **Shadow Rating Approach** - This approach is usually applied when there are few or no defaults data available or also known as “low default portfolio” category. The objective of this methodology is to replicate the risk ranking applied by external rating agency. The Group’s Bank Risk Rating Scorecards (“BRRS”) were developed using this approach; and

The BRR is generated from a structured rating process which consists of quantitative and qualitative factors. From raw rating, the rating is then capped at policy rating if any. Then the group support matrix is used to objectively measure the impact of the group relationship on the raw rating of a borrower (where relevant). In view that the risk rating is based on historical financial data, judgmental override is allowed on the BRR by the relevant parties. Rating judgmental override is permissible but subject to maximum 3 notches upgrade to be decided by rating approval party and unlimited downgrade (subject to the worst performing grade of grade 21) that can be performed by the business units.

For reference, each grade can be mapped to external agency ratings, like Standard & Poor's (S&P), as per Table A below:

Table A

Non Retail		
Risk Category	CRRS Grade	S&P Equivalent
Very Low	1	AA TO AAA
	2	AA-
	3	A+
	4	A
	5	A-
Low	6	BBB+ TO A-
	7	BBB TO BBB+
	8	BBB
	9	BBB- TO BBB
	10	BB+ TO BBB-
Moderate	11	BB+
	12	BB
	13	BB- TO BB
	14	BB-
	15	B+ TO BB-
High	16	B TO B+
	17	B
	18	B- TO B
	19	B-
	20	CCC TO B-
	21	CCC

RATING COVERAGE FOR CORPORATE EXPOSURES

The CRRS has been implemented within the Group since 2005. Subsequently, more scorecards were developed to rate corporate exposures. With the implementation of these scorecards, the Group was able to rate about 95% of its corporate exposures at Maybank Malaysia, 93% at Maybank Singapore and 87% at MIB, respectively as at 31 December 2012.

Bank Risk Rating Scorecard ("BRRS")

In addition to quantifying the risk of corporate borrowers, the Group has developed BRRS to risk grade the Group's counterparties and banks as borrowers based on the FIRB Approach. The BRRS is able to rate commercial banks, investment, savings and cooperative banks except central banks.

As the Group's portfolio falls under low default portfolio category, normal statistical modeling such as good-bad analysis could not be applied. Instead, a shadow-bond rating technique was used in developing the scorecards. Generally, the objective of such methodology is to replicate the risk ranking implied by external rating agency. In this technique, a set of input/independent variables are regressed against an output/dependent variable to produce estimates to predict the output variable. The input variables are the financial ratios and qualitative factors while the output variable is the external rating.

A different masterscale known as Global Masterscale is used to map the PD generated from BRRS to the scale. There are altogether 17 performing grades in the BRRS masterscale with Grade 1 being the best performing grade and Grade 17 being the worst performing grade. For defaulted borrowers, the applicable grade is Grade 18. The BRRS Global Masterscale and its mapping to S&P's and RAM's ratings are shown in Table B below.

Table B

BRRS Grade	S&P Equivalent	RAM Equivalent
1,2,3	AA TO AAA	—
4	AA-	AAA
5	A+	AAA
6	A	AAA
7	A-	AA TO AAA
8	BBB+	AA
9	BBB	AA
10	BBB-	A TO AA
10	BBB-	A
11	BB+	A
12	BB	BBB TO A
12	BB	BBB
13	BB-	BBB
14	B+	BB TO BBB
15	B	BB
15	B	BB
15	B	BB
16	B-	BB TO B
16	B-	B
17	CCC	C TO B

Project Finance Scorecard (Specialised Lending)

Project Finance is one of the five sub-classes (other sub-classes are object finance, commodities finance, income-producing real estate and high volatility commercial real estate) of Specialised Lending and forms part of the corporate asset class under the IRB Approach. The Group has developed Project Finance scorecard to enable it to rate its borrowers. The scorecard was developed based on the supervisory slotting criteria approach. The scorecard has been designed to output eight internal grades which will then be mapped to the four BNM slotting grades to derive the respective risk weights for RWA computation.

Project Finance, as defined by Basel II and BNM, is a method of funding in which:

- The banking institution looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. In contrast, if repayment of the exposure depends primarily on a well established, diversified, credit-worthy, contractually obligated end user for repayment, it is considered a collateralised claim on the corporate;
- Is usually for large, complex and expensive installations that might include, for example, power plants, chemical processing plants, mines, transportation infrastructure, environment, telecommunications infrastructure (mainly immovable assets);
- May also take the form of financing of the construction of a new capital installation, or refinancing of an existing installation, with or without improvements; and
- The lender is usually paid solely or almost exclusively from the proceeds generated by the project being financed.

The objectives of developing this scorecard are:

- To develop and implement a Project Finance rating template based on and mapped to Basel II/BNM Supervisory Slotting Approach to achieve an IRB compliance;
- To enhance credit risk management processes to achieve:
 - a. Consistency in credit risk assessment and business management for project finance portfolios; and
 - b. Improvement in turnaround time; and
- To facilitate better pricing of borrowers based on risk class.

Special Purpose Vehicles ("SPV")

An SPV is a corporation, trust or other non-bank entity established where structure of the entity and the securitisation activities are intended to isolate the obligations of the SPV from those of the originator and the holders of the beneficial interests. The Bank has recently developed and put in place SPV rating models to cater for a portion of unrated portfolio identified as a growing sub-portfolio which will have an impact on the Bank's overall IRB coverage.

Tables 15 through 19 show the exposures by PD bands for Non-Retail Portfolios of the Group, the Bank and MIB, respectively. A summary of the PD distribution of these exposures are also provided.

Table 15: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank Group

As at 31.12.2012 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Non-Retail Exposures					
Bank					
0.0000 – 0.0715	17,097,684	45.00	21.49	2,458,470	3,673,888
0.0715 – 0.3335	44,119,952	45.00	27.86	3,730	12,291,621
0.3335 – 4.8305	8,588,807	45.00	78.31	433	6,725,848
4.8305 – 24.0203	46,900	45.00	153.30	—	71,896
100	153,200	22.50	—	—	—
Total for Bank Exposures	70,006,543			2,462,632	22,763,253
Insurance Cos, Securities Firms & Fund Managers					
0.0000 – 0.1200	—	23	—	—	—
0.1200 – 0.6440	—	23	—	—	—
0.6440 – 2.4750	—	23	—	—	—
2.4750 – 100	5	45	202	2	11
100	—	23	—	—	—
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	5			2	11
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 – 0.1200	23,118,462	45.00	20.49	3,506,414	4,617,579
0.1200 – 0.6440	44,550,296	45.00	53.76	5,959,181	23,950,713
0.6440 – 2.4750	27,419,587	45.00	92.78	3,230,585	24,065,531
2.4750 – 100	6,519,132	45.00	159.60	237,515	11,778,878
100	2,792,130	45.00	0.20	38,673	5,589
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	104,399,608			12,972,368	64,418,290
Corporate (with firm-size adjustment)					
0.0000 – 0.1200	4,494,681	45.03	20.74	1,577,268	932,016
0.1200 – 0.6440	26,660,745	43.89	45.12	3,476,178	12,030,483
0.6440 – 2.4750	25,365,431	43.82	73.19	2,549,780	18,565,728
2.4750 – 100	8,130,968	44.46	112.23	564,334	9,125,348
100	2,349,693	43.79	—	44,175	—
Total for Corporate (with firm-size adjustment)	67,001,518			8,211,736	40,653,575
Total Non-Retail Exposures	241,407,673			23,646,737	127,835,129

Table 15: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank Group (Cont'd.)

As at 31.12.2011 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Non-Retail Exposures					
Bank					
0.0000 – 0.0715	26,249,862	45.06	20.28	—	5,324,654
0.0715 – 0.3335	21,694,498	45.04	29.94	6,326	6,495,691
0.3335 – 4.8305	8,684,412	45.00	84.14	4,813	7,307,285
4.8305 – 24.0203	46,198	46.99	292.88	—	135,303
100	66,285	44.80	—	—	—
Total for Bank Exposures	56,741,255			11,139	19,262,933
Insurance Cos, Securities Firms & Fund Managers					
0.0000 – 0.1200	—	—	—	—	—
0.1200 – 0.6440	—	—	—	—	—
0.6440 – 2.4750	—	—	—	—	—
2.4750 – 100	—	—	—	—	—
100	—	—	—	—	—
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	—			—	—
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 – 0.1200	17,966,208	44.92	26.89	1,021,470	4,831,886
0.1200 – 0.6440	28,760,873	44.79	49.90	1,441,572	14,350,981
0.6440 – 2.4750	20,397,729	44.98	93.68	573,999	19,109,160
2.4750 – 100	6,105,149	44.66	158.41	204,891	9,670,892
100	1,955,615	43.10	0.14	6,522	2,935
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	75,185,574			3,248,454	47,965,854
Corporate (with firm-size adjustment)					
0.0000 – 0.1200	2,483,793	44.04	20.25	376,657	502,925
0.1200 – 0.6440	19,143,764	44.11	47.03	910,336	9,003,671
0.6440 – 2.4750	22,139,846	43.05	73.46	680,350	16,263,164
2.4750 – 100	9,863,861	43.49	118.47	186,907	11,685,946
100	2,157,168	41.75	—	21,731	—
Total for Corporate (with firm-size adjustment)	55,788,432			2,175,982	37,455,705
Total Non-Retail Exposures	187,879,798			5,435,576	104,684,492

Table 16: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank

As at 31.12.2012 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Non-Retail Exposures					
Bank					
0.0000 – 0.0715	15,024,286	45.00	21.34	2,458,470	3,206,706
0.0715 – 0.3335	45,348,827	45.00	28.47	2,850	12,911,507
0.3335 – 4.8305	8,494,452	45.00	80.53	433	6,840,852
4.8305 – 24.0203	67,674	45.00	178.95	—	121,104
100	153,200	45.00	—	—	—
Total for Bank Exposures	69,088,440			2,461,753	23,080,168
Insurance Cos, Securities Firms & Fund Managers					
0.0000 – 0.1200	—	—	—	—	—
0.1200 – 0.6440	—	—	—	—	—
0.6440 – 2.4750	—	—	—	—	—
2.4750 – 100	5	45.00	20.85	2	11
100	—	—	—	—	—
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	5			2	11
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 – 0.1200	20,908,005	45.00	19.78	3,264,827	4,135,668
0.1200 – 0.6440	39,639,148	45.00	53.30	4,947,570	21,126,332
0.6440 – 2.4750	24,562,600	45.00	93.42	3,000,272	22,947,080
2.4750 – 100	5,430,354	45.00	161.95	229,296	8,794,595
100	2,503,543	45.00	0.22	38,673	5,589
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	93,043,649			11,480,639	57,009,265
Corporate (with firm-size adjustment)					
0.0000 – 0.1200	3,975,249	45.00	20.67	1,464,216	821,573
0.1200 – 0.6440	23,174,361	45.00	45.47	3,121,508	10,538,308
0.6440 – 2.4750	22,090,850	45.00	72.80	2,385,101	16,101,354
2.4750 – 100	6,538,580	45.00	110.82	518,708	7,246,131
100	1,878,834	45.00	—	42,818	—
Total for Corporate (with firm-size adjustment)	57,657,875			7,532,351	34,707,366
Total Non-Retail Exposures	219,789,965			21,474,743	114,796,798

Table 16: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank (Cont'd.)

As at 31.12.2011 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Non-Retail Exposures					
Bank					
0.0000 – 0.0715	24,787,005	45.12	20.32	—	5,037,116
0.0715 – 0.3335	24,502,196	45.07	30.41	6,326	7,450,704
0.3335 – 4.8305	7,380,469	45.00	86.88	3,043	6,412,335
4.8305 – 24.0203	76,269	48.98	269.73	—	205,721
100	66,285	45.00	—	—	—
Total for Bank Exposures	56,812,224			9,369	19,105,876
Insurance Cos, Securities Firms & Fund Managers					
0.0000 – 0.1200	—	—	—	—	—
0.1200 – 0.6440	—	—	—	—	—
0.6440 – 2.4750	—	—	—	—	—
2.4750 – 100	—	—	—	—	—
100	—	—	—	—	—
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	—			—	—
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 – 0.1200	15,626,932	44.89	26.63	941,355	4,161,597
0.1200 – 0.6440	25,746,188	44.31	52.42	1,300,278	13,496,337
0.6440 – 2.4750	18,657,803	44.54	89.94	514,751	16,780,974
2.4750 – 100	5,216,762	44.38	154.41	201,999	8,055,319
100	1,872,642	42.30	0.15	6,521	2,799
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	67,120,327			2,964,904	42,497,026
Corporate (with firm-size adjustment)					
0.0000 – 0.1200	2,100,345	44.45	20.40	346,235	428,525
0.1200 – 0.6440	16,313,931	43.86	47.01	838,178	7,668,921
0.6440 – 2.4750	19,894,178	42.97	72.91	631,858	14,505,416
2.4750 – 100	7,833,394	43.06	116.25	174,966	9,106,431
100	1,878,148	40.74	—	21,347	—
Total for Corporate (with firm-size adjustment)	48,019,995			2,012,584	31,709,293
Total Non-Retail Exposures	171,952,545			4,986,858	93,312,195

CREDIT RISK

Table 17a: Disclosure on Specialised Lending Exposures under the Supervisory Slotting Criteria for Maybank Group

Supervisory Categories/ Risk Weights As at 31.12.2012	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
Specialised Lending - Project Finance EAD Post CRM	1,614,272	111,288	576,831	1,214,134	—	—	—
Supervisory Categories/ Risk Weights As at 31.12.2011	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
Specialised Lending - Project Finance EAD Post CRM	543,112	78,287	145,925	600,630	—	—	—

Table 17b: Disclosure on Specialised Lending Exposures under the Supervisory Slotting Criteria for Maybank

Supervisory Categories/ Risk Weights As at 31.12.2012	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
Specialised Lending - Project Finance EAD Post CRM	1,494,285	101,250	401,302	451,301	—	—	—
Supervisory Categories/ Risk Weights As at 31.12.2011	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
Specialised Lending - Project Finance EAD Post CRM	521,433	78,287	92,333	—	—	—	—

Table 17c: Disclosure on Specialised Lending Exposures under the Supervisory Slotting Criteria for Maybank Islamic

Supervisory Categories/ Risk Weights As at 31.12.2012	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
Specialised Lending - Project Finance EAD Post CRM	119,988	10,037	175,528	762,833	—	—	—
Supervisory Categories/ Risk Weights As at 31.12.2011	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
Specialised Lending - Project Finance EAD Post CRM	21,680	—	53,592	600,630	—	—	—

Table 18a: Disclosure on Impaired loans, advances and financing by industry for Maybank Group

As at 31.12.2012 Group	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
Agriculture	118,868	—	46,243	—
Mining & quarrying	148,873	—	39,422	—
Manufacturing	2,212,490	—	1,266,575	—
Construction	351,303	—	73,667	—
Electricity, gas & water supply	27,760	—	1,430	—
Wholesale, retail trade, restaurants & hotels	564,082	—	203,724	—
Finance, insurance, real estate & business	627,043	—	430,168	—
Transport, storage & communication	413,003	—	84,232	—
Education, health & others	52,759	—	—	—
Household	829,936	—	29,724	—
Others	308,235	—	53,350	—
Total	5,654,352	19,239,760	2,228,535	3,744,994

As at 31.12.2011 Group	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
Agriculture	206,520	—	98,192	—
Mining & quarrying	43,850	—	4,019	—
Manufacturing	2,751,960	—	947,606	—
Construction	821,897	—	375,911	—
Electricity, gas & water supply	94,955	—	276,575	—
Wholesale, retail trade, restaurants & hotels	810,649	—	315,969	—
Finance, insurance, real estate & business	804,688	—	449,475	—
Transport, storage & communication	737,305	—	221,917	—
Education, health & others	116,459	—	32,157	—
Household	1,261,714	—	31,239	—
Others	386,847	—	60,047	—
Total	8,036,844	5,773,527	2,813,107	4,169,974

Table 18b: Disclosure on Impaired loans, advances and financing by industry for Maybank

As at 31.12.2012 Maybank	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
Agriculture	100,185	—	46,042	—
Mining & quarrying	10,500	—	5,172	—
Manufacturing	1,889,932	—	1,047,261	—
Construction	272,416	—	36,055	—
Electricity, gas & water supply	26,117	—	2	—
Wholesale, retail trade, restaurants & hotels	386,138	—	165,799	—
Finance, insurance, real estate & business	437,241	—	366,747	—
Transport, storage & communication	285,099	—	40,144	—
Education, health & others	28,311	—	—	—
Household	606,651	—	—	—
Others	119,711	—	12,233	—
Total	4,162,301	11,638,655	1,719,455	2,726,849

As at 31.12.2011 Maybank	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
Agriculture	186,053	—	80,939	—
Mining & quarrying	5,699	—	—	—
Manufacturing	2,306,918	—	728,575	—
Construction	702,904	—	308,274	—
Electricity, gas & water supply	84,873	—	273,517	—
Wholesale, retail trade, restaurants & hotels	679,819	—	285,707	—
Finance, insurance, real estate & business	563,331	—	310,732	—
Transport, storage & communication	523,430	—	114,100	—
Education, health & others	34,316	—	—	—
Household	990,518	—	244	—
Others	167,975	—	333	—
Total	6,245,836	4,032,257	2,102,421	3,097,366

Table 18c: Disclosure on Impaired loans, advances and financing by industry for Maybank Islamic

As at 31.12.2012 Group	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
Agriculture	11,277	—	—	—
Mining & quarrying	—	—	—	—
Manufacturing	99,832	—	45,282	—
Construction	33,028	—	—	—
Electricity, gas & water supply	250	—	—	—
Wholesale, retail trade, restaurants & hotels	44,062	—	31,285	—
Finance, insurance, real estate & business	35,480	—	13,107	—
Transport, storage & communication	117,575	—	4,502	—
Education, health & others	1,186	—	—	—
Household	174,815	—	—	—
Others	2,474	—	—	—
Total	519,979	6,537,142	94,176	595,517

As at 31.12.2011 Group	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
Agriculture	16,800	—	16,826	—
Mining & quarrying	—	—	—	—
Manufacturing	124,103	—	57,873	—
Construction	62,346	—	50,660	—
Electricity, gas & water supply	1,293	—	—	—
Wholesale, retail trade, restaurants & hotels	54,023	—	5,968	—
Finance, insurance, real estate & business	89,720	—	111,347	—
Transport, storage & communication	79,531	—	24,014	—
Education, health & others	80,425	—	32,151	—
Household	240,182	—	—	—
Others	63,550	—	—	—
Total	811,973	420,596	298,839	631,658

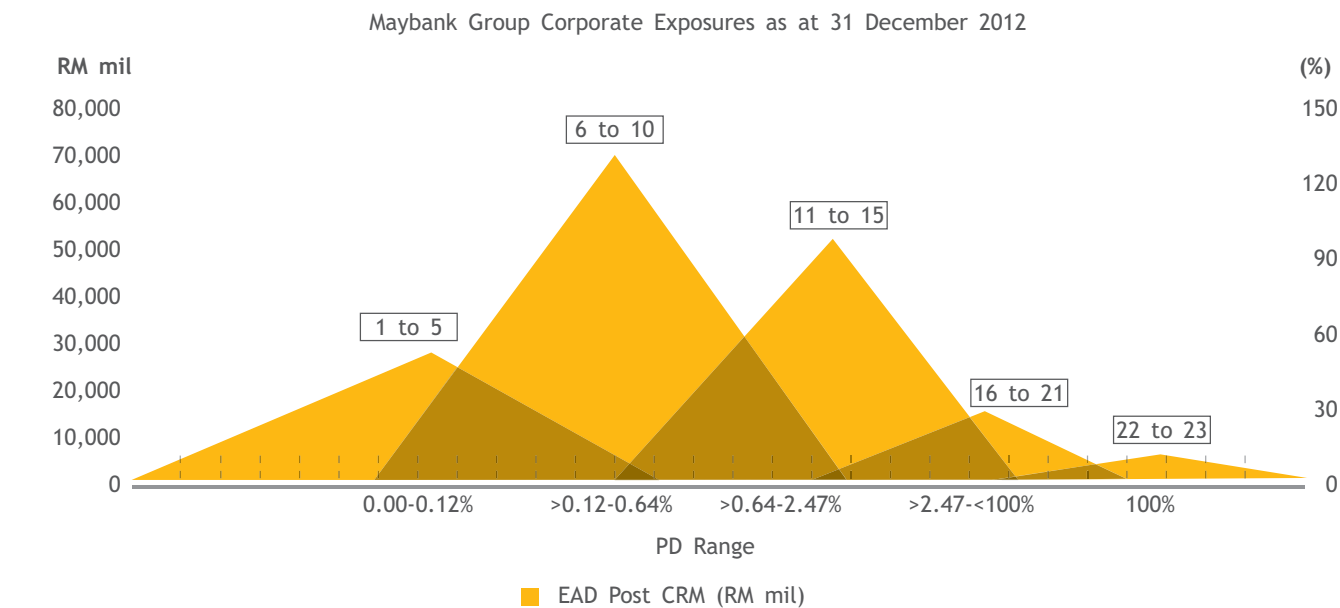
Table 19: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank Islamic

As at 31.12.2012 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Non-Retail Exposures					
Bank					
0.0000 – 0.0715	2,073,398	45.00	22.53	—	467,182
0.0715 – 0.3335	6,387,013	45.00	29.63	879	1,892,370
0.3335 – 4.8305	988,909	45.00	69.75	—	689,772
4.8305 – 24.0203	2,864	45.00	195.87	—	5,609
100	—	—	—	—	—
Total for Bank Exposures	9,452,183			879	3,054,933
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 – 0.1200	2,861,665	45.00	21.04	241,587	602,021
0.1200 – 0.6440	4,908,756	45.00	57.51	1,011,610	2,823,218
0.6440 – 2.4750	2,695,014	45.00	85.11	230,312	2,293,831
2.4750 – 100	525,413	45.00	138.34	8,219	726,849
100	288,588	45.00	—	—	—
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	11,279,436			1,491,728	6,445,919
Corporate (with firm-size adjustment)					
0.0000 – 0.1200	519,431	45.06	21.26	113,052	110,443
0.1200 – 0.6440	3,486,385	42.77	42.80	354,671	1,492,176
0.6440 – 2.4750	3,274,580	42.64	75.26	164,679	2,464,374
2.4750 – 100	1,592,388	43.91	118.01	45,626	1,879,217
100	470,858	42.58	—	1,357	—
Total for Corporate (with firm-size adjustment)	9,343,642			679,385	5,946,210
Total Non-Retail Exposures	30,075,261			2,171,992	15,447,062

Table 19: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank Islamic (Cont'd.)

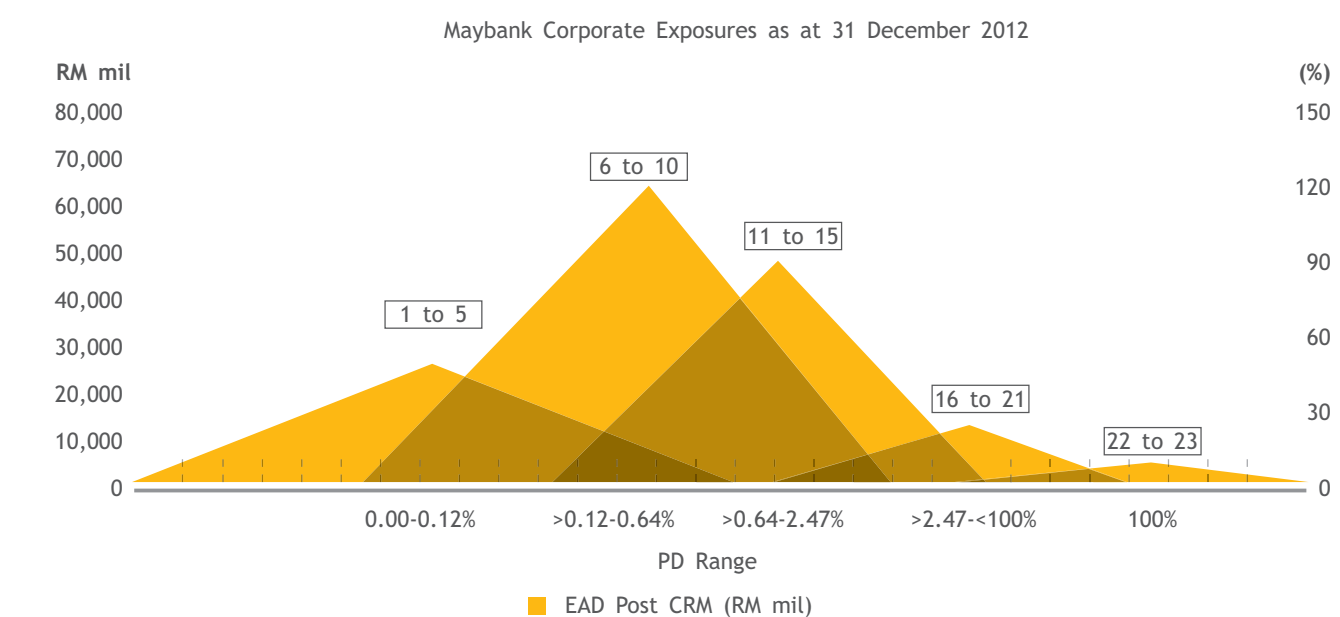
As at 31.12.2011 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Non-Retail Exposures					
Bank					
0.0000 – 0.0715	1,462,857	45.00	19.66	—	287,538
0.0715 – 0.3335	4,955,149	45.00	27.45	—	1,360,150
0.3335 – 4.8305	2,349,419	45.00	82.05	1,770	1,927,697
4.8305 – 24.0203	1,894	45.00	195.87	—	3,709
100	—	44.59	—	—	—
Total for Bank Exposures	8,769,319			1,770	3,579,094
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 – 0.1200	2,339,276	44.95	28.65	80,115	670,289
0.1200 – 0.6440	3,060,610	45.27	58.74	141,294	1,797,869
0.6440 – 2.4750	1,694,002	45.42	93.22	59,248	1,579,232
2.4750 – 100	833,402	44.93	177.85	2,892	1,482,171
100	137,957	43.90	0.10	1	136
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	8,065,247			283,550	5,529,697
Corporate (with firm-size adjustment)					
0.0000 – 0.1200	383,448	43.64	19.40	30,422	74,400
0.1200 – 0.6440	2,829,834	44.37	47.17	72,158	1,334,749
0.6440 – 2.4750	2,245,668	43.13	78.27	48,492	1,757,748
2.4750 – 100	2,001,264	43.91	127.86	11,941	2,558,813
100	308,224	42.76	—	385	—
Total for Corporate (with firm-size adjustment)	7,768,438			163,398	5,725,710
Total Non-Retail Exposures	24,603,004			448,718	14,834,501

Corporate Exposures by PD Bands for Maybank Group



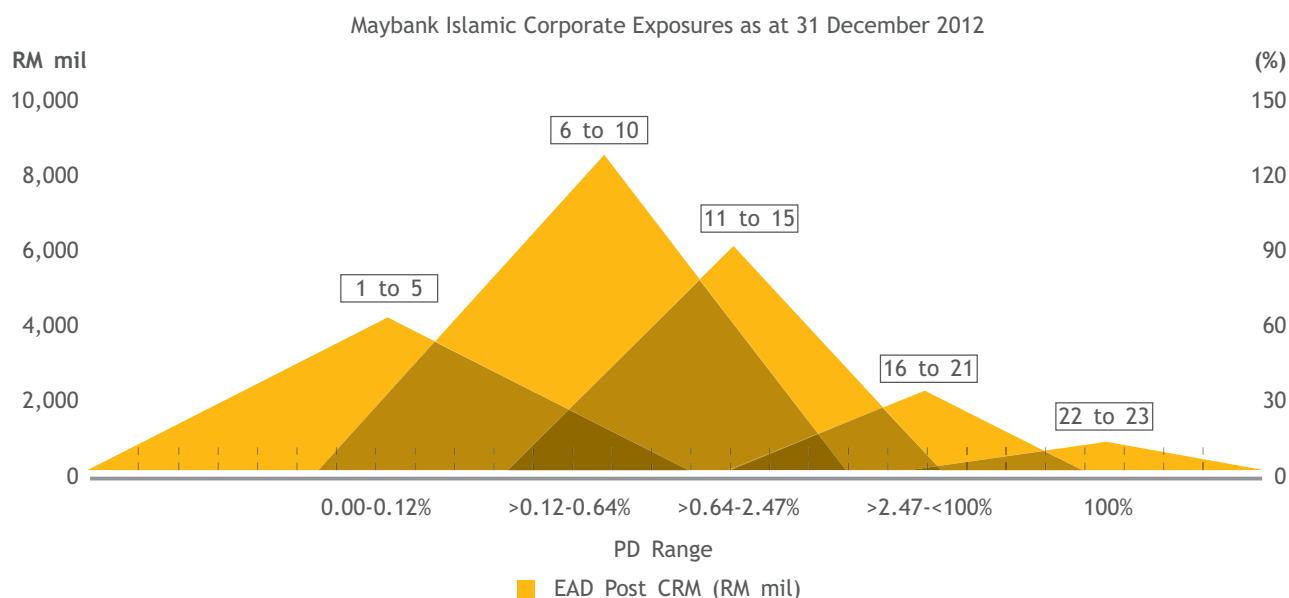
Most of the Group’s corporate exposures, amounting to 58% are concentrated on the better PD ranges of 0.00% to 0.64%, and another 31% of the exposures are from PD ranges of >0.64% to 2.47%, whilst 9% are in the higher PD ranges of >2.47% to <100% (Grades 16 to 21). Grades 22 and 23 are bad grades.

Corporate Exposures by PD Bands for Maybank



Similarly at Bank level, about 58.20% of the corporate exposures are concentrated on the better PD ranges of 0.00% to 0.64%, and another 30.95% of the exposures are from PD ranges of >0.64% to 2.47%, whilst 7.94% are in the higher PD ranges of >2.47% to <100% (Grades 16 to 21). Grades 22 and 23 are bad grades.

Corporate Exposures by PD Bands for Maybank Islamic Berhad



For MIB, about 57.10% of the corporate exposures are concentrated on the better PD ranges of 0.00% to 0.64%, and another 28.95% of the exposures are from PD ranges of >0.64% to 2.47%, whilst 10.27% are in the higher PD ranges of >2.47% to <100% (Grades 16 to 21). Grades 22 and 23 are bad grades.

RETAIL PORTFOLIOS

The Group's Retail portfolios are under the Advanced Internal Ratings-Based Approach ("AIRB"). This approach calls for more extensive reliance on the Bank's own internal experience whereby estimations for all the three components of RWA calculation namely PD, EAD and LGD are based on its own historical data.

Separate PD, EAD and LGD statistical models were developed at portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio. The estimations derived from the models are used as input for RWA calculations.

AIRB COVERAGE FOR RETAIL PORTFOLIOS

Currently the following material retail portfolios are under Retail IRB:

Basel II Retail sub-portfolio category	Maybank Retail Portfolios
Residential Mortgage	<ul style="list-style-type: none"> Housing Loan (Malaysia & Singapore) Other Property Based Loan (Malaysia) Staff Housing Loan (Malaysia)
Qualifying Revolving Retail Exposure ("QRRE")	<ul style="list-style-type: none"> Credit Card (Malaysia & Singapore)
Other Retail	<ul style="list-style-type: none"> Auto Loan (Malaysia & Singapore) Unit Trust Loan (Malaysia) Commercial Property Loan (Malaysia)

The above portfolios represent about 85% of total Bank's retail exposures. Whilst currently the rest of Group's retail portfolios are under ("SA"), efforts are under way to bring the other material retail portfolios under the AIRB Approach.

CREDIT RISK

RETAIL MASTERSCALE

A retail masterscale with mapping to PD and external ratings like S&P's and Rating Agency Malaysia (RAM) is used to promote a common risk language across the Group's retail portfolios as per Table C below:

Table C

Risk Category	PD Grade	Midpoint PD	Rating Definition	S&P Equivalent	RAM Equivalent
Very Low	R1	0.25%	Excellent	BBB to AAA	A to AAA
	R2	0.44%	Very Strong	BBB-	A
Low	R3	0.79%	Strong	BB+	A
	R4	1.41%	Very Good	BB- to BB	BBB
	R5	2.50%	Good	BB-	BBB
Moderate	R6	4.45%	Moderate	B to B+	BB
	R7	7.91%	Satisfactory	B- to B	BB
	R8	14.06%	Week	CCC to B-	B
High	R9	25.00%	Risky	CCC	C to B
	R10	44.46%	Very Risky	CCC	C
	R11	79.06%	Extremely Risky	D	C

OTHER RISK MEASUREMENT FOR RETAIL PORTFOLIOS

Besides having the Basel II Retail IRB models, application and behaviour scorecards are widely used for business management purposes. Scorecards assess the probability that the customer will fail to make full and timely repayment of credit obligations. Business decisions and strategies are then built around the scores.

Where relevant, both application and behavioural scorecards are used as input into Retail IRB PD models.

Application Scorecard

With application scorecards, at the point of time when an applicant applies for the credit facility, each applicant is assigned a score that corresponds to the odds of future repayment. Scores are designed to rank-order the riskiness of the applicants, whereby higher score represents lower risk.

With proper utilisation, the application scorecards benefit both risk management and business acquisition process through:

- Consistency in credit risk assessment;
- Improved turnaround time;
- Better management control of the portfolios; and
- Improved revenue and profit through the identification and acceptance of additional business

Currently, application scorecards are deployed for all the major retail portfolios in Malaysia, Singapore and Indonesia.

Behaviour Scorecard

The product nature of credit card is subject to variable utilisation and payment pattern. A customer is able to utilise any portion of the granted limit and pay any amount of the outstanding balance. Due to the volatile nature of the product, a more robust risk measurement tool is required to manage the portfolio.

Behavioural Scorecards were therefore developed for Credit Card portfolios both in Malaysia and Singapore. Behaviour score measures the borrower riskiness based on transaction information and behavioural pattern of customer's utilisation and payment of the credit card. The scores are generated on monthly basis and among others, are being used for the following purposes:

- Collection Strategies;
- Limit Management; and
- Transaction Authorisation.

With the use of Behaviour score, credit card portfolio is able to closely manage the accounts to reduce defaulters, increase collection and ultimately increase the profitability.

Tables 20 through 22 show the exposures by PD bands for Retail Portfolios of the Group, the Bank and MIB, respectively. A summary of the PD distribution of these exposures are also provided.

Table 20: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank Group

As at 31.12.2012 PD Range (%)	EAD Post CRM (1) RM'000	Exposure Weighted Average LGD (2) (%)	Exposure Weighted Average Risk Weight (3) (%)	Undrawn commitments (4) RM'000	RWA (5) RM'000
Retail Exposures					
Residential Mortgages					
0.0000 – 0.5900	18,703,330	25.36	20.37	17,623	3,810,119
0.5900 – 3.3330	17,148,061	28.11	42.62	167,935	7,308,406
3.3330 – 18.750	3,391,868	20.60	86.55	68,480	2,935,521
18.750 – 100	947,785	70.60	107.82	1,532	1,021,898
100	327,379	—	73.24	4,359	239,780
Total for Residential Mortgages Exposures	40,518,423			259,929	15,315,723
Qualifying Revolving Retail Exposure					
0.0000 – 0.5900	4,200,753	78.62	13.63	2,532,553	572,501
0.5900 – 3.3330	2,963,663	77.20	40.83	1,059,095	1,210,147
3.3330 – 18.750	919,853	76.19	116.25	165,513	1,069,335
18.750 – 100	271,136	77.11	229.89	55,533	623,325
100	2,493	75.30	65.23	104	1,626
Total for Qualifying Revolving Retail Exposures	8,357,898			3,812,797	3,476,935
Hire Purchase Exposure					
0.0000 – 0.5900	26,686,287	51.42	25.37	—	6,771,021
0.5900 – 3.3330	6,656,792	49.02	57.86	—	3,851,727
3.3330 – 18.750	1,366,554	49.51	74.04	—	1,011,814
18.750 – 100	204,924	71.22	97.40	—	199,599
100	71,967	47.20	69.47	—	49,993
Total Hire Purchase Exposures	34,986,525			—	11,884,154
Other Retail Exposure					
0.0000 – 0.5900	15,563,354	21.09	20.40	833,169	3,174,881
0.5900 – 3.3330	22,341,525	15.50	25.52	3,187,475	5,701,268
3.3330 – 18.750	9,160,737	36.01	31.15	547,388	2,853,303
18.750 – 100	1,979,919	68.72	76.83	108,933	1,521,252
100	172,364	—	102.31	16,575	176,337
Total Other Retail Exposures	49,217,898			4,693,540	13,427,042
Total Retail Exposures	133,080,744			8,766,266	44,103,855

Table 20: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank Group (Cont'd.)

As at 31.12.2011 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Retail Exposures					
Residential Mortgages					
0.0000 – 0.5900	12,428,881	17.46	8.93	26,326	1,109,827
0.5900 – 3.3330	18,441,984	23.65	44.59	174,375	8,223,166
3.3330 – 18.750	4,466,126	29.50	79.69	56,873	3,558,924
18.750 – 100	1,864,198	37.24	69.20	21,141	1,290,106
100	556,194	73.46	67.43	4,849	375,028
Total for Residential Mortgages Exposures	37,757,383			283,564	14,557,051
Qualifying Revolving Retail Exposure					
0.0000 – 0.5900	3,514,547	77.84	12.21	2,074,928	429,297
0.5900 – 3.3330	3,346,909	77.32	39.18	1,296,220	1,311,424
3.3330 – 18.750	1,023,851	75.81	115.12	155,011	1,178,648
18.750 – 100	332,493	76.41	226.73	64,322	753,847
100	6,886	74.69	27.43	47	1,889
Total for Qualifying Revolving Retail Exposures	8,224,686			3,590,528	3,675,105
Hire Purchase Exposure					
0.0000 – 0.5900	20,860,575	50.87	22.10	—	4,609,821
0.5900 – 3.3330	8,272,027	52.53	54.39	—	4,499,428
3.3330 – 18.750	2,483,479	47.13	74.69	—	1,854,936
18.750 – 100	386,496	47.69	116.77	—	451,329
100	144,135	95.21	69.50	—	100,179
Total Hire Purchase Exposures	32,146,712			—	11,515,693
Other Retail Exposure					
0.0000 – 0.5900	3,221,362	19.54	11.42	531,335	367,741
0.5900 – 3.3330	16,890,441	20.57	27.15	2,914,391	4,585,031
3.3330 – 18.750	14,380,167	13.67	22.61	450,047	3,251,934
18.750 – 100	1,481,690	23.07	48.23	173,823	714,611
100	346,684	68.92	77.17	17,524	267,523
Total Other Retail Exposures	36,320,344			4,087,120	9,186,840
Total Retail Exposures	114,449,125			7,961,212	38,934,689

Table 21: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank

As at 31.12.2012 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Retail Exposures					
Residential Mortgages					
0.0000 – 0.5900	12,503,569	22.39	34.86	15,012	1,111,146
0.5900 – 3.3330	15,582,428	23.37	85.29	101,355	5,432,388
3.3330 – 18.750	3,261,690	19.69	110.46	40,650	2,781,849
18.750 – 100	885,085	68.95	73.24	1,049	977,653
100	327,379	0.00	—	3,504	239,780
Total for Residential Mortgages Exposures	32,560,151			161,570	10,542,816
Qualifying Revolving Retail Exposure					
0.0000 – 0.5900	3,875,592	82.24	12.52	2,488,582	485,136
0.5900 – 3.3330	2,877,796	79.40	38.31	1,033,603	1,102,494
3.3330 – 18.750	917,557	77.37	115.97	161,494	1,064,101
18.750 – 100	270,921	79.22	229.94	54,191	622,963
100	2,493	75.30	65.23	104	1,626
Total for Qualifying Revolving Retail Exposures	7,944,359			3,737,973	3,276,320
Hire Purchase Exposure					
0.0000 – 0.5900	11,697,139	51.05	23.17	—	2,710,564
0.5900 – 3.3330	5,587,954	50.61	53.47	—	2,988,043
3.3330 – 18.750	1,361,622	46.41	73.81	—	1,004,993
18.750 – 100	151,315	45.44	111.34	—	168,475
100	71,967	94.41	69.47	—	49,993
Total Hire Purchase Exposures	18,869,997			—	6,922,068
Other Retail Exposure					
0.0000 – 0.5900	6,214,209	21	15	755,349	950,141
0.5900 – 3.3330	15,985,680	16	26	2,221,853	4,089,302
3.3330 – 18.750	8,453,746	36	27	390,168	2,269,693
18.750 – 100	1,930,025	71	77	71,185	1,480,015
100	172,364	—	102	11,777	176,337
Total Other Retail Exposures	32,756,024			3,450,331	8,965,488
Total Retail Exposures	92,130,531			7,349,874	29,706,692

Table 21: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank (Cont'd.)

As at 31.12.2011 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Retail Exposures					
Residential Mortgages					
0.0000 – 0.5900	11,977,706	14.29	8.78	22,152	1,052,227
0.5900 – 3.3330	14,533,152	21.66	42.51	140,531	6,177,334
3.3330 – 18.750	3,595,641	26.95	74.19	41,375	2,667,761
18.750 – 100	1,551,018	33.76	60.91	17,761	944,780
100	553,186	73.76	67.37	3,965	372,704
Total for Residential Mortgages Exposures	32,210,703			225,784	11,214,806
Qualifying Revolving Retail Exposure					
0.0000 – 0.5900	3,403,010	81.04	12.26	2,037,599	417,206
0.5900 – 3.3330	3,169,106	80.02	39.21	1,271,185	1,242,653
3.3330 – 18.750	950,091	76.98	115.41	150,323	1,096,476
18.750 – 100	314,314	78.18	227.30	62,738	714,436
100	6,140	74.75	25.99	47	1,596
Total for Qualifying Revolving Retail Exposures	7,842,661			3,521,892	3,472,367
Hire Purchase Exposure					
0.0000 – 0.5900	9,690,324	49.62	23.07	—	2,235,116
0.5900 – 3.3330	5,280,590	49.78	52.67	—	2,781,210
3.3330 – 18.750	1,451,205	45.01	71.87	—	1,043,017
18.750 – 100	196,253	45.19	112.15	—	220,096
100	91,902	94.29	70.51	—	64,801
Total Hire Purchase Exposures	16,710,274			—	6,344,240
Other Retail Exposure					
0.0000 – 0.5900	3,000,087	17.67	11.28	500,160	338,353
0.5900 – 3.3330	12,850,806	21.48	27.79	2,452,125	3,570,951
3.3330 – 18.750	8,198,417	15.42	25.43	372,463	2,084,730
18.750 – 100	910,838	28.64	51.54	149,468	469,412
100	266,743	71.77	92.31	12,913	246,226
Total Other Retail Exposures	25,226,891			3,487,129	6,709,672
Total Retail Exposures	81,990,529			7,234,805	27,741,085

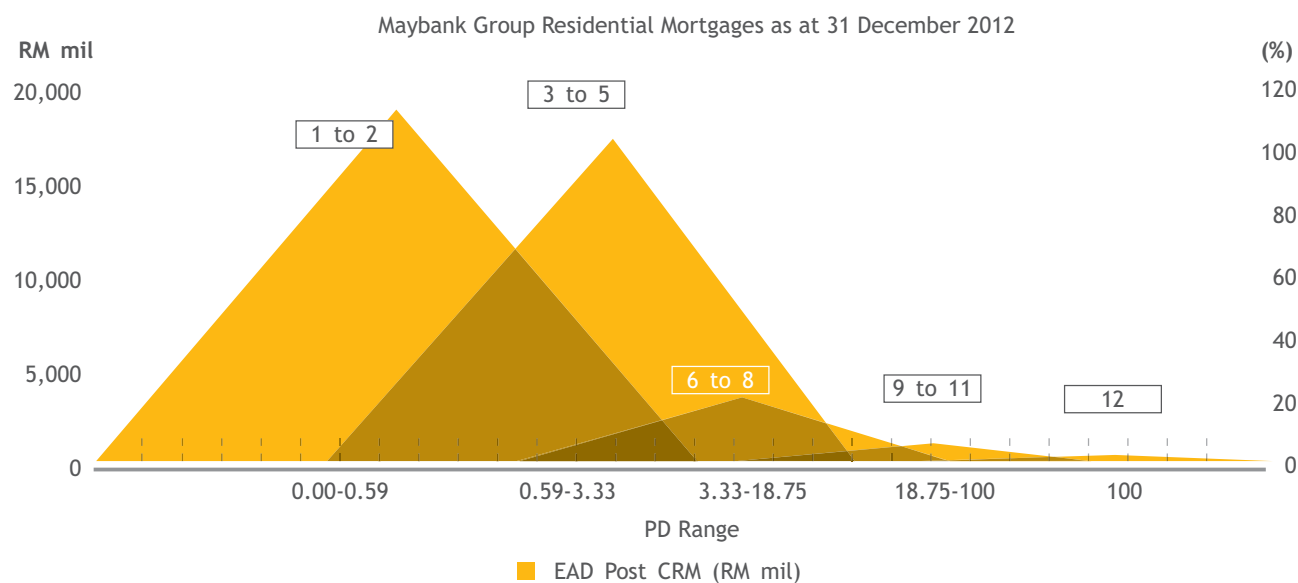
Table 22: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank Islamic

As at 31.12.2012 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Retail Exposures					
Residential Mortgages					
0.0000 – 0.5900	6,199,762	28.32	43.53	2,611	2,698,973
0.5900 – 3.3330	1,565,633	32.85	119.82	66,580	1,876,018
3.3330 – 18.750	130,178	21.51	118.05	27,830	153,672
18.750 – 100	62,700	72.26	70.57	483	44,245
100	—	—	—	855	—
Total for Residential Mortgages Exposures	7,958,273			98,359	4,772,908
Qualifying Revolving Retail Exposure					
0.0000 – 0.5900	325,161	75.00	26.87	43,970	87,365
0.5900 – 3.3330	85,867	75.00	125.37	25,492	107,653
3.3330 – 18.750	2,296	75.00	228.01	4,020	5,234
18.750 – 100	215	75.00	168.62	1,342	362
100	—	—	—	—	—
Total for Qualifying Revolving Retail Exposures	413,539			74,824	200,614
Hire Purchase Exposure					
0.0000 – 0.5900	14,989,147	51.79	27.09	—	4,060,457
0.5900 – 3.3330	1,068,838	47.43	80.81	—	863,684
3.3330 – 18.750	4,932	52.61	138.29	—	6,821
18.750 – 100	53,609	96.99	58.06	—	31,124
100	—	—	—	—	—
Total Hire Purchase Exposures	16,116,526			—	4,962,086
Other Retail Exposure					
0.0000 – 0.5900	9,349,145	20.88	23.80	77,820	2,224,741
0.5900 – 3.3330	6,355,844	14.65	25.36	965,623	1,611,967
3.3330 – 18.750	706,991	36.20	82.55	157,220	583,610
18.750 – 100	49,894	66.81	82.65	37,749	41,238
100	—	—	—	4,797	—
Total Other Retail Exposures	16,461,874			1,243,209	4,461,556
Total Retail Exposures	40,950,212			1,416,392	14,397,164

Table 22: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank Islamic (Cont'd.)

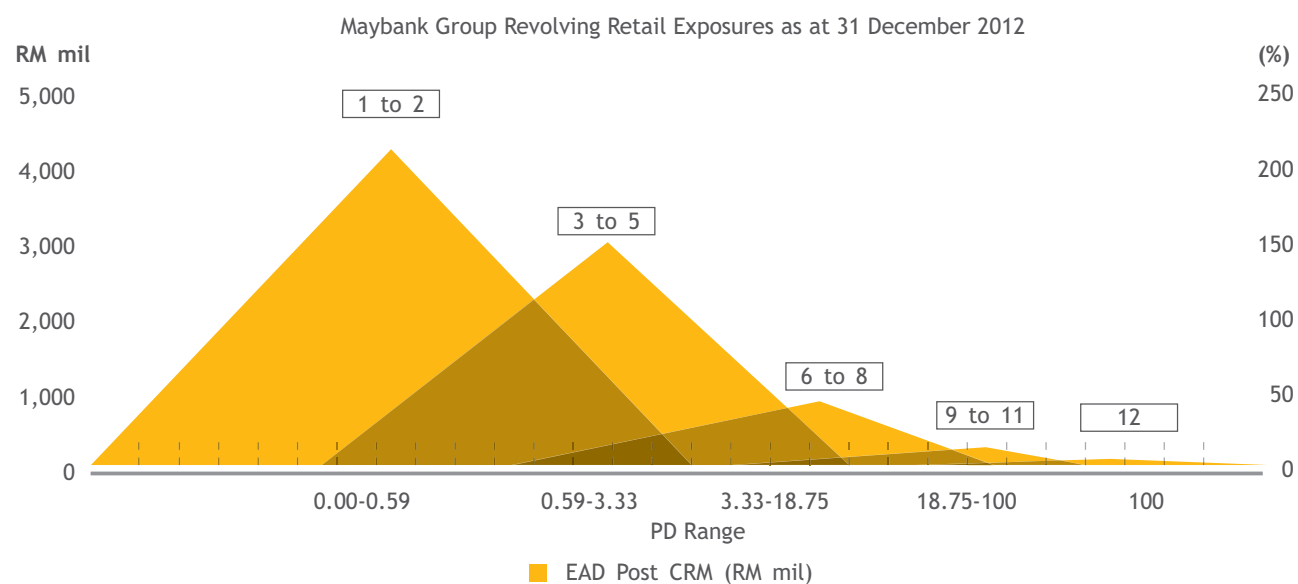
As at 31.12.2011 PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments RM'000	RWA RM'000
Retail Exposures					
Residential Mortgages					
0.0000 – 0.5900	451,175	20.64	12.77	4,174	57,601
0.5900 – 3.3330	3,908,832	25.64	52.34	33,844	2,045,832
3.3330 – 18.750	870,485	32.05	102.38	15,499	891,163
18.750 – 100	310,259	40.73	111.30	3,380	345,326
100	3,008	73.16	77.25	884	2,324
Total for Residential Mortgages Exposures	5,543,759			57,781	3,342,246
Qualifying Revolving Retail Exposure					
0.0000 – 0.5900	111,537	74.63	10.84	37,329	12,091
0.5900 – 3.3330	177,803	74.63	38.68	25,034	68,771
3.3330 – 18.750	73,760	74.63	111.41	4,688	82,173
18.750 – 100	18,179	74.63	216.79	1,584	39,411
100	745	74.63	39.30	—	293
Total for Qualifying Revolving Retail Exposures	382,024			68,635	202,739
Hire Purchase Exposure					
0.0000 – 0.5900	11,170,250	52.12	21.26	—	2,374,705
0.5900 – 3.3330	2,991,438	55.28	57.44	—	1,718,218
3.3330 – 18.750	1,032,273	49.25	78.65	—	811,920
18.750 – 100	190,243	50.18	121.55	—	231,233
100	52,233	96.14	67.73	—	35,378
Total Hire Purchase Exposures	15,436,437			—	5,171,454
Other Retail Exposure					
0.0000 – 0.5900	221,275	21.41	13.28	31,174	29,389
0.5900 – 3.3330	4,039,634	19.67	25.10	462,266	1,014,080
3.3330 – 18.750	6,181,750	11.92	18.88	77,584	1,167,204
18.750 – 100	528,840	17.49	46.37	24,355	245,199
100	79,941	66.08	26.64	4,612	21,296
Total Other Retail Exposures	11,051,440			599,991	2,477,168
Total Retail Exposures	32,413,660			726,407	11,193,607

Residential Mortgages by PD Bands for Maybank Group



Maybank Group's residential mortgages profile are concentrated in the better grades of 1 to 5, with PD ranges of 0.00 - 3.33%.

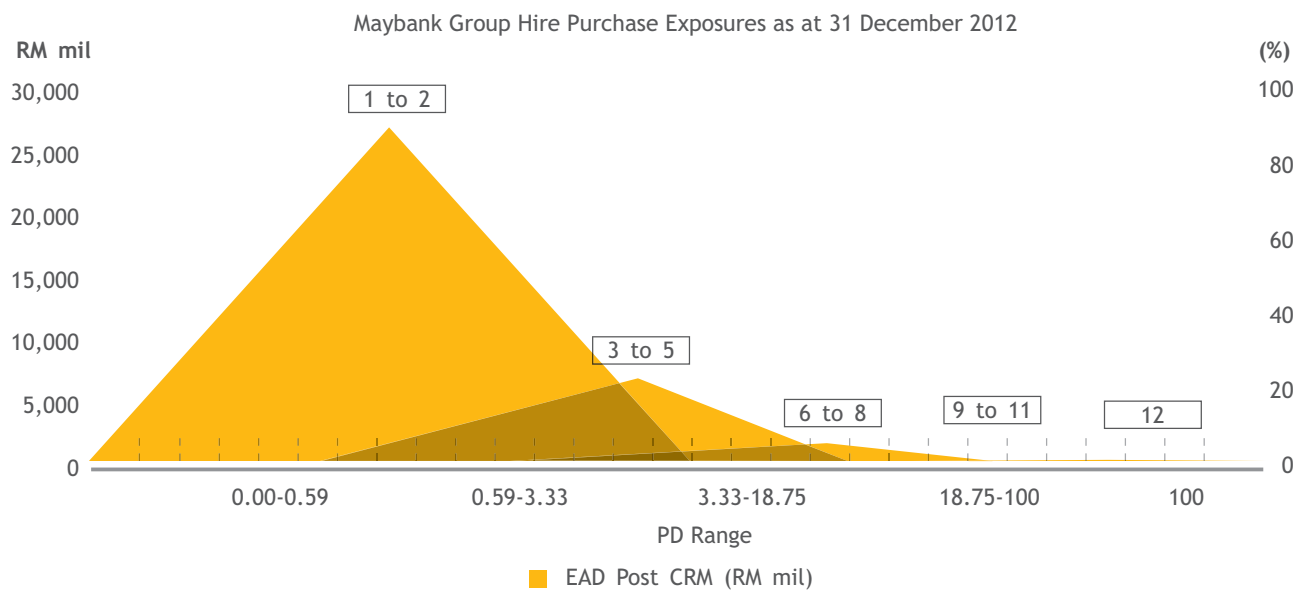
Qualifying Revolving Retail Exposures (Credit Cards) by PD Bands for Maybank Group



For Qualifying Revolving Retail Exposures (Credit Cards), again the Group's profile are concentrated in the better grades of 1 to 5, with PD ranges of 0.00 - 3.33%.

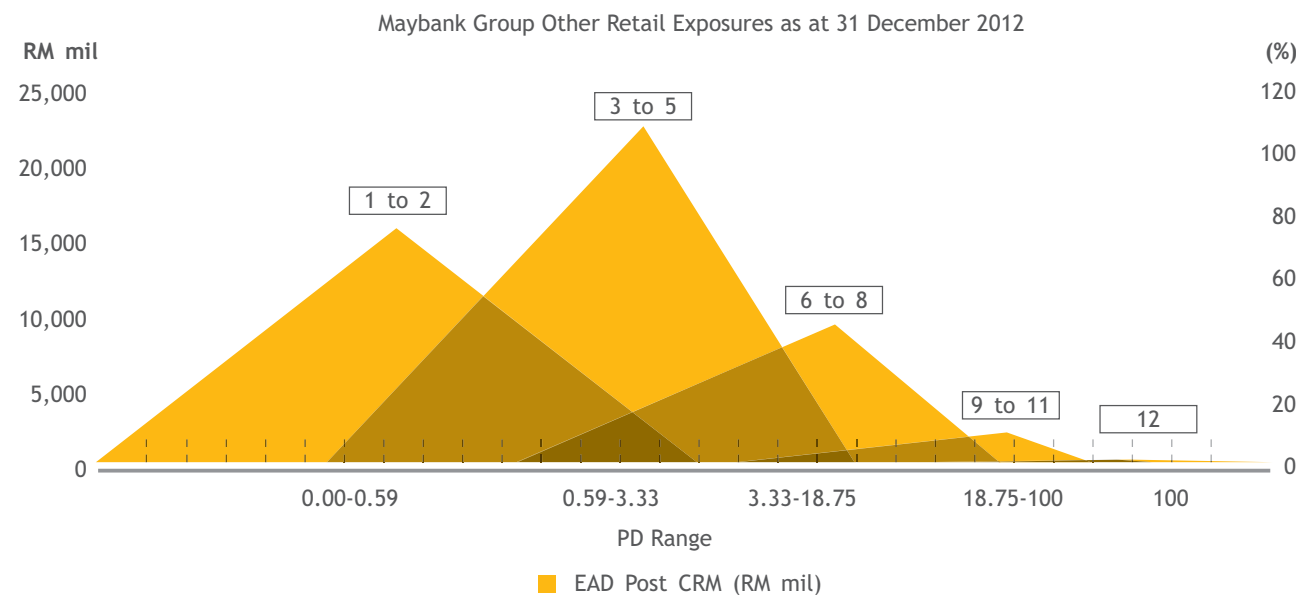
CREDIT RISK

Hire Purchase Exposures by PD Bands for Maybank Group



For Hire Purchase portfolio, the majority of the exposure are concentrated in the better grades of 1 to 2, with PD range of 0.00 - 0.59%.

Other Retail Exposures by PD Bands for Maybank Group



For Other Retail portfolio, the majority of the exposure are concentrated in the low and moderate grades of 1 to 5, with PD range of 0.00 - 3.33%.

INDEPENDENT MODEL VALIDATION

At the Group, credit IRB models are validated by an independent validation team which is separate from the model development teams. Model validation findings are presented to the Model Validation and Acceptance Committee for deliberation and subsequently to the ERC for endorsement and RMC for approval.

SCOPE AND FREQUENCY OF MODEL VALIDATION

Validation techniques include both quantitative and qualitative analyses to test the appropriateness and robustness of the IRB models used. Validation of credit risk models covers activities that evaluates and examines the rating system and the estimation process and methods for deriving the risk components, namely PD, LGD and EAD. This involves validating that the risk models are capable of discriminating ('discriminatory or rank ordering power') and deriving consistent and predictive estimates ('calibration') of the relevant risk parameters.

The validation of models would be conducted at two stages. Pre-implementation model validation is to be conducted prior to launch of the model. Post-implementation validation must be done at least annually from the model implementation date or from the previous validation date. However, more frequent validation may be done, where necessary.

The validation processes are also subject to an independent review by the Internal Auditors, which is performed on a regular basis.

CREDIT RISK MITIGATION

The Group takes a holistic approach when granting credit facilities and do so very much based on the repayment capacity of the borrower, rather than place primary dependency on credit risk mitigation. As a fundamental credit principle, the Group generally does not grant facilities solely on the basis of collateral provided. Credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Depending on a customer's standing and the type of product, facilities may be provided unsecured. Nevertheless, collateral is taken whenever possible to mitigate the credit risk assumed. The Group's general policy is to promote the use of credit risk mitigation, justified by commercial prudence and good practice as well as capital efficiency. The value of collateral taken is also monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The main types of collateral taken by the Group include cash, marketable securities, real estate, equipment, inventory and receivables. For IRB purposes, personal guarantees are not recognised as an eligible credit risk protection.

Corporate guarantees are often obtained when the borrower's credit worthiness is not sufficient to accommodate an extension of credit. To recognise the effects of guarantees under the FIRB Approach, the Group adopts the PD substitution approach whereby an exposure guaranteed by an eligible guarantor will utilise the PD of the guarantor in the computation of its capital requirement.

As a general rule-of-thumb, the following eligibility criteria must be met before collateral can be accepted for IRB purposes:

- **Legal certainty** - The documentation must be legally binding and enforceable in all relevant jurisdictions;
- **Material positive correlation** - The value of the collateral must not be significantly affected by the deterioration of the borrower's credit worthiness; and
- **Third-party custodian** - The collateral that is held by a third-party custodian must be segregated from the custodian's own assets.

Tables 23 through 25 show the credit risk mitigation analysis under SA approach for the Group, the Bank and MIB, respectively, whilst Tables 26 through 28 show the credit risk mitigation analysis under the IRB approach.

CREDIT RISK

Table 23: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank Group

As at 31.12.2012 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	56,634,064	—	—	7,392,763
Public Sector Entities	1,797,557	—	11,143	3,484
Banks, Development Financial Institutions & MDBs	3,420,615	—	2,911	2,041,262
Insurance Cos, Securities Firms & Fund Managers	792,996	—	328	—
Corporates	34,251,637	29,575	997,431	24,666,270
Regulatory Retail	16,968,402	—	1,287,764	7,236,632
Residential Mortgage	2,301,724	—	—	2,294,919
Higher Risk Assets	458,029	—	—	—
Other Assets	8,460,764	—	—	2,783,005
Securitisation Exposures	296,629	—	—	—
Equity Exposure	108,742	—	—	—
Defaulted Exposures	2,150,397	—	1,951	286,928
Total On-Balance Sheet Exposures	127,641,556	29,575	2,301,528	46,705,265
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	625,448	—	—	299,139
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,680,619	919	387,145	1,927,804
Defaulted Exposures	29	—	—	—
Total for Off-Balance Sheet Exposures	5,306,096	919	387,145	2,226,943
Total On and Off-Balance Sheet Exposures	132,947,652	30,494	2,688,673	48,932,207

Table 23: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank Group (Cont'd.)

As at 31.12.2011 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	61,566,161	—	—	—
Public Sector Entities	1,002,719	—	6,020	—
Banks, Development Financial Institutions & MDBs	3,771,959	—	384	—
Insurance Cos, Securities Firms & Fund Managers	334,063	—	—	815
Corporates	42,112,182	71,809	844,762	242,016
Regulatory Retail	14,075,274	—	650,679	—
Residential Mortgage	2,063,422	—	—	—
Higher Risk Assets	574,927	—	—	—
Other Assets	19,094,871	—	—	—
Securitisation Exposures	1,012,355	—	—	—
Equity Exposure	580,746	—	—	—
Defaulted Exposures	1,526,949	40,377	4,690	—
Total On-Balance Sheet Exposures	147,715,628	112,186	1,506,535	242,831
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	387,044	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,199,198	57	391,396	2,311
Defaulted Exposures	22	—	—	—
Total for Off-Balance Sheet Exposures	5,586,264	57	391,396	2,311
Total On and Off-Balance Sheet Exposures	153,301,892	112,243	1,897,931	245,142

CREDIT RISK

Table 24: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank

As at 31.12.2012 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	31,341,304	—	—	785,855
Public Sector Entities	1,128,923	—	7,125	—
Banks, Development Financial Institutions & MDBs	—	—	—	—
Insurance Cos, Securities Firms & Fund Managers	494	—	328	—
Corporates	14,051,035	29,569	92,452	8,015,971
Regulatory Retail	6,646,438	—	1,027,340	281,122
Residential Mortgage	889,835	—	—	889,835
Higher Risk Assets	319,443	—	—	—
Other Assets	9,155,591	—	—	275,363
Securitisation Exposures	296,629	—	—	—
Equity Exposure	107,709	—	—	—
Defaulted Exposures	190,556	—	650	58,948
Total On-Balance Sheet Exposures	64,127,957	29,569	1,127,895	10,307,094
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	254,653	—	—	3,583
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,744,301	919	108,825	1,344,180
Defaulted Exposures	29	—	—	—
Total for Off-Balance Sheet Exposures	2,998,983	919	108,825	1,347,763
Total On and Off-Balance Sheet Exposures	67,126,940	30,488	1,236,720	11,654,857

Table 24: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank (Cont'd.)

As at 31.12.2011 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	43,329,944	—	—	—
Public Sector Entities	863,528	—	2,085	—
Banks, Development Financial Institutions & MDBs	—	—	—	—
Insurance Cos, Securities Firms & Fund Managers	4,006	—	—	815
Corporates	22,456,258	68,845	199,477	242,016
Regulatory Retail	5,377,033	—	476,673	—
Residential Mortgage	736,715	—	—	—
Higher Risk Assets	437,645	—	—	—
Other Assets	17,324,102	—	—	—
Securitisation Exposures	1,012,355	—	—	—
Equity Exposure	567,104	—	—	—
Defaulted Exposures	221,137	36,848	3,638	—
Total On-Balance Sheet Exposures	92,329,827	105,693	681,873	242,831
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	171,032	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,481,319	57	230,340	2,311
Defaulted Exposures	22	—	—	—
Total for Off-Balance Sheet Exposures	3,652,373	57	230,340	2,311
Total On and Off-Balance Sheet Exposures	95,982,200	105,750	912,213	245,142

CREDIT RISK

Table 25: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank Islamic

As at 31.12.2012 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	16,867,117	—	—	—
Public Sector Entities	647,616	—	4,018	—
Insurance Cos, Securities Firms & Fund Managers	229	—	—	—
Corporates	1,044,396	7	4,406	543,441
Regulatory Retail	883,697	—	205,661	—
Residential Mortgage	510,664	—	—	510,664
Higher Risk Assets	36	—	—	—
Other Assets	892,925	—	—	—
Defaulted Exposures	6,294	—	1,006	2,899
Total On-Balance Sheet Exposures	20,852,974	7	215,091	1,057,004
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	43,193	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	767,570	—	467	150
Defaulted Exposures	—	—	—	—
Total for Off-Balance Sheet Exposures	810,763	—	467	150
Total On and Off-Balance Sheet Exposures	21,663,737	7	215,558	1,057,154

As at 31.12.2011 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	12,198,099	—	—	—
Public Sector Entities	93,011	—	3,935	—
Insurance Cos, Securities Firms & Fund Managers	329	—	—	—
Corporates	2,649,670	2,964	5,344	—
Regulatory Retail	924,021	—	101,483	—
Residential Mortgage	189,943	—	—	—
Higher Risk Assets	30,340	—	—	—
Other Assets	2,368,113	—	—	—
Defaulted Exposures	5,926	3,530	1,021	—
Total On-Balance Sheet Exposures	18,459,452	6,494	111,783	—
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	181,545	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	412,955	—	1,623	—
Defaulted Exposures	—	—	—	—
Total for Off-Balance Sheet Exposures	594,500	—	1,623	—
Total On and Off-Balance Sheet Exposures	19,053,952	6,494	113,406	—

Table 26: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Group

As at 31.12.2012 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	57,631,179	—	—	—
Corporate Exposures	137,070,729	435,535	3,242,004	2,734,638
a) Corporates (excluding Specialised Lending and firm-size adjustments)	81,460,170	435,535	3,242,004	2,734,638
b) Corporates (with firm-size adjustment)	52,094,035	—	—	—
c) Specialised Lending (Slotting Approach) — Project Finance	3,516,524	—	—	—
Retail Exposures	122,462,572	312,324	—	—
a) Residential Mortgages	39,872,773	—	—	—
b) Qualifying Revolving Retail Exposures	4,544,108	—	—	—
c) Hire Purchase Exposures	34,089,521	—	—	—
d) Other Retail Exposures	43,956,170	312,324	—	—
Defaulted Exposures	2,816,748	32,455	2,419	60,510
Total On-Balance Sheet Exposures	319,981,228	780,314	3,244,423	2,795,148
Off-Balance-Sheet Exposures				
OTC Derivatives	9,117,245	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	48,883,834	42,608	56,483	152,341
Defaulted Exposures	22,636	—	—	—
Total for Off-Balance Sheet Exposures	58,023,715	42,608	56,483	152,341
Total On and Off-Balance Sheet Exposures	378,004,943	822,922	3,300,906	2,947,489

Table 26: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Group (Cont'd.)

As at 31.12.2011 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	50,251,862	—	—	—
Corporate Exposures	111,203,419	1,272,859	2,404,914	10,337,594
a) Corporates (excluding Specialised Lending and firm-size adjustments)	62,937,722	1,270,640	272,505	4,672,465
b) Corporates (with firm-size adjustment)	46,897,742	2,219	2,132,409	5,665,129
c) Specialised Lending (Slotting Approach)				
— Project Finance	1,367,955	—	—	—
<u>Retail Exposures</u>	104,937,142	—	—	—
a) Residential Mortgages	37,497,934	—	—	—
b) Qualifying Revolving Retail Exposures	4,627,319	—	—	—
c) Hire Purchase Exposures	30,735,761	—	—	—
d) Other Retail Exposures	32,076,128	—	—	—
<u>Defaulted Exposures</u>	4,412,542	95,852	178,830	293,000
Total On-Balance Sheet Exposures	270,804,965	1,368,711	2,583,744	10,630,594
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	7,437,556	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	25,095,621	3,324	418,659	196,272
Defaulted Exposures	194,197	—	6	49
Total for Off-Balance Sheet Exposures	32,727,374	3,324	418,665	196,321
Total On and Off-Balance Sheet Exposures	303,532,339	1,372,035	3,002,409	10,826,915

Table 27: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank

As at 31.12.2012 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	56,829,211	—	—	—
Corporate Exposures	119,200,475	418,467	3,237,849	2,592,054
a) Corporates (excluding Specialised Lending and firm-size adjustments)	72,305,941	418,467	3,237,849	2,592,054
b) Corporates (with firm-size adjustment)	44,446,396	—	—	—
c) Specialised Lending (Slotting Approach) — Project Finance	2,448,138	—	—	—
Retail Exposures	83,953,051	296,096	—	—
a) Residential Mortgages	32,074,705	—	—	—
b) Qualifying Revolving Retail Exposures	4,205,587	—	—	—
c) Hire Purchase Exposures	18,798,030	—	—	—
d) Other Retail Exposures	28,874,729	296,096	—	—
Defaulted Exposures	2,435,800	30,741	2,419	60,510
Total On-Balance Sheet Exposures	262,418,537	745,304	3,240,268	2,652,564
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	8,926,671	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	43,006,447	41,812	52,477	152,341
Defaulted Exposures	16,984	—	—	—
Total for Off-Balance Sheet Exposures	51,950,102	41,812	52,477	152,341
Total On and Off-Balance Sheet Exposures	314,368,639	787,116	3,292,745	2,804,905

Table 27: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank (Cont'd.)

As at 31.12.2011 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	50,469,618	—	—	—
Corporate Exposures	96,521,273	643,083	2,292,217	9,835,967
a) Corporates (excluding Specialised Lending and firm-size adjustments)	55,591,935	640,864	259,627	4,636,647
b) Corporates (with firm-size adjustment)	40,237,285	2,219	2,032,590	5,199,320
c) Specialised Lending (Slotting Approach)				
— Project Finance	692,053	—	—	—
Retail Exposures	74,494,070	—	—	—
a) Residential Mortgages	31,960,977	—	—	—
b) Qualifying Revolving Retail Exposures	4,314,675	—	—	—
c) Hire Purchase Exposures	16,618,373	—	—	—
d) Other Retail Exposures	21,600,045	—	—	—
Defaulted Exposures	3,891,501	89,755	173,377	268,809
Total On-Balance Sheet Exposures	225,376,462	732,838	2,465,594	10,104,776
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	7,294,530	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	21,775,436	3,136	395,337	191,834
Defaulted Exposures	188,701	—	6	49
Total for Off-Balance Sheet Exposures	29,258,667	3,136	395,343	191,883
Total On and Off-Balance Sheet Exposures	254,635,129	735,974	2,860,937	10,296,659

Table 28: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Islamic

As at 31.12.2012 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	9,336,048	—	—	—
Corporate Exposures	17,951,852	17,068	4,155	142,583
a) Corporates (excluding Specialised Lending and firm-size adjustments)	9,235,827	17,068	4,155	142,583
b) Corporates (with firm-size adjustment)	7,647,639	—	—	—
c) Specialised Lending (Slotting Approach) — Project Finance	1,068,386	—	—	—
Retail Exposures	38,509,521	16,227	—	—
a) Residential Mortgages	7,798,068	—	—	—
b) Qualifying Revolving Retail Exposures	338,521	—	—	—
c) Hire Purchase Exposures	15,291,491	—	—	—
d) Other Retail Exposures	15,081,441	16,227	—	—
Defaulted Exposures	380,948	1,714	—	—
Total On-Balance Sheet Exposures	66,178,369	35,009	4,155	142,583
Off-Balance-Sheet Exposures				
OTC Derivatives	187,137	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,722,703	797	4,006	—
Defaulted Exposures	5,652	—	—	—
Total for Off-Balance Sheet Exposures	5,915,492	797	4,006	—
Total On and Off-Balance Sheet Exposures	72,093,861	35,806	8,161	142,583

Table 28: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Islamic (Cont'd.)

As at 31.12.2011 Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	8,622,533	—	—	—
Corporate Exposures	14,682,146	629,776	112,697	501,626
a) Corporates (excluding Specialised Lending and firm-size adjustments)	7,345,787	629,776	12,878	35,818
b) Corporates (with firm-size adjustment)	6,660,457	—	99,819	465,809
c) Specialised Lending (Slotting Approach) — Project Finance	675,902	—	—	—
Retail Exposures	30,398,139	—	—	—
a) Residential Mortgages	5,536,957	—	—	—
b) Qualifying Revolving Retail Exposures	312,644	—	—	—
c) Hire Purchase Exposures	14,117,388	—	—	—
d) Other Retail Exposures	10,431,150	—	—	—
Defaulted Exposures	521,041	6,096	5,453	24,192
Total On-Balance Sheet Exposures	54,223,859	635,872	118,150	525,819
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	143,026	—	—	—
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,320,186	188	23,322	4,439
Defaulted Exposures	5,496	—	—	—
Total for Off-Balance Sheet Exposures	3,468,708	188	23,322	4,439
Total On and Off-Balance Sheet Exposures	57,692,567	636,060	141,472	530,258

CREDIT EXPOSURES SUBJECT TO STANDARDISED APPROACH (SA)

The Standardised Approach (SA) is applied to portfolios that are classified as permanently exempt from the IRB approach, and those portfolios that are currently in transition to the IRB approach.

The SA approach to credit risk measures credit risk pursuant to fixed risk weights and is the least sophisticated of the capital calculation methodologies. The risk weights applied under SA is prescribed by BNM and is based on the asset class to which the exposure is assigned. For exposures subject to SA, approved External Credit Assessment Agencies (“ECAI”) ratings and the prescribed risk weights based on asset classes are used in the computation of regulatory capital.

The ECAI used by the Group include Fitch Ratings, Moody’s Investor Services, S&P, RAM and Malaysia Rating Corporation (“MARC”). Assessments provided by approved ECAIs are mapped to credit quality grades prescribed by the regulator.

Below are the summary tables of the rules governing the assignment of risk weights under the SA approach and Summary of Short Term Ratings of Banking Institutions and Corporates:

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	Rating & Investment Inc
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	A+ to A-
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	BBB+ to BB-
4	B+ and below	B1 and below	B+ and below	B1 and below	B+ and below	B+ and below
5	Unrated					

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	Rating & Investment Inc
1	A-1	P-1	F1+, F1	P-1	MARC-1	a+1, a-1
2	A-2	P-2	F2	P-2	MARC-2	a-2
3	A-3	P-3	F3	P-3	MARC-3	a-3
4	Others	Others	B to D	NP	MARC-4	b, c
5	Unrated					

Tables 29 through 31 show the disclosure on risk weights under SA for the Group, the Bank and MIB, respectively.

Tables 32 through 34 further show the rated exposures by ECAIs for the Group, the Bank and MIB, respectively.

Table 29: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank Group

Risk weights	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDis RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000	
As at 31.12.2012												
0%	55,282,171	352,267	—	—	3,577	1,249,127	—	—	6,115,989	—	—	—
10%	—	—	—	—	—	—	—	—	—	—	—	—
20%	404,294	649,656	1,381,595	—	198,509	—	—	—	82,584	—	—	543,328
35%	—	—	—	—	—	—	1,865,468	—	—	—	—	652,914
50%	92,144	—	1,746,825	—	692,022	8,005	337,622	—	593	—	—	1,438,605
75%	—	—	—	—	—	16,030,472	99,988	—	—	—	—	12,097,844
90%	—	—	—	—	—	—	—	—	—	—	—	—
100%	1,701,666	829,210	551,291	870,518	35,565,799	156,430	10,338	—	2,331,103	—	91,748	42,108,103
110%	—	—	—	—	—	—	—	—	—	—	—	—
125%	—	—	—	—	—	—	—	—	—	—	—	—
135%	—	—	—	—	—	—	—	—	—	—	—	—
150%	—	—	2,652	—	425,924	1,589,966	—	575,301	22,053	—	16,995	3,949,340
Total	57,480,275	1,831,133	3,682,363	870,518	36,885,831	19,034,000	2,313,416	575,301	8,552,322	296,629	108,743	60,790,134*
Deduction from Capital Base												

* Total Risk Weight Assets without securitisation.

Table 29: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank Group (Cont'd.)

As at 31.12.2011 Risk weights	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000		
0%	58,916,446	—	—	—	—	3,638	—	—	14,659,349	—	73,579,433	—
10%	—	—	—	—	—	—	—	—	—	—	—	—
20%	102,053	219,437	2,796,069	—	173,629	—	—	—	—	—	3,291,188	658,238
35%	—	—	—	—	—	—	1,531,459	—	—	—	1,531,459	536,010
50%	2,466	6,490	531,741	—	1,809,146	13,942	39,998	—	—	—	2,403,783	1,201,892
75%	—	—	—	—	—	13,164,628	498,029	—	—	—	13,662,657	10,246,993
90%	—	—	—	—	—	—	—	—	—	—	—	—
100%	2,993,366	773,661	757,512	554,297	43,175,860	446,867	31,968	—	4,493,928	45,682	53,273,139	53,273,139
110%	—	—	—	—	—	—	—	—	—	—	—	—
125%	—	—	—	—	—	—	—	—	—	—	—	—
135%	—	—	—	—	—	—	—	—	—	—	—	—
150%	—	13,715	5,212	—	413,635	1,167,694	—	611,777	42,669	535,065	2,789,766	4,184,648
Total	62,014,331	1,013,303	4,090,534	554,297	45,572,270	14,796,769	2,101,454	611,777	19,195,946	1,012,355	151,543,783	70,100,920*
Deduction from Capital Base										31,383		

* Total Risk Weight Assets without securitisation.

Table 30: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank

As at 31.12.2012	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing/ Investment RM'000	Securitisation RM'000	Equity RM'000		
0%	30,725,262	243,031	-	-	3,577	1,042,452	-	-	4,886,417	-	-	-	36,900,739	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	341,988	104,619	-	-	100,367	-	-	-	-	-	-	-	546,974	109,395
35%	-	-	-	-	-	-	521,758	-	-	-	-	-	521,758	182,615
50%	92,144	-	-	-	570,121	7,264	269,325	-	-	-	-	-	938,855	469,427
75%	-	-	-	-	-	5,970,399	99,988	-	-	-	-	-	6,070,386	4,552,790
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	274,759	803,935	-	77,333	15,687,914	8,657	3,793	-	4,360,436	-	-	90,714	21,307,540	21,307,540
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	67,715	300	-	434,677	-	-	-	16,995	519,688	779,532
Total	31,434,153	1,151,585	-	77,333	16,429,694	7,029,072	894,864	434,677	9,246,853	-	296,629	107,709	67,102,569	27,401,299*
Deduction from Capital Base														

* Total Risk Weight Assets without securitisation.

Table 30: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank (Cont'd.)

As at 31.12.2011	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing/ Investment RM'000	Securitisation RM'000	Equity RM'000		
0%	41,971,172	—	—	—	—	3,638	—	—	12,074,365	—	—	—	54,049,176	—
10%	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20%	102,053	204,427	—	—	62,074	—	—	—	—	—	—	—	368,554	73,711
35%	—	—	—	—	—	—	344,191	—	—	—	—	—	344,191	120,467
50%	—	—	—	—	1,622,248	13,128	29,695	—	—	—	—	—	1,665,071	832,535
75%	—	—	—	—	—	5,066,680	368,504	—	—	—	—	—	5,435,184	4,076,388
90%	—	—	—	—	—	—	—	—	—	—	—	—	—	—
100%	1,402,422	659,923	—	223,660	23,678,436	4,351	25,633	—	5,330,063	—	—	44,782	31,369,271	31,369,271
110%	—	—	—	—	—	—	—	—	—	—	—	—	—	—
125%	—	—	—	—	—	—	—	—	—	—	—	—	—	—
135%	—	—	—	—	—	—	—	—	—	—	—	—	—	—
150%	—	—	—	—	182,677	6,092	—	472,896	20,628	—	—	522,322	1,204,616	1,806,925
Total	43,475,647	864,350	—	223,660	25,545,435	5,093,889	768,023	472,896	17,425,056	—	1,012,355	567,104	95,448,415	38,279,297*
Deduction from Capital Base														

* Total Risk Weight Assets without securitisation.

Table 31: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank Islamic

As at 31.12.2012	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing/ Investment RM'000	Securitisation RM'000	Equity RM'000		
0%	17,554,811	109,236	-	-	-	206,675	-	-	406,043	-	-	-	18,276,765	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	62,305	541,553	-	-	-	-	-	-	-	-	-	-	603,858	120,772
35%	-	-	-	-	-	-	443,213	-	-	-	-	-	443,213	155,125
50%	-	-	-	-	-	318	67,568	-	-	-	-	-	67,886	33,943
75%	-	-	-	-	-	686,127	-	-	-	-	-	-	686,127	514,595
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	11,145	-	1,657	1,081,313	33	2,781	-	486,882	-	-	-	1,583,811	1,583,811Δ
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	2,075	-	-	-	-	2,075	3,112
Total	17,617,116	661,934	-	1,657	1,081,313	893,153	513,562	2,075	892,925	-	-	-	21,663,735	2,411,358
Deduction from Capital Base														

Table 31: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank Islamic (Cont'd.)

As at 31.12.2011 Risk weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing/ Investment RM'000	Securitisation RM'000	Equity RM'000	
0%	12,498,099	—	—	—	—	—	—	—	1,842,280	—	—	—	—
10%	—	—	—	—	—	—	—	—	—	—	—	—	—
20%	—	15,010	—	—	—	—	—	—	—	—	—	—	3,002
35%	—	—	—	—	—	—	51,156	—	—	—	—	—	17,905
50%	—	—	—	—	—	580	9,651	—	—	—	—	—	5,116
75%	—	—	—	—	—	826,110	129,526	—	—	—	—	—	716,727
90%	—	—	—	—	—	—	—	—	—	—	—	—	—
100%	—	75,364	—	909	2,757,559	51	3,307	—	525,833	—	—	—	3,363,023
110%	—	—	—	—	—	—	—	—	—	—	—	—	—
125%	—	—	—	—	—	—	—	—	—	—	—	—	—
135%	—	—	—	—	—	—	—	—	—	—	—	—	—
150%	—	—	—	—	—	—	—	31,938	—	—	—	—	—
Total	12,498,099	90,374	—	909	2,757,559	826,741	193,640	31,938	2,368,113	—	—	—	4,153,680
Deduction from Capital Base													

Table 32: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Group

	As at 31.12.2012 Exposure Class	Rating Categories					RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	
	On and Off Balance Sheet Exposures						
1	Rated Exposures						
	A) Ratings of Corporate:						
	Public Sector Entities	352,267	649,656	—	—	829,210	1,831,133
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	870,518	870,518
	Corporates	3,577	198,509	692,022	425,924	35,565,799	36,885,831
	B) Ratings of Sovereigns and Central Banks:						
	Sovereigns and Central Banks	55,282,171	404,294	92,144	—	1,701,666	57,480,276
	C) Ratings of Banking Institutions						
	Banks, MDBs and FDIs	—	1,381,595	1,746,825	2,652	551,291	3,682,363
2	Unrated Exposures	—	—	—	—	—	—
	Total Exposures	55,638,015	2,634,054	2,530,991	428,576	39,518,484	100,750,120

Table 32: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Group (Cont'd.)

	As at 31.12.2011 Exposure Class	Rating Categories					RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	
1	On and Off Balance Sheet Exposures						
	<u>Rated Exposures</u>						
	<u>A) Ratings of Corporate:</u>						
	Public Sector Entities	219,437	—	—	—	792,593	1,012,030
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	554,297	554,297
	Corporates	173,629	1,801,668	1,094,412	123,105	42,379,456	45,572,270
	<u>B) Ratings of Sovereigns and Central Banks:</u>						
	Sovereigns and Central Banks	58,916,446	102,053	2,466	—	2,993,366	62,014,331
	<u>C) Ratings of Banking Institutions</u>						
	Banks, MDBs and FDIs	1,112,643	103,081	—	248,932	2,625,878	4,090,534
2	Unrated Exposures	—	—	—	—	—	—
	Total Exposures	60,422,155	2,006,802	1,096,878	372,037	49,345,590	113,243,462

Table 33: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank

	As at 31.12.2012 Exposure Class	Rating Categories					RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	
	On and Off Balance Sheet Exposures						
1	Rated Exposures						
	A) Ratings of Corporate:						
	Public Sector Entities	243,031	104,619	—	—	803,935	1,151,585
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	77,333	77,333
	Corporates	3,577	100,367	570,121	67,714	15,687,914	16,429,693
	B) Ratings of Sovereigns and Central Banks:						
	Sovereigns and Central Banks	30,725,262	341,988	92,144	—	274,759	31,434,153
	C) Ratings of Banking Institutions						
	Banks, MDBs and FDIs	—	—	—	—	—	—
2	Unrated Exposures	—	—	—	—	—	—
	Total Exposures	30,971,871	546,974	662,265	67,714	16,843,941	49,092,764

Table 33: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank (Cont'd.)

	As at 31.12.2011 Exposure Class	Rating Categories					RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	
1	On and Off Balance Sheet Exposures						
	<u>Rated Exposures</u>						
	<u>A) Ratings of Corporate:</u>						
	Public Sector Entities	204,427	—	—	—	659,923	864,350
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	223,660	223,660
	Corporates	62,074	1,622,248	1,042,943	—	22,818,171	25,545,436
	<u>B) Ratings of Sovereigns and Central Banks:</u>						
	Sovereigns and Central Banks	41,971,172	102,053	—	—	1,402,422	43,475,647
	<u>C) Ratings of Banking Institutions</u>						
	Banks, MDBs and FDIs	—	—	—	—	—	—
2	Unrated Exposures	—	—	—	—	—	—
	Total Exposures	42,237,673	1,724,301	1,042,943	—	25,104,176	70,109,093

Table 34: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Islamic

	As at 31.12.2012 Exposure Class	Rating Categories					RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	
	On and Off Balance Sheet Exposures						
1	Rated Exposures						
	A) Ratings of Corporate:						
	Public Sector Entities	109,236	541,553	—	11,140	—	661,929
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	1,657	1,657
	Corporates	—	—	—	—	1,081,313	1,081,313
	B) Ratings of Sovereigns and Central Banks:						
	Sovereigns and Central Banks	17,554,811	62,305	—	—	—	17,617,116
	C) Ratings of Banking Institutions						
	Banks, MDBs and FDIs	—	—	—	—	—	—
2	Unrated Exposures	—	—	—	—	—	—
	Total Exposures	17,664,047	603,858	—	11,140	1,082,970	19,362,015

Table 34: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Islamic (Cont'd.)

	As at 31.12.2011 Exposure Class	Rating Categories					RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	
1	On and Off Balance Sheet Exposures						
	<u>Rated Exposures</u>						
	<u>A) Ratings of Corporate:</u>						
	Public Sector Entities	15,010	—	—	—	75,364	90,374
	Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	909	909
	Corporates	—	—	—	—	2,757,559	2,757,559
	<u>B) Ratings of Sovereigns and Central Banks:</u>						
	Sovereigns and Central Banks	12,498,099	—	—	—	—	12,498,099
	<u>C) Ratings of Banking Institutions</u>						
	Banks, MDBs and FDIs	—	—	—	—	—	—
2	Unrated Exposures	—	—	—	—	—	—
	Total Exposures	12,513,109	—	—	—	2,833,832	15,346,941

COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk of the Bank's counterparty defaulting in transactions involving foreign exchange, interest rate, commodity, equity and derivatives prior to the successful completion of the said transaction, and occurs both in the trading and banking books from treasury activities.

COUNTERPARTY RISK MANAGEMENT

Counterparty credit risk is the risk of the Bank's counterparties defaulting on their transactions and obligations prior to the successful settlement of payment due to their inability and failure to pay.

Counterparty credit risk originate from the Bank's lending business, investment and treasury activities that impact upon the Bank's trading and banking books associated with dealings in Foreign Exchange, Money Market instruments, Fixed Income Securities, Commodities, Equities and Over-the-Counter ("OTC") derivatives.

LIMITS

Counterparty credit risk exposures are managed via counterparty limits either on a single name basis or counterparty group basis that also adhere to BNM's GP5. These exposures are actively monitored to protect the Bank's balance sheet in the event of counterparty default. The Bank monitors and manages its exposures to counterparties on a day-to-day basis.

CREDIT RISK EXPOSURE TREATMENT

For on-balance sheet exposures, the Bank employs risk treatments that are in accordance with BNM and Basel II guidelines.

For off-balance sheet exposures, the Bank measures the credit risk using Credit Risk Equivalent via the Current Exposure Method. This method calculates the Bank's credit risk exposure after considering both the mark-to-market exposures and the appropriate add-on factor for potential future exposures. The add-on factors employed are in accordance with BNM guideline and Basel II requirements.

CREDIT RISK MITIGATION

Counterparty credit risk exposures are further mitigated via master netting arrangements e.g. ISDA Master Agreement with counterparties where appropriate. In the event of a default, all amounts with the counterparty (derivative assets and liabilities) are settled on a net basis or offset.

The ISDA Master Agreement is used for documenting OTC derivative transactions. It provides the contractual framework within which trading activities across a full range of OTC products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

Where possible, the Bank endeavours to enter into Credit Support Annex ("CSA") agreements with approved ISDA counterparties in order to apply collateral margining in order to attain a higher level of risk mitigation.

CSA is negotiated with counterparties on a case to case basis to provide flexibility to meet the parties' requirements. The terms are vetted, reviewed and negotiated and where applicable, feedback from units in charge of credit policy, operational, market and legal risk are sought.

The collateral held by the Bank is mainly in cash and government securities.

Tables 35 through 37 show the off-balance sheet and counterparty credit risk exposures for the Group, the Bank and MIB, respectively.

Table 35: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Group

As at 31.12.2012 Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
Direct credit substitutes	9,630,321	9,330,230	5,923,432
Transaction related contingent items	12,507,481	6,086,424	4,548,217
Short term self liquidating trade related contingencies	4,866,380	968,455	702,003
Assets sold with recourse	—	—	—
NIFs and obligations under an ongoing underwriting agreement	30,000	15,000	3,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	798,196	411,598	50,963
Foreign exchange related contracts	170,105,729	7,069,561	2,856,296
One year or less	88,143,896	1,897,261	520,511
Over one year to five years	63,778,648	3,119,888	1,444,007
Over five years	18,183,185	2,052,412	891,778
Interest/profit rate related contracts	41,079,672	2,385,332	770,938
One year or less	24,701,618	550,359	199,287
Over one year to five years	16,104,820	1,824,999	569,365
Over five years	273,234	9,974	2,286
Equity related contracts	—	—	—
One year or less	—	—	—
Over one year to five years	—	—	—
Over five years	—	—	—
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,779,967	21,323,920	8,420,052
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	23,567,299	15,352,562	9,652,404
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	27,403,696	271,032	63,766
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	578,462	115,692	86,888
Total	326,347,203	63,329,806	33,077,959

Table 35: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Group (Cont'd.)

As at 31.12.2011 Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
Direct credit substitutes	8,402,059	7,864,786	5,463,701
Transaction related contingent items	12,789,614	5,797,032	4,339,391
Short term self liquidating trade related contingencies	6,797,648	1,243,446	704,094
Assets sold with recourse	1,499,266	1,499,270	498,592
NIFs and obligations under an ongoing underwriting agreement	30,000	15,000	15,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	56	2	—
Foreign exchange related contracts	86,802,639	1,804,238	686,825
One year or less	85,689,890	1,697,361	589,459
Over one year to five years	738,934	61,824	52,846
Over five years	373,815	45,053	44,520
Interest/profit rate related contracts	89,735,027	4,924,289	2,357,886
One year or less	18,991,149	515,281	420,674
Over one year to five years	60,498,562	3,275,364	1,408,777
Over five years	10,245,316	1,133,644	528,435
Equity related contracts	—	—	—
One year or less	—	—	—
Over one year to five years	—	—	—
Over five years	—	—	—
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,251,815	11,669,069	4,829,809
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	20,362,970	3,398,686	2,109,787
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	44,118,364	—	—
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	489,110	97,822	73,043
Total	306,278,568	38,313,640	21,078,128

Table 36: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank

As at 31.12.2012 Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
Direct credit substitutes	8,455,342	8,168,415	5,193,382
Transaction related contingent items	10,620,361	5,156,128	3,749,803
Short term self liquidating trade related contingencies	4,130,112	821,410	574,337
Assets sold with recourse	—	—	—
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	650,330	263,732	21,390
Foreign exchange related contracts	167,946,656	6,918,110	2,750,638
One year or less	86,733,931	1,848,562	505,478
Over one year to five years	63,050,929	3,019,275	1,354,451
Over five years	18,161,796	2,050,273	890,709
Interest/profit rate related contracts	36,201,906	2,113,314	6,189,754
One year or less	24,065,323	513,495	2,057,781
Over one year to five years	11,863,349	1,589,845	4,129,687
Over five years	273,234	9,974	2,286
Equity related contracts	—	—	—
One year or less	—	—	—
Over one year to five years	—	—	—
Over five years	—	—	—
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	—	—	—
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	30,916,957	17,858,307	7,406,546
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	20,229,080	13,300,347	8,313,711
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	18,377,624	233,629	40,958
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	578,462	115,692	86,888
Total	298,106,830	54,949,084	34,327,407

Table 36: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank (Cont'd.)

As at 31.12.2011 Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
Direct credit substitutes	7,619,448	7,082,175	4,867,669
Transaction related contingent items	11,084,310	4,944,380	3,558,588
Short term self liquidating trade related contingencies	5,944,763	1,072,869	662,784
Assets sold with recourse			
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	56	2	—
Foreign exchange related contracts	84,574,565	1,713,308	632,405
One year or less	83,474,494	1,607,984	536,592
Over one year to five years	738,934	61,824	52,846
Over five years	361,137	43,500	42,967
Interest/profit rate related contracts	86,803,153	4,506,752	2,025,842
One year or less	18,943,325	245,406	150,871
Over one year to five years	57,828,080	3,141,152	1,349,852
Over five years	10,031,748	1,120,194	525,119
Equity related contracts	—	—	—
One year or less	—	—	—
Over one year to five years	—	—	—
Over five years	—	—	—
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	—	—	—
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	32,156,793	10,537,197	4,483,043
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	17,689,989	2,956,535	1,822,601
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	36,251,715	—	—
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	489,110	97,822	73,043
Total	282,613,902	32,911,040	18,125,975

Table 37: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Islamic

As at 31.12.2012 Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
Direct credit substitutes	786,803	773,639	519,972
Transaction related contingent items	1,083,954	528,713	506,466
Short term self liquidating trade related contingencies	127,152	25,222	16,097
Assets sold with recourse	—	—	—
Foreign exchange related contracts	1,003,290	33,499	8,169
One year or less	1,003,290	33,499	8,169
Over one year to five years	—	—	—
Over five years	—	—	—
Interest/profit rate related contracts	4,559,103	198,593	145,288
One year or less	600,000	568	153
Over one year to five years	3,959,103	198,025	145,135
Over five years	—	—	—
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,773,179	3,414,552	958,692
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,552,943	1,800,273	1,028,067
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,905,325	37,403	22,807
Total	16,791,749	6,811,894	3,205,558

CREDIT RISK

Table 37: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Islamic (Cont'd.)

As at 31.12.2011 Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
Direct credit substitutes	353,389	353,389	218,717
Transaction related contingent items	977,179	488,589	420,439
Short term self liquidating trade related contingencies	274,341	54,868	33,029
Assets sold with recourse	1,499,266	1,499,270	498,592
Foreign exchange related contracts	1,530,998	43,997	29,678
One year or less	1,530,998	43,997	29,678
Over one year to five years	—	—	—
Over five years	—	—	—
Interest/profit rate related contracts	2,662,100	137,548	60,224
One year or less	35,500	89	24
Over one year to five years	2,476,600	128,459	57,774
Over five years	150,000	9,000	2,426
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,039,259	1,117,988	333,118
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,837,885	367,560	216,612
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,537,136	—	—
Total	13,711,553	4,063,209	1,810,409

MARKET RISK

INTRODUCTION

The Group defines market risk as the adverse impact on earnings or capital from changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates, commodity prices and equity prices. On the Islamic banking operations for the Group, market risk comprises of rate of return and displaced commercial risks.

The Group is exposed to market risk through Trading and Non-Trading activities. Traded market risk arises from positions taken from market making, position taking and proprietary trading. For Non-Trading activities, interest rate or rate of return positions primarily arise from retail and commercial or Islamic banking assets, liabilities, financial investment available-for-sale and financial investment held-to-maturity.

In managing market risk, the Group are guided by the following building blocks:



The overarching building blocks serves as a foundation of Market Risk Management for the Group. It consists of three (3) main components: Principles of Market Risk, Governance & Risk Oversight and Risk Management Practices and Processes.

MARKET RISK GOVERNANCE

The Risk Management Committee (“RMC”) approves the Group’s risk appetite for Trading and Non-Trading activities taking into account business strategies, targeted returns, anticipated market volatility and a range of products. RMC is also responsible to approve the Group’s market risk management frameworks, policies and limits which are recommended by the Executive Risk Committee (“ERC”) for the overall governance and management of market risk.

The Asset and Liability Management Committee (“ALCO”) under the delegated authority of RMC, ensures that approved market risk policies, limits and control standards for managing market risk are implemented effectively. In addition, ALCO is responsible for ratifying breaches of market risk limits, as well as, executing strategies as part of Balance Sheet optimisation.

Market Risk Management (“MRM”) as an independent risk control unit, supports the management committee with independent assessment of the market risk profile of the Group. MRM is also responsible for ensuring efficient implementation of market risk management policies, limits and controls to support business growth and facilitating risk return decisions through monitoring and reporting for escalation to senior management, management committees, Board and regulators, as well as, performing independent valuation of models and alerting/pre-empting the management through stress testing.

MARKET RISK MANAGEMENT FRAMEWORK

The Market Risk Management Framework serves as the base for overall and consistent management of market risk. It covers key risk management practices and processes such as identification, measurement, monitoring, control and reporting of market risk exposures which are benchmarked against industry leading practices and regulatory requirements. Key principles are defined for traded and non-traded market risk to facilitate the Group in managing the market risk in a systematic and consistent manner.

i Management of Trading Activities

Market risk across the portfolio is identified, measured, monitored and controlled using a variety of measurement techniques which comprises of both quantitative and qualitative measures.

Among the range of tools used to measure and control market risk exposures, one of the principal measures for traded market risk adopted by the Group is Value-at-Risk ("VaR"). VaR measures the potential loss of value resulting from market movements over a specified period of time within a specified probability of occurrence under normal business situations. To ensure the relevancy and accuracy of the VaR computation, VaR is back tested on a daily basis and is subject to periodic independent validation.

In addition, the Group utilises other risk measures, such as interest rate sensitivity e.g. exposure to a one basis point increase in yield ("PV01"), net open position limit for managing foreign currency exposure and Greek limits for controlling options risk. These measures provide granular information on the Group's market risk exposures and are used for control and monitoring purposes.

The principal measures of non traded market risk include net open position limits in the management of foreign currency exposures as well as re-pricing gap analysis, sensitivity – PV01, Earnings-at-Risk ("EaR"), Economic Value-at-Risk ("EVAR") and dynamic simulation in managing interest rate/rate of return risk in the Non-Trading book.

The Group also conducts regular stress testing on both the Trading and Non Trading books to assess the impact of stressed events on the Group's earnings and economic value.

Monitoring mechanisms with clearly defined frequency of monitoring are established to ensure the Trading and Non-Trading activities are conducted in a manner consistent with sound business practices and are in compliance with the Group's internal guidelines, applicable laws and regulatory requirements.

ii Management of Interest Rate/Rate of Return Risk in the Banking Book (the "IRR/RoR")

One of the Group's core non traded market risks is interest rate risk ("IRR") (or rate of return risk ("RoR") in the case of Islamic Banking activities).

IRR/RoR arise from the changes in market interest rates that adversely impact the Group's financial condition in terms of earnings or economic value, based on the risk profile of the balance sheet.

The Group emphasises the importance of managing IRR/RoR in the banking book as most of the balance sheet items of the Group generate interest income and interest expense which are indexed to interest rates. Accepting the IRR is a normal part of banking and can be an important source of profitability and shareholder value. However, excess IRR can threaten the Bank's earnings, capital, liquidity and solvency.

IRR/RoR has many components/sources, including repricing, basis, yield curve, optionality and price risk. The Group quantified and measured the exposures using a combination of static analysis tools and dynamic simulation techniques.

The static analysis tools including the repricing gap and sensitivity analysis which also provide indications of potential impact on earnings volatility as well as sensitivity of economic value for the Group.

For the dynamic simulation techniques, both earnings and economic value impact are assessed. In the earnings simulation, the sensitivity of projected net interest income/net fund base income under varying interest rate scenarios from the Bank's pro-forma balance sheet is simulated. The analysis incorporates business and behavioural assumptions established based on statistical and non-statistical methods.

On a more holistic view on the potential long term effects of the overall exposure, the Economic Value sensitivity simulation is used to estimate the impact on economic value by calculating the current or “base case” present value of all assets, liabilities and off-balance-sheet positions at a point in time. The model projects the amount and timing of future cash flows (principal and interest cash flows) of all rate-sensitive instruments i.e. assets, liabilities and interest rate related off balance sheet positions under the base case interest rate scenario. These cash flows are then discounted by an appropriate discount factor to arrive at a net present value. The change of economic value is quantified and observed under different interest rate scenarios.

Other management and control of IRR/RoR for the Non-Trading book is transferring the risks to a designated funding unit with the supervision of ALCO. The funding unit is delegated by the ALCO for the effective management of the balance sheet risk in accordance with the approved risk management policies.

Tables 38 (a) - (c) shows the impact of changes in IRR/ RoR to earnings and economic value for the Group, the Bank and MIB respectively.

Table 38(a): Interest Rate Risk in the Banking Book for Maybank Group

Currency	As at 31.12.2012		As at 31.12.2011	
	Impact on Global Position +200 bps parallel shock		Impact on Global Position +200 bps parallel shock	
	Potential Earning Volatility (PEV) RM'000	Impact on Economic Value (IEV) RM'000	Potential Earning Volatility (PEV) RM'000	Impact on Economic Value (IEV) RM'000
MYR	529,164	2,026,318	60,682	2,520,569
USD	38,537	52,228	123,504	(9,703)
SGD	89,806	531,994	143,795	242,157
IDR	49,736	(106,493)	23,072	(7,269)
Others*	(145,841)	180,587	(99,624)	93,568
Total	561,402	2,684,634	251,429	2,839,322

Table 38(b): Interest Rate Risk in the Banking Book for Maybank

Currency	As at 31.12.2012		As at 31.12.2011	
	Impact on Global Position +200 bps parallel shock		Impact on Global Position +200 bps parallel shock	
	Potential Earning Volatility (PEV) RM'000	Impact on Economic Value (IEV) RM'000	Potential Earning Volatility (PEV) RM'000	Impact on Economic Value (IEV) RM'000
MYR	651,728	1,216,637	510,138	800,759
USD	(25,600)	77,973	(63,570)	271,776
SGD	89,806	531,994	213,248	(88,281)
Others*	(148,789)	181,243	(99,180)	145,929
Total	567,145	2,007,847	560,636	1,130,183

MARKET RISK

Table 38(c): Rate of Return Risk in the Banking Book for Maybank Islamic

Currency	As at 31.12.2012		As at 31.12.2011	
	Impact on Global Position +200 bps parallel shock		Impact on Global Position +200 bps parallel shock	
	Potential Earning Volatility (PEV) RM'000	Impact on Economic Value (IEV) RM'000	Potential Earning Volatility (PEV) RM'000	Impact on Economic Value (IEV) RM'000
Total	(122,564)	809,645	(193,310)	892,019

iii. Management of Foreign Exchange Risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities. Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits.

The FX translation risks are mitigated as the assets are funded in the same currency. In addition, the earnings from the Overseas Operations are repatriated in line with Management Committees' direction as and when required.

The Bank controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX Hedging strategies to minimise FX exposures. Stress Testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

EQUITY EXPOSURES IN BANKING BOOK

The objective of Equity Exposure is to determine the nature and extent of the Group's exposure to investment risk arising from equity positions and instruments held in its banking book.

i Publicly Traded

Holding of equity investments comprises of quoted shares which are traded actively in the stock exchange. All publicly traded equity exposures are stated at fair value.

ii Privately Held

Privately held equities are unquoted investments whose fair value cannot be reliably measured which are carried at cost less impairment losses, if any.

The Group holds investments in equity securities with the purpose of gaining strategic advantage as well as capital appreciation on sale thereof.

Equity Risk is the risk of decrease in the particular investments arising from unfavorable movements in the stock market dynamics or other specific factors.

CAPITAL TREATMENT FOR MARKET RISK

At the Group and Global consolidated level, Maybank also computes the minimum capital requirements against market risk as per BNM's RWCAF requirements under Standardised Approach. This is imperative as capital serves as a financial buffer to withstand any adverse market risk movements. Interest rate risk, foreign currency risk and options risk are the primary risk factors experienced in the Group's Trading and Non-Trading activities. Other risk factors such as commodity and equity are generally attributed to structured products which are transacted on a Back-to-Back basis.

Table 39 shows the Market Risk RWA and Minimum Capital Charge for the Group, the Bank and MIB respectively.

Table 39: Market Risk RWA and Minimum Capital Charge at 8% (RM'000)

As at 31.12.2012 Market Risk Categories	Maybank Group		Maybank	
	RWA	Capital	RWA	Capital
Interest Rate Risk	4,016,931	328,554	3,345,023	267,602
Foreign Currency Risk	4,199,619	335,969	2,443,975	195,518
Equity Risk	173,850	13,908	—	—
Commodity Risk	2,525	202	—	—
Options Risk	430,925	34,474	411,950	32,956

As at 31.12.2012 Market Risk Categories	Maybank Islamic	
	RWA	Capital
Benchmark Rate Risk	126,090	10,087
Foreign Currency Risk	621,816	49,745
Equity Risk	—	—
Options Risk	—	—

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the ability of the bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.

Generally, there are two types of liquidity risk which are funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the firm will not be able to meet efficiently both expected and unexpected current and future cash flow needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that a firm cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

The primary source of funding include customer deposits, interbank deposits, debt securities, swap market, bank loan syndication and medium term funds. The Group also initiates and implements strategic fund raising programs as well as institutes standby lines with external parties on a need basis. Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term.

In terms of day-to-day liquidity management, the Treasury Operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis. It is our policy to manage and maintain the following:

- Maintaining sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flow;
- Managing short and long-term cash flow via maturity mismatch report and various indicators;
- Monitoring depositor concentration at the Group and the Bank level to avoid undue reliance on large depositors;
- Managing liquidity exposure by domestic and significant foreign currencies;
- Diversifying funding sources to ensure proper funding mix;
- Conducting liquidity stress testing under various scenarios as part of prudent liquidity control;
- Maintaining a robust contingency funding plan (“CFP”) that is being tested regularly for its effectiveness; and
- Conducting CFP testing to examine the effectiveness and robustness of the plans.

The previous global financial crisis has resulted in a significant change in the regulation and supervision of liquidity risk in financial institutions. Arising from the Basel III liquidity risk management requirements, two ratios have been recommended to manage liquidity risks, which are Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”). These measures will be phased in from 1 January 2015 and 1 January 2018 respectively.

The formal observation period commenced on 1 January 2012, the preliminary ratios are already been computed and presented to the ALCO and the RMC on a monthly basis. The information has been officially reported to BNM with effect from June 2012 as per the recent guideline entitled “Implementation of Basel III” published by BNM on 16 December 2011.

i **Liquidity Risk Management Framework and Policy**

Liquidity risk management is an approach that includes policies, standards, procedures and framework for the management of Maybank Group’s liquidity obligations and to withstand a period of stress affecting secured and unsecured funding for the Group.

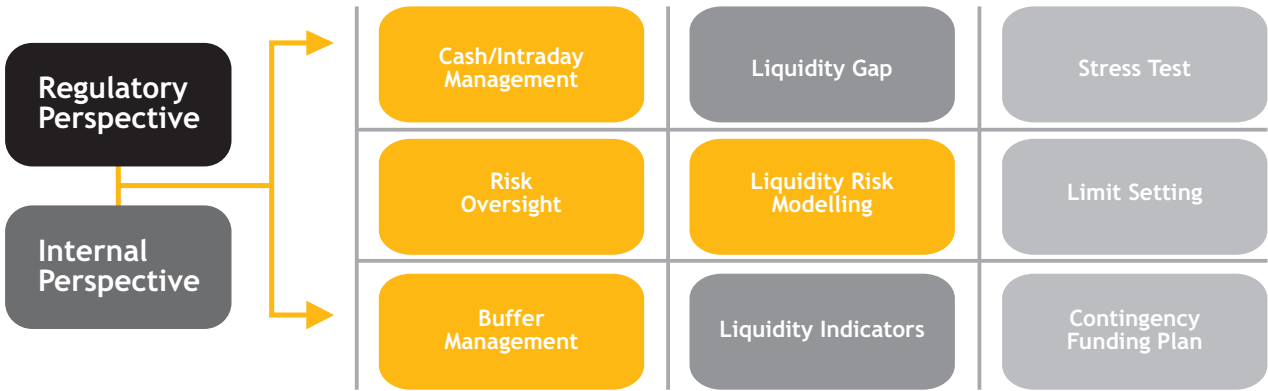
The Group employs BNM’s Liquidity Framework and leading practices as a foundation to manage and measure its liquidity risk exposure and also uses a range of tools to monitor and limit liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

ii. **Liquidity Risk Governance and Management Oversight**

The Maybank Group LRM Policies and Frameworks are reviewed annually and when required, taking into account changes in operations, objectives and regulatory requirements to ensure alignment with leading practices. Prior to implementation, the said framework and policy are subject to the endorsement of the ERC and approval of RMC.

iii. **Liquidity Risk Measurement & Control**

Measuring liquidity helps the Group to gauge its liquidity position prior to making operational and business decisions. In order to identify and quantify the major sources of liquidity risk, the liquidity measurement tools is employed based on two (2) perspectives as follows:



iv. Liquidity Risk Limits

The Group uses limits to control its liquidity risk exposures and vulnerabilities, which are set according to its business activities for purpose of effective monitoring mechanisms. This aims to facilitate effective implementation of liquidity policies and ensure compliance with statutory requirements. There are two (2) types of limits, i.e. regulatory compliance and internal requirements. The Group has a 3-tiered risk limit based on severity as depicted in the following table:

Limit Level	Severity	Limit	Description
Tier 1	Maximum risk & Corrective action stage	Internal Threshold Regulatory Compliance Limit	The maximum permissible level of risk tolerance for regulatory requirements and Group indicators. Limit breaches require immediate action to mitigate or regularise liquidity risk exposure.
Tier 2	Intervention stage	Internal indicator/ Benchmark (Soft Limits)	Limits are established to capture exceptions in internal benchmarks. Exceptions require investigative action and escalation to address concerns via action plans.
Tier 3	Intervention stage	Early warning signal	Soft limits which are early warning signals established to monitor unusual movements of a few key indicators that may cause liquidity distress. Exceptions require prompt investigation action and escalation to Management.

v. Liquidity Buffer Management

Liquid assets are important when the Group needs to raise liquidity within a short timeframe during a stressed period and when normal funding sources are unavailable. Therefore the Group must continuously maintain the availability of unencumbered, high quality liquid assets that can be easily sold or pledged to improve liquidity.

vi Stress Testing and Contingency Funding Plan

The Group uses stress testing and scenario analysis to evaluate the impact of sudden stress events on liquidity position. Scenarios are based on hypothetical events that include bank specific crisis and general market crisis scenarios.

The stress test result provides an insight of the Bank's funding requirements during different level of stress environment and is closely linked to the Group's CFP, which provides a systemic approach in handling any unexpected liquidity disruptions.

The CFP plan encompasses strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios. It is being tested regularly to ensure the effectiveness and robustness of the plan.

vii Monitoring and Reporting

The risk reporting process governs both scheduled and exception reporting and constitutes the following components:

Components of Reporting



In addition, the Group is also uses the Key Risk Indicators (“KRI”) which provides early warning signals of liquidity risk condition. In this regards, the Group has established three (3) classification codes for KRI to gauge risk level as follows:

GREEN	Signifies a favourable trend, i.e. less risk, where the KRIs is within risk limits.
AMBER	Signifies an adverse trend but within acceptable levels, where the KRIs are within tolerable range but approaching the risk limits.
RED	Signifies potentially hazardous levels of risk, where the KRIs had exceeded the tolerable risk limit.

OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

MANAGEMENT OF OPERATIONAL RISK

The Operational Risk Management (“ORM”) sub-sector is responsible for the formulation and implementation of the operational risk framework within the Maybank Group, which encompasses the operational risk management strategy and governance structure. Another key function is the development and implementation of operational risk management tools and methodologies to identify, measure, monitor and control operational risks.

Risk taking units (Strategic Business Unit) constitute an integral part of the operational risk management framework and are primarily responsible for the day-to-day management of operational risk. They are responsible for establishing and maintaining their respective operational manuals and ensuring that activities undertaken comply with the Maybank Group’s operational risk management framework.

Operational Risk Officers (“ORO”) have been appointed within the various Strategic Business Unit (“SBU”) of the Maybank Group and are responsible for implementing and executing the operational risk management processes and tools. They are also responsible for the investigation of operational losses, monitoring and analysis of risk trends and staff training on operational risk management practices and governance.

OPERATIONAL RISK MANAGEMENT FRAMEWORK



Maybank Group’s Operational Risk Management Framework focuses on the four causal factors of operational risk, i.e. people, processes, systems and external events. It provides a transparent and formalised framework aligned to business objectives within which the Board of Directors, management teams, staff and contractors can discharge their operational risk management responsibilities.

OPERATIONAL RISK

OPERATIONAL RISK MANAGEMENT METHODOLOGY AND TOOLS

A variety of methodologies and tools have been implemented to effectively identify, assess, measure and report operational risk exposures on a timely basis, thereby serving as tools to facilitate decision-making and enhance the operational risk management process.

Operational Risk Identification and Assessment

- Risk identification is the recognition of operational risk scenarios that may give rise to operational losses. For example, under the Maybank Group's product approval programme, all risks inherent in new/enhanced products/services are identified prior to the launch of the product/services, with risk mitigation measures emplaced; and
- Risk-profiling and self-assessment exercises are also conducted as part of the operational risk management process.

The above exercises enable risk taking units to identify inherent operational risks specific to their environment and assist them in assessing the effectiveness of controls in place.

Operational Risk Measurement and Monitoring

The key methods and tools used to measure and monitor operational risks are as follows:

- **Risk & Control Self Assessment ("RCSA")**
RCSA is a process of continual assessment of inherent operational risks and controls to identify control gaps and to develop action plans to close the gaps. It is a risk profiling tool which facilitates effective operational risk management for the Maybank Group.

SBU undertake the RCSA exercise to give due focus in the review of business processes to enhance critical operations and controls, especially those assessed to be in the 'Caution' and 'Alert' categories.

The SBU level risk profiling exercises are compiled to establish the Maybank Group Risk Profile on a half-yearly basis. The consolidated Risk Profile is presented to the Group Operational Risk Management Committee and Risk Management Committee.

- **Key Risk Indicators ("KRIs")**

KRIs are embedded into critical processes to provide early warning signals of increasing risk and/or control failures by flagging up given frequencies of events as a mechanism for continuous risk assessment/monitoring.

SBU monitor their risk exposures via KRIs and are required to develop specific and concrete action plans for those indicators that fall under 'Caution' and 'Alert'. ORM assists the SBU to develop and validate the KRIs to ensure appropriate thresholds are set.

KRIs are tracked at Group, Business and Operating levels. The main source of KRIs are from the periodic RCSA process, IMDC database, SBU experiences, internal/external audit findings and Bank Negara Malaysia examination findings.

- **Incident Management & Data Collection ("IMDC")**

IMDC provides a platform of a structured and systematic process for SBU to identify and focus attention on operational 'hotspots'. This facilitates the establishment of a centralised database of consistent and standardised operational risk incident information readily available for analysis of operational lapses to minimise the risk impact of future operational losses.

OPERATIONAL RISK MITIGATION AND CONTROL

Risk Mitigation tools and techniques are used to minimise risk to an acceptable level and are focused on:

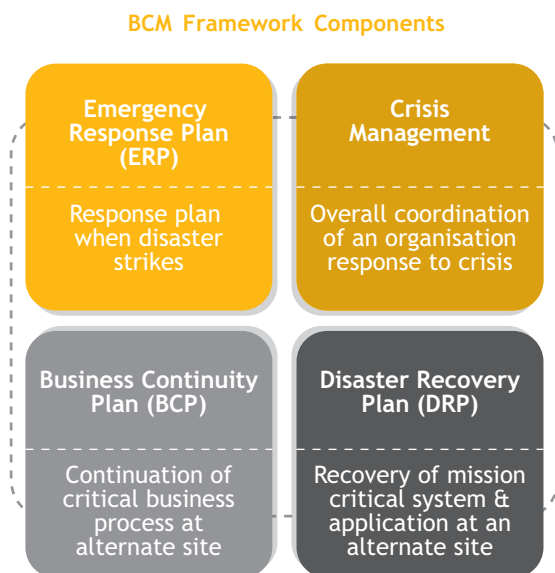
- Faster resumption of business in the event of a disaster/incident; and
- Decreasing the impact on the business, should it occur.

The control tools and techniques to mitigate operational risk are as follows:

- **Business Continuity Management ("BCM")**

The BCM sub-sector is responsible for the formulation and implementation of a BCM Framework which outlines a comprehensive and integrated approach to ensure business continuity and mitigate possible disruptions to the Maybank Group's critical business operations, and people safety in event of disruptions and disaster. The BCM Framework is based on Bank Negara Malaysia's BCM Guidelines and international leading BCM practices.

The BCM Framework covers the following four key components:



In line with the BCM Framework requirements, Business Continuity Plans (“BCP”) were developed for all critical sectors including subsidiaries and overseas branches. The BCP documents and exercises are reviewed on a yearly basis. The Maybank Group’s Board attests on the Maybank Group BCM Performance for FY2012 and BCM Readiness for FY2013.

In 2012, Maybank Group had successfully conducted the Enterprise Crisis Simulation Exercise (“ECSE”) involving main critical business functions both in Menara Maybank and Dataran Maybank. The exercise demonstrated the level of readiness within the Maybank Group to cope with any eventualities.

By having a proper BCM in place, Maybank Group is able to respond effectively and in a structured manner in the event of disruptions/disaster, hence ensuring Maybank Group’s business continuity.

- **Outsourcing**

Outsourcing is a technique used by Maybank Group mainly for the purposes of reducing fixed and/or current expenditure and to concentrate on the Group’s core business with a view to enhance operational efficiency.

For effective operational risk management, the Group’s Outsourcing Policy and Procedure are designed in accordance with local regulatory requirements and international leading practices. All outsourced services are subject to rigorous due diligence and risk review.

Continuous review, monitoring and reporting to the Group Operational Risk Management Committee and Risk Management Committee are carried out to ensure that the integrity and service quality of service providers are not compromised.

- **Anti-Fraud Management**

The Group aims to ensure that the risks arising from fraud are reduced to the lowest possible level and develop effective fraud management approaches to deal with fraud incidences in a decisive, timely and systematic manner.

The Group’s Anti-Fraud Policy establishes robust and comprehensive anti-fraud programmes and controls for the Group. It serves as the broad principle, strategy and policy for the Group to adopt in relation to fraud management that promotes higher standards of integrity. It also outlines the roles and responsibilities at all levels within the organisation for preventing and responding to fraud.

TREATMENT FOR OPERATIONAL RISK CAPITAL CHARGE

Operational Risk capital charge is calculated using the Basic Indicator Approach (“BIA”) as per the BNM Risk Weighted Capital Adequacy Framework.

Maybank Group intends to adopt The Standardised Approach (“TSA”) for Operational Risk Capital Charge Calculation. The use of TSA is subject to BNM’s approval.

For this purpose, the Group has mapped its business activities into the eight business lines as prescribed by Basel II and the BNM Risk Weighted Capital Adequacy Framework.

The Group has also automated the operational risk capital charge calculation process to produce accurate and reliable Operational Risk capital charge figures across Maybank Group under both the BIA and TSA.

SHARIAH GOVERNANCE

SHARIAH GOVERNANCE FRAMEWORK (“SGF”)

Shariah principles are the foundation for the practice of Islamic finance through the observance of the tenets, conditions and principles prescribed by Shariah as resolved by the BNM’s and the Securities Commission’s Shariah Advisory Council (“SAC”) and the Shariah Committee. Comprehensive compliance with Shariah principles will ensure stakeholders’ confidence in Islamic Financial Institutions’ business activities and operations.

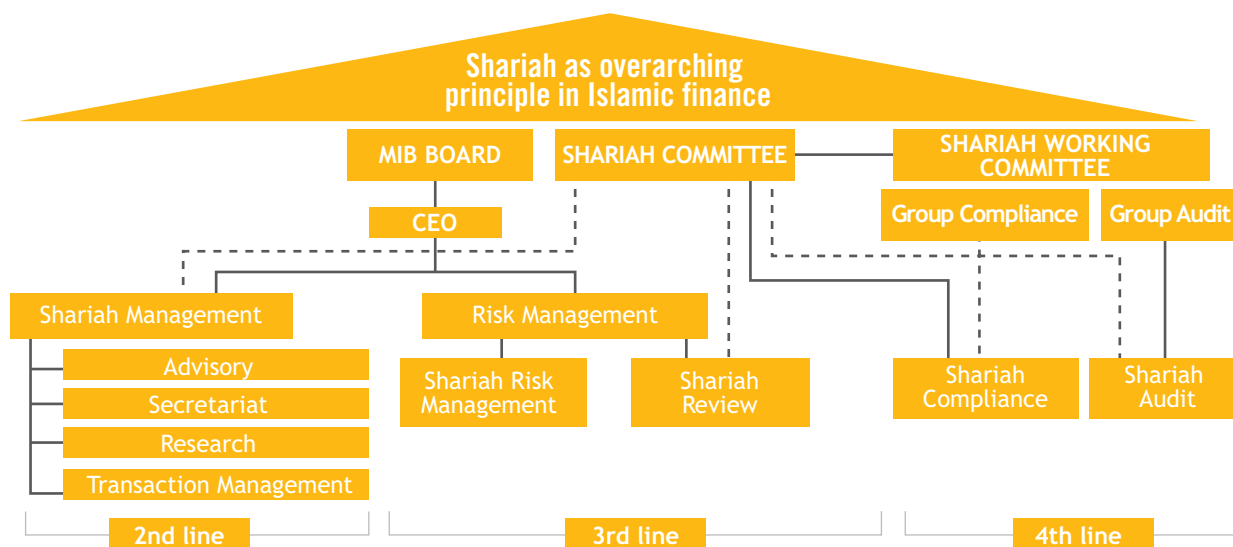
In accordance to BNM’s regulatory requirements, Maybank Group has put in place a comprehensive Shariah Governance Framework (“SGF”) to ensure effective and efficient oversight by the Board of Directors, the Shariah Committee, the Management and Business Units on business activities and operations carried out by the Group’s Islamic banking businesses.

IMPLEMENTATION OF THE SHARIAH GOVERNANCE FRAMEWORK

The implementation of the SGF is through the following approach:

- Broad oversight, accountability and responsibility of the Board of Directors, Shariah Committee and Board Committees; and
- Oversight, guidance and observance by Executive Committees and the Shariah Working Committee;

Shariah Governance Framework Model for the Bank



- Lines of defense as detailed in the table below:

1st Line	Business Line Management (across the House of Maybank) Responsible for identifying & managing the risk inherent in the products, services and activities which they are responsible.
2nd Line	Shariah Management Ensuring that all structures, terms & conditions, legal documentation and operational process flow & procedures are Shariah compliant.
3rd Line	Shariah Risk Management and Shariah Review These parties generally complement the business lines' operational risk management activities (continuous monitoring of the business).
4th Line	Shariah Audit and Shariah Compliance The independent periodical checking of risk and compliance.

SHARIAH COMMITTEE

The duties and responsibilities of the Shariah Committee are to advise on the overall Group Islamic Banking business activities and operations in order to ensure compliance with Shariah principles. The roles of the Shariah Committee include:

- To advise the Board on Shariah matters in its business operations.
- To endorse Shariah compliance policies and procedures.
- To endorse and validate relevant documentations.
- To assist related parties on Shariah matters for advice upon request.
- To assess work carried out by Shariah Review, Shariah Compliance and Shariah Audit.
- To advise on matters referred to the Shariah Advisory Council ("SAC").
- To provide written Shariah opinion; and
- To assist the SAC on reference for advice.

Name of Member	Designation
Tan Sri Dato' Seri Dr. Hj. Harussani Hj. Zakaria	Chairman
Dr. Mohammad Deen Mohd Napiah	Member
Dr. Ismail Mohd @ Abu Hassan	Member
Associate Professor Dr. Ahcene Lahsasna	Member
En. Sarip Abdul	Member

RECTIFICATION PROCESS OF SHARIAH NON-COMPLIANT INCOME

The control structure for handling and reporting of Shariah non-compliance and Potential Shariah non-compliance has been emplaced in the Group. Based on the on-going review of the Group's operational activities, MIB has reported that a sum of RM76,386 have been identified and approved by the Shariah Committee during the financial year and has been purified in full to the approved charitable bodies as at 31 December 2012.

FORWARD LOOKING STATEMENTS

This document could or may contain certain forward looking statements that are based on current expectations or beliefs, as well as assumptions or anticipation of future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expects, estimate, plan, goal, believe, will, may, would, could, potentially, intends or other words of similar expressions. Undue reliance should not be placed solely on any of such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Maybank Group's plans and objectives, to differ materially from those expressed or implied in the forward looking statements.

Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been revised or updated in the light of changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations and dispositions.

The Group undertakes no obligation to revise or update any forward looking statements contained in this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.