

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<u>Group</u>	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	4,128,383	3,956,772	12,086,645	11,608,766
Interest expense	A18	(1,751,476)	(1,607,466)	(4,933,781)	(4,755,431)
Net interest income		<u>2,376,907</u>	<u>2,349,306</u>	<u>7,152,864</u>	<u>6,853,335</u>
Income from Islamic Banking Scheme operations	A32a	<u>734,879</u>	<u>568,137</u>	<u>2,020,328</u>	<u>1,669,804</u>
		<u>3,111,786</u>	<u>2,917,443</u>	<u>9,173,192</u>	<u>8,523,139</u>
Net income from insurance and takaful business:	A19				
Net earned premiums		812,683	1,134,018	3,075,231	3,298,489
Net benefits and claims		(547,495)	(1,009,833)	(2,753,726)	(3,200,096)
		<u>265,188</u>	<u>124,185</u>	<u>321,505</u>	<u>98,393</u>
		<u>3,376,974</u>	<u>3,041,628</u>	<u>9,494,697</u>	<u>8,621,532</u>
Non-interest income	A20	<u>1,538,700</u>	<u>1,290,442</u>	<u>4,701,993</u>	<u>4,296,000</u>
Net income		<u>4,915,674</u>	<u>4,332,070</u>	<u>14,196,690</u>	<u>12,917,532</u>
Overhead expenses	A21	(2,305,132)	(2,241,389)	(6,928,313)	(6,557,136)
Operating profit before impairment losses		<u>2,610,542</u>	<u>2,090,681</u>	<u>7,268,377</u>	<u>6,360,396</u>
Allowances for impairment losses on loans, advances and financing, net	A22	(280,327)	(76,586)	(793,274)	(462,113)
Impairment losses on financial investments, net		(22,301)	(24,271)	(28,711)	(70,150)
Operating profit		<u>2,307,914</u>	<u>1,989,824</u>	<u>6,446,392</u>	<u>5,828,133</u>
Share of profits of associates		<u>44,505</u>	<u>35,687</u>	<u>121,603</u>	<u>118,418</u>
Profit before taxation and zakat		<u>2,352,419</u>	<u>2,025,511</u>	<u>6,567,995</u>	<u>5,946,551</u>
Taxation and zakat	B5	(558,602)	(490,459)	(1,592,973)	(1,565,728)
Profit for the period		<u>1,793,817</u>	<u>1,535,052</u>	<u>4,975,022</u>	<u>4,380,823</u>
Attributable to:					
Equity holders of the Bank		<u>1,746,343</u>	<u>1,501,242</u>	<u>4,820,291</u>	<u>4,286,029</u>
Non-controlling interest		<u>47,474</u>	<u>33,810</u>	<u>154,731</u>	<u>94,794</u>
		<u>1,793,817</u>	<u>1,535,052</u>	<u>4,975,022</u>	<u>4,380,823</u>
Earnings per share attributable to equity holders of the Bank	B13				
Basic		<u>20.05 sen</u>	<u>19.14 sen</u>	<u>56.19 sen</u>	<u>55.45 sen</u>
Fully diluted		<u>20.02 sen</u>	<u>19.12 sen</u>	<u>56.10 sen</u>	<u>55.39 sen</u>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,793,817	1,535,052	4,975,022	4,380,823
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Defined benefit plan actuarial loss	(378)	(2,650)	(378)	(15,909)
Income tax effect	-	1,502	-	4,826
	(378)	(1,148)	(378)	(11,083)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on financial investments available-for-sale	(428,536)	(105,904)	(1,289,157)	(90,625)
Foreign currency translation differences for foreign operations	(728,203)	(667,593)	(586,086)	(832,085)
Income tax effect	109,800	40,317	295,566	24,031
Other reserves	118	(833)	169	252
	(1,046,821)	(734,013)	(1,579,508)	(898,427)
Other comprehensive loss for the period, net of tax	(1,047,199)	(735,161)	(1,579,886)	(909,510)
Total comprehensive income for the period	746,618	799,891	3,395,136	3,471,313
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	728,911	767,801	3,277,934	3,370,959
Non-controlling interest	17,707	32,090	117,202	100,354
	746,618	799,891	3,395,136	3,471,313

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UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<u>Bank</u>	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Interest income	A17	3,015,502	2,836,231	8,632,370	8,346,065
Interest expense	A18	(1,335,711)	(1,260,332)	(3,731,439)	(3,733,342)
Net interest income		1,679,791	1,575,899	4,900,931	4,612,723
Non-interest income	A20	1,408,983	769,759	3,333,681	2,668,692
Net income		3,088,774	2,345,658	8,234,612	7,281,415
Overhead expenses	A21	(1,137,186)	(1,148,322)	(3,342,092)	(3,299,488)
Operating profit before impairment losses		1,951,588	1,197,336	4,892,520	3,981,927
Allowances for impairment losses on loans, advances and financing, net	A22	(170,559)	23,014	(601,173)	(198,201)
Impairment losses on financial investments, net		22,498	(11,259)	36,576	4,490
Profit before taxation and zakat		1,803,527	1,209,091	4,327,923	3,788,216
Taxation and zakat	B5	(388,283)	(278,686)	(936,964)	(924,605)
Profit for the period		1,415,244	930,405	3,390,959	2,863,611

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<u>Bank</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Profit for the period	1,415,244	930,405	3,390,959	2,863,611
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on financial investments available-for-sale	(285,704)	(91,076)	(927,757)	(117,384)
Foreign currency translation differences for foreign operations	236,153	(24,252)	281,520	82,215
Income tax effect	66,120	22,769	226,633	29,346
Other comprehensive income/(loss) for the period, net of tax	16,569	(92,559)	(419,604)	(5,823)
Total comprehensive income for the period	1,431,813	837,846	2,971,355	2,857,788

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	Note	Group			Bank	
		30 September 2013 RM'000	31 December 2012 (Restated) RM'000	1 January 2012 (Restated) RM'000	30 September 2013 RM'000	31 December 2012 RM'000
ASSETS						
Cash and short-term funds		47,594,935	40,018,633	49,387,882	28,561,334	23,153,242
Deposits and placements with financial institutions		11,357,137	11,949,150	7,161,651	20,736,208	10,039,999
Financial assets purchased under resale agreements		862,924	798,180	1,397,235	862,924	650,314
Financial assets at fair value through profit or loss	A10(i)	18,112,919	29,156,692	18,393,752	3,850,813	10,719,937
Financial investments available-for-sale	A10(ii)	84,607,048	60,792,374	63,585,045	63,272,025	47,366,309
Financial investments held-to-maturity	A10(iii)	5,014,462	2,870,768	2,689,806	3,811,098	2,556,849
Loans, advances and financing	A11	333,477,732	311,824,735	276,252,853	222,486,243	214,852,046
Derivative assets	A29	3,911,237	2,880,492	1,987,502	3,740,561	2,812,148
Reinsurance/retakaful assets and other insurance receivables		2,632,509	2,555,727	2,173,794	-	-
Other assets	A12	9,711,356	6,680,257	4,749,820	6,211,179	2,713,063
Investment properties		581,899	572,662	542,477	-	-
Statutory deposits with central banks		13,118,937	12,298,362	10,577,416	7,188,652	6,888,916
Investment in subsidiaries		-	-	-	18,585,779	17,634,469
Interest in associates		2,270,526	2,235,233	2,406,462	451,518	456,512
Property, plant and equipment		2,428,456	2,402,821	2,217,483	1,247,037	1,205,788
Intangible assets		6,069,645	6,531,336	6,748,053	800,407	697,066
Deferred tax assets		1,485,541	1,343,541	1,361,045	904,525	810,015
TOTAL ASSETS		543,237,263	494,910,963	451,632,276	382,710,303	342,556,673
LIABILITIES						
Deposits from customers	A13	377,916,977	347,155,510	314,692,245	266,213,514	237,402,079
Deposits and placements from financial institutions	A14	42,111,126	33,887,376	36,760,978	31,764,435	29,198,776
Obligations on financial assets sold under repurchase agreements		1,720,132	-	267,652	1,720,132	-
Bills and acceptances payable		3,128,632	2,269,513	4,472,872	2,448,994	1,553,312
Derivative liabilities	A29	3,653,482	2,376,979	2,162,709	3,344,324	2,243,617
Insurance/takaful contract liabilities and other insurance payables		22,131,311	21,928,872	20,090,908	-	-
Other liabilities	A16	11,013,542	9,783,613	6,571,587	11,055,342	8,645,423
Recourse obligation on loans and financing sold to Cagamas		1,329,938	1,592,974	2,214,873	664,554	687,793
Provision for taxation and zakat		909,696	1,051,798	382,562	612,998	758,446
Deferred tax liabilities		685,898	674,872	670,633	-	-
Borrowings	A15(i)	13,280,881	10,714,266	7,185,230	9,128,303	7,382,719
Subordinated obligations	A15(ii)	12,673,743	13,510,041	14,160,553	10,407,416	11,638,850
Capital securities	A15(iii)	6,229,063	6,150,351	6,113,761	6,229,063	6,150,351
TOTAL LIABILITIES		496,784,421	451,096,165	415,746,563	343,589,075	305,661,366

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	Note	Group			Bank	
		30 September 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	30 September 2013	31 December 2012
		RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK						
Share capital		8,726,070	8,440,046	7,639,437	8,726,070	8,440,046
Share premium		17,914,365	15,639,646	9,598,847	17,914,365	15,639,646
Shares held-in-trust		(105,282)	(102,405)	-	(105,282)	(102,405)
Retained profits		11,708,813	11,104,837	10,382,374	3,388,289	4,179,482
Other reserves		6,383,570	7,013,234	6,716,005	9,197,786	8,738,538
		44,627,536	42,095,358	34,336,663	39,121,228	36,895,307
Non-controlling interests		1,825,306	1,719,440	1,549,050	-	-
		46,452,842	43,814,798	35,885,713	39,121,228	36,895,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		543,237,263	494,910,963	451,632,276	382,710,303	342,556,673
COMMITMENTS AND CONTINGENCIES	A27	475,913,742	379,695,035	369,791,836	429,322,658	338,799,380
CAPITAL ADEQUACY						
	A28					
Based on credit, market and operational risk:						
CET1 capital ratio		10.734%	-	-	15.716%	-
Tier 1 capital ratio		12.585%	-	-	15.716%	-
Total capital ratio		15.203%	-	-	15.716%	-
Before deducting proposed dividend:						
Core capital ratio		-	13.66%	11.74%	-	17.43%
Risk-weighted capital ratio		-	17.47%	16.46%	-	17.43%
After deducting proposed dividend:						
Core capital ratio:						
- full electable portion paid in cash		-	12.81%	10.95%	-	16.27%
- full electable portion reinvested		-	13.54%	11.65%	-	17.27%
Risk-weighted capital ratio:						
- full electable portion paid in cash		-	16.62%	15.66%	-	16.27%
- full electable portion reinvested		-	17.35%	16.37%	-	17.27%
Net assets per share attributable to equity holders of the Bank		RM5.11	RM4.99	RM4.49	RM4.48	RM4.37

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<===== Non-Distributable =====>

Group	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	ESS Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Retained Profits¹ RM'000	Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2013															
- as previously stated	8,440,046	15,639,646	(102,405)	8,023,712	14,254	707,690	(1,877,640)	7,986	226,142	34,456	-	11,115,006	42,228,893	1,725,464	43,954,357
- effect of adopting revised MFRS 119	-	-	-	-	-	-	956	-	-	-	(124,322)	(10,169)	(133,535)	(6,024)	(139,559)
At 1 January 2013, as restated	8,440,046	15,639,646	(102,405)	8,023,712	14,254	707,690	(1,876,684)	7,986	226,142	34,456	(124,322)	11,104,837	42,095,358	1,719,440	43,814,798
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	4,820,291	4,820,291	154,731	4,975,022
Other comprehensive (loss)/income	-	-	-	-	-	(964,049)	(578,260)	330	-	-	(378)	-	(1,542,357)	(37,529)	(1,579,886)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(964,049)	(578,260)	330	-	-	(378)	4,820,291	3,277,934	117,202	3,395,136
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	-	78,756	-	-	-	78,756	-	78,756
Effect of net acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(322)	(322)	(5,534)	(5,856)
Effect of rights issue exercise by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	8,159	8,159
Transfer to statutory reserves	-	-	-	881,581	-	-	-	-	-	-	-	(881,581)	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A)&(B))	84,561	703,308	-	-	-	-	-	-	(47,644)	-	-	-	740,225	-	740,225
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(C))	201,463	1,571,411	(2,877)	-	-	-	-	-	-	-	-	-	1,769,997	-	1,769,997
Dividends paid (Note A9(i)&(iii))	-	-	-	-	-	-	-	-	-	-	-	(2,404,850)	(2,404,850)	(13,961)	(2,418,811)
Dividends payable (Note A9(ii))	-	-	-	-	-	-	-	-	-	-	-	(929,562)	(929,562)	-	(929,562)
Total transactions with shareholders	286,024	2,274,719	(2,877)	881,581	-	-	-	-	31,112	-	-	(4,216,315)	(745,756)	(11,336)	(757,092)
At 30 September 2013	8,726,070	17,914,365	(105,282)	8,905,293	14,254	(256,359)	(2,454,944)	8,316	257,254	34,456	(124,700)	11,708,813	44,627,536	1,825,306	46,452,842

¹ The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary, net of tax at 25% which amounted to RM803.5 million. This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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Group	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	ESS Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Retained Profits¹ RM'000	Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2012															
- as previously stated	7,639,437	9,598,847	-	6,926,383	15,250	681,351	(969,382)	8,817	127,317	34,456	-	10,393,767	34,456,243	1,554,320	36,010,563
- effect of adopting revised MFRS 119	-	-	-	-	-	-	-	-	-	-	(108,187)	(11,393)	(119,580)	(5,270)	(124,850)
At 1 January 2012, as restated	7,639,437	9,598,847	-	6,926,383	15,250	681,351	(969,382)	8,817	127,317	34,456	(108,187)	10,382,374	34,336,663	1,549,050	35,885,713
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	4,286,029	4,286,029	94,794	4,380,823
Other comprehensive (loss)/income	-	-	-	(445)	(673)	(82,837)	(820,622)	(26)	-	-	(10,467)	-	(915,070)	5,560	(909,510)
Total comprehensive (loss)/income for the period	-	-	-	(445)	(673)	(82,837)	(820,622)	(26)	-	-	(10,467)	4,286,029	3,370,959	100,354	3,471,313
Effect of net acquisition from/ disposal to non-controlling interests	-	-	-	-	(323)	-	12,995	-	-	-	-	14,233	26,905	(933)	25,972
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	-	79,367	-	-	-	79,367	-	79,367
Transfer to statutory reserves	-	-	-	737,442	-	-	-	-	-	-	-	(737,442)	-	-	-
Issue of shares pursuant to ESS	709	5,523	-	-	-	-	-	-	(7)	-	-	-	6,225	-	6,225
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	202,854	1,419,373	-	-	-	-	-	-	-	-	-	-	1,622,227	-	1,622,227
Issue of shares held-in-trust	11,455	88,545	(100,000)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(2,062,651)	(2,062,651)	(10,976)	(2,073,627)
Dividends payable	-	-	-	-	-	-	-	-	-	-	-	(235,632)	(235,632)	-	(235,632)
Total transactions with shareholders	215,018	1,513,441	(100,000)	737,442	(323)	-	12,995	-	79,360	-	-	(3,021,492)	(563,559)	(11,909)	(575,468)
At 30 September 2012	7,854,455	11,112,288	(100,000)	7,663,380	14,254	598,514	(1,777,009)	8,791	206,677	34,456	(118,654)	11,646,911	37,144,063	1,637,495	38,781,558

¹ The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary, net of tax at 25% which amounted to RM782.7 million. This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<u>Bank</u>	<----- Non-Distributable ----->							Distributable	Total
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000		
At 1 January 2013	8,440,046	15,639,646	(102,405)	7,805,342	393,286	313,768	226,142	4,179,482	36,895,307
Profit for the period	-	-	-	-	-	-	-	3,390,959	3,390,959
Other comprehensive (loss)/income	-	-	-	-	(701,124)	281,520	-	-	(419,604)
Total comprehensive (loss)/income for the period	-	-	-	-	(701,124)	281,520	-	3,390,959	2,971,355
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	78,756	-	78,756
Transfer to statutory reserve	-	-	-	847,740	-	-	-	(847,740)	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A)&(B))	84,561	703,308	-	-	-	-	(47,644)	-	740,225
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(C))	201,463	1,571,411	(2,877)	-	-	-	-	-	1,769,997
Dividends paid (Note A9(i))	-	-	-	-	-	-	-	(2,404,850)	(2,404,850)
Dividends payable (Note A9(ii))	-	-	-	-	-	-	-	(929,562)	(929,562)
Total transactions with shareholders	286,024	2,274,719	(2,877)	847,740	-	-	31,112	(4,182,152)	(745,434)
At 30 September 2013	8,726,070	17,914,365	(105,282)	8,653,082	(307,838)	595,288	257,254	3,388,289	39,121,228

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<u>Bank</u>	<----- Non-Distributable ----->							Distributable	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Retained Profits RM'000	
At 1 January 2012	7,639,437	9,598,847	-	6,728,866	417,205	227,772	127,317	4,895,012	29,634,456
Profit for the period	-	-	-	-	-	-	-	2,863,611	2,863,611
Other comprehensive (loss)/income	-	-	-	-	(88,038)	82,215	-	-	(5,823)
Total comprehensive (loss)/income for the period	-	-	-	-	(88,038)	82,215	-	2,863,611	2,857,788
Transfer to statutory reserves	-	-	-	715,900	-	-	-	(715,900)	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	79,367	-	79,367
Issue of shares pursuant to ESS	709	5,523	-	-	-	-	(7)	-	6,225
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	202,854	1,419,373	-	-	-	-	-	-	1,622,227
Issue of shares held-in-trust	11,455	88,545	(100,000)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(2,062,651)	(2,062,651)
Dividends payable	-	-	-	-	-	-	-	(235,632)	(235,632)
Total transactions with shareholders	215,018	1,513,441	(100,000)	715,900	-	-	79,360	(3,014,183)	(590,464)
At 30 September 2012	7,854,455	11,112,288	(100,000)	7,444,766	329,167	309,987	206,677	4,744,440	31,901,780

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	Group		Bank	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation and zakat	6,567,995	5,946,551	4,327,923	3,788,216
Adjustments for non-operating and non-cash items:				
Depreciation of property, plant and equipment	198,446	165,072	101,908	87,283
Share of profits of associates	(121,603)	(118,418)	-	-
Amortisation of intangible assets	141,788	113,734	67,397	31,620
Net gain on disposal of financial assets at fair value through profit or loss	(220,057)	(214,605)	(124,727)	(65,059)
Net gain on disposal of financial investments available-for-sale	(822,398)	(609,757)	(290,910)	(328,811)
Net loss/(gain) on redemption of financial investments held-to-maturity	1	(16,553)	1	(16,553)
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss and derivatives	806,053	(113,139)	484,574	(99,664)
Allowances for impairment losses on loans, advances and financing, net	1,407,915	1,095,292	1,059,655	662,813
Allowance made for other debts	(1,883)	(19,629)	2,285	754
Dividend income	(81,096)	(72,351)	(471,384)	(266,079)
Share options granted under ESS	79,600	79,065	62,996	62,614
Impairment losses/(writeback of impairment losses) on financial investments, net	28,711	70,150	(36,576)	(4,490)
Other adjustments for non-operating and non-cash items	52,079	(138,640)	28,128	(123,013)
Operating profit before working capital changes	8,035,551	6,166,772	5,211,270	3,729,631
Change in deposits and placements with financial institutions	1,540,727	(1,865,630)	(11,271,821)	(3,511,894)
Change in financial investments portfolio	(15,672,301)	(3,588,337)	(10,843,013)	(2,367,642)
Change in loans, advances and financing	(23,060,912)	(23,921,535)	(8,693,852)	(15,251,086)
Change in statutory deposits with central banks	(820,575)	(1,026,658)	(299,736)	(737,728)
Change in deposits from customers	30,761,467	15,732,998	28,811,435	12,717,266
Change in deposits and placements from financial institutions	8,223,750	390,893	2,565,659	(1,504,688)
Change in reinsurance/retakaful assets and other insurance receivables	(76,782)	(213,274)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	202,439	896,998	-	-
Change in other operating activities	(325,570)	1,243,970	145,172	205,224
Exchange fluctuation	207,102	1,091,797	115,936	939,181
Cash generated from/(used in) operations	9,014,896	(5,092,006)	5,741,050	(5,781,736)
Taxes and zakat paid	(1,620,250)	(918,627)	(949,329)	(314,387)
Net cash generated from/(used in) operating activities	7,394,646	(6,010,633)	4,791,721	(6,096,123)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	Group		Bank	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Dividend received				
- from securities	81,096	72,351	7,409	6,686
- from associates	-	-	9,641	6,452
- from subsidiaries	-	-	454,334	252,941
Purchase of property, plant and equipment	(227,921)	(280,602)	(133,329)	(201,883)
Proceeds from disposal of property, plant and equipment	2,376	8,556	29	4,125
Purchase of intangible assets	(195,166)	(349,740)	(177,412)	(301,246)
Purchase of additional ordinary shares in new and existing subsidiaries	-	-	(925,943)	(289,584)
Net effect from acquisition of subsidiaries	-	(47,621)	-	-
Proceeds from disposal of subsidiaries	-	24,876	-	-
Redemption of non-convertible bonds and capital repayment in associates	4,994	-	4,994	-
Proceeds from transaction with non-controlling interests	2,303	42,031	-	-
Net cash used in investing activities	(332,318)	(530,149)	(760,277)	(522,509)
Cash flows from financing activities				
Proceeds from share issuance	2,510,222	1,628,452	2,510,222	1,628,452
Net drawdown of borrowings	1,680,629	3,180,180	1,304,785	3,439,049
Redemption of subordinated obligations	(1,500,000)	(5,517,850)	(1,500,000)	(5,517,850)
Issuance of subordinated obligations	500,000	4,547,600	-	4,547,600
Loans sold to Cagamas, net	(263,036)	(329,776)	(23,239)	(20,246)
Dividends paid	(2,404,850)	(2,062,651)	(2,404,850)	(2,062,651)
Dividends paid to non-controlling interests	(13,961)	(10,976)	-	-
Net cash generated from/(used in) financing activities	509,004	1,434,979	(113,082)	2,014,354
Net change in cash and cash equivalents	7,571,332	(5,105,803)	3,918,362	(4,604,278)
Cash and cash equivalents at beginning of period *	43,133,706	50,002,264	26,548,533	36,170,377
Cash and cash equivalents at end of period	50,705,038	44,896,461	30,466,895	31,566,099

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

	Group		Bank	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	47,594,935	44,750,827	28,561,334	31,207,317
Deposits with financial institutions maturing within 1 month	3,110,103	145,634	1,905,561	358,782
	50,705,038	44,896,461	30,466,895	31,566,099
* Cash and cash equivalents at beginning of period				
Cash and short-term funds as previously reported	42,180,022	51,022,866	25,634,415	37,031,903
Effects of foreign exchange rate changes	953,684	(1,020,602)	914,118	(861,526)
As restated	43,133,706	50,002,264	26,548,533	36,170,377

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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

A1. Basis of Preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2012.

The unaudited condensed interim financial statements incorporated those activities relating to the businesses of banking and finance, Islamic banking, investment banking including stock broking, underwriting of general and life insurance, general and family takaful, trustee and nominee services, asset management and venture capital, which have been undertaken by the Group.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2012 except for adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), amendments to MFRSs, Interpretations of the Issues Committee (“IC Interpretations”) and Annual Improvements 2009-2011 Cycle with effective dates of 1 July 2012 and 1 January 2013:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans (Amendments to MFRS 1)*
- MFRS 3 *Business Combinations (IFRS Business Combinations issued by IASB March 2004)*
- MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*
- MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*
- MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2013)*
- MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*
- MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Annual Improvements 2009-2011 Cycle:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Repeated application of MFRS 1 and borrowing costs*
- MFRS 101 *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- MFRS 116 *Property, Plant and Equipment - Classification of servicing equipment*
- MFRS 132 *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- MFRS 134 *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

The adoption of the above MFRSs, amendments to MFRSs, IC Interpretations and Annual Improvements 2009-2011 Cycle did not have any material impact on the financial statements of the Group and the Bank, except for the adoption of following MFRSs and amendments to MFRSs:

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A1. Basis of Preparation (cont'd.)

MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*

The Amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on financial investments available-for-sale) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

The Group and the Bank have adopted the amendment and the new presentation requirements for other comprehensive income has been effected retrospectively, as disclosed in the Statement of Comprehensive Income of the Group and the Bank.

MFRS 10 *Consolidated Financial Statements ("MFRS 10")*

MFRS 10 replaces the requirements of MFRS 127 *Consolidated and Separate Financial Statements* that address the accounting for consolidated financial statements and IC Interpretation 112 *Consolidation – Special Purpose Entities*. Under MFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied MFRS 10 retrospectively in accordance with the transition provisions of MFRS 10.

Based on the preliminary assessment performed, the Group assessed that adoption of MFRS 10 did not result in any change in the consolidation status of its subsidiaries as at 1 January 2013 and as at 30 September 2013.

MFRS 13 *Fair Value Measurement ("MFRS 13")*

MFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. MFRS 13 also requires fair value disclosures for financial instruments to be included in the interim financial report.

The Group and the Bank have adopted MFRS 13 and the fair value disclosures for financial instruments are disclosed in Note A30.

MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*

The main changes set out in the amendment to MFRS 119 are:

- The option to delay the recognition of actuarial variances (i.e. the 'corridor' approach) has been removed. Actuarial gains/losses are recognised immediately in other comprehensive income as they occur, and are not subsequently recycled to the income statement.
- Unvested past service costs can no longer be deferred over the future vesting period, instead they are recognised immediately in the income statement as incurred.
- Any changes in asset ceiling and the differences between the net interest income and the actual asset returns are recognised in other comprehensive income.

The adoption of this amendment will result in a change in accounting policy and to be accounted for retrospectively in accordance with MFRS 108 *Accounting Policies, Change in Accounting Estimates and Errors*.

The financial effects of the adoption of this amendment on the Group's financial statements are disclosed in Note A31.

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A1. Basis of Preparation (cont'd.)

Change in Presentation of "Net income from insurance and takaful business" in Income Statement of the Group

Prior to this, the Group has been reporting the other income (mainly comprised of fee and commission income, investment income, realised gains/losses and fair value gains/losses) and other expenses (mainly comprised of management expenses, change in expense liabilities, fee and commission expenses and other operating expenses) derived from insurance and takaful business in the "Net income from insurance and takaful business", a line item in the income statements of the Group.

Upon adoption of new standards such as MFRS 10 *Consolidated Financial Statements* and MFRS 12 *Disclosure of Interests in Other Entities*, the Group has decided to improve the presentation of "Net income from insurance and takaful business" by reclassifying other income (RM2.53 billion) and other expenses (RM2.78 billion) that form part of "Net income from insurance and takaful business" to respective line items in the income statements of the Group for the period ended 30 September 2012. The effects of reclassification are disclosed in Note A31.

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

Pursuant to the Financial Services Act 2013 that came into force on 30 June 2013, BNM has issued a new Financial Reporting Guidelines which set out the financial reporting requirements for both banking institutions and insurers. A banking institution is required to comply with these new guidelines effective on 30 June 2013, while for insurer, its effective date is for financial years beginning on and after 30 June 2013. These new guidelines require insurance business-related information to be disclosed in the interim financial statements. The additional disclosures are statement of financial position and statement of comprehensive income for insurance business which showing separately the life business, family takaful business, general business and general takaful business.

The Group has adopted the new BNM's Financial Reporting Guidelines and the additional insurance business-related information are disclosed in Note A33.

A2. Significant Accounting Policies

The audited financial statements of the Group and the Bank for the financial year ended 31 December 2012 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS"). The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2012 except for those as disclosed in Note A1 above.

A3. Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgment and complexity, are as follows:

(i) Fair Value Estimation of Financial Assets at Fair Value Through Profit or Loss (Note A10(i)), Financial Investments Available-For-Sale (Note A10(ii)) and Derivative Financial Instruments (Note A29)

The fair value of financial assets and derivatives that are not traded in an active market are determined using appropriate valuation techniques. Valuation techniques include the discounted cash flows method, options pricing models, credit models and other relevant valuation models.

(ii) Valuation of Investment Properties

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent valuers who hold a recognised and relevant professional qualification and recent experience in the locations and category of the properties being valued.

(iii) Impairment of Goodwill

The Group tests annually whether the goodwill that has an indefinite life is impaired by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of future cash flow projections, terminal growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

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A3. Significant Accounting Estimates and Judgments (cont'd.)

(iv) Amortisation of Other Intangible Assets

The Group's and the Bank's intangible assets that can be separated and sold, and have a finite useful life are amortised over their estimated useful life. The determination of the estimated useful life of these intangible assets requires management's judgment which includes analysing the circumstances, the industry and market practice.

(v) Liabilities of Insurance Business

(a) Life insurance and family takaful businesses

There are several sources of uncertainty that need to be considered in the estimation of life insurance and family takaful liabilities.

The main assumptions used relate to mortality, morbidity, longevity, expenses, withdrawal rates and discount rates.

These estimates, adjusted when appropriate to reflect the subsidiary's unique risk exposure, provide the basis for the valuation of future policy benefits payable.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns in accordance with the subsidiary's experience. The family takaful fund bases the estimate of expected number of deaths on applied mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

(b) General insurance and general takaful businesses

The principal uncertainty in the general business and general takaful business arises from the technical provisions which include the premium/contribution liabilities and claim liabilities.

Premium liabilities for general insurance are reported at the higher of the aggregate of the unearned premium reserves for all lines of business or the best estimate value of the reinsurer's unexpired risk reserves ("URR") at the end of the financial year and a provision of risk margin for adverse deviation calculated at the overall fund level. The URR is set at above 75% level of sufficiency.

Contribution liabilities for takaful business are reported at the higher of the aggregate of the unearned contribution reserves for all line of business or the total general takaful fund's unexpired risk reserves at above 75% confidence level at the end of the financial year.

Generally, claim liabilities are determined based upon historical claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims, development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. It is certain that actual future contribution and claim liabilities will not exactly develop as projected and they vary from the projections.

(vi) Deferred Tax and Income Taxes

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatment where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

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A3. Significant Accounting Estimates and Judgments (cont'd.)

(vi) Deferred Tax and Income Taxes (cont'd.)

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(vii) Impairment Losses on Loans, Advances and Financing

The Group and the Bank review its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income statements. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loans, advances and financing that have been assessed individually but for which no impairment is required and all individually insignificant loans, advances and financing are then assessed collectively, in groups of assets with similar credit risk characteristics, to determine whether allowances should be made due to incurred loss events for which there is objective evidence but whose effects of which are not yet evident. The collective assessment takes account of data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and judgments on the effects of concentrations of risks (such as the performance of different individual groups).

(viii) Impairment of Investments in Subsidiaries and Interests in Associates

The Group assesses whether there is any indication that an investment in subsidiaries and interest in associates may be impaired at each reporting date.

If indicators are present, these investments are subject to impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgments made by management in the process of applying the Group's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (a) The Group determines whether its investments are impaired following certain indicators of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and
- (b) Depending on their nature and the location in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past trends.

Sensitivity to changes in assumptions

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

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A3. Significant Accounting Estimates and Judgments (cont'd.)

(ix) Impairment of Financial Investments Portfolio

The Group and the Bank review the financial investments portfolio of financial assets at FVTPL, financial investments AFS and financial investments HTM at each reporting date to assess whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the investments are subject to impairment review.

In carrying out the impairment review, the following management's judgment are required:

- (a) Determination whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuers or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and
- (b) Determination of "significant" or "prolonged" requires judgment and management evaluation on various factors, such as historical fair value movement, the duration and extent of reduction in fair value.

A4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2012 was not qualified.

A5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the 3rd quarter and 9 months ended 30 September 2013.

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

During the 3rd quarter and 9 months ended 30 September 2013, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

A7. Changes in Estimates

There were no material changes in estimates during the 3rd quarter and 9 months ended 30 September 2013.

A8. Changes in Debt and Equity Securities

- (i) The following are the changes in debt and equity securities that were issued by the Group and the Bank during the 3rd quarter and 9 months ended 30 September 2013:

(a) Issuance of Shares

The issued and paid-up share capital of the Bank increased from RM8,440,046,735 as at 31 December 2012 to RM8,726,070,183 as at 30 September 2013 via:

- (A) issuance of 84,476,300 new ordinary shares of RM1 each, to eligible employees who exercised their options under the current Maybank Group Employees' Share Scheme ("ESS") which commenced on 23 June 2011, for a period of 7 years;
- (B) issuance of 84,200 new ordinary shares of RM1 each, to eligible employees under the Supplemental Restricted Share Unit ("SRSU") which is part of the current Maybank Group ESS; and
- (C) issuance of 201,462,948 new ordinary shares (including 326,881 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1 each arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 24.5 sen (net), comprising a franked dividend of 13.5 sen (net) and a single-tier dividend of 11 sen in respect of the financial year ended 31 December 2012.

(b) Issuance of USD200.0 million Senior Notes under USD5.0 billion Multicurrency Medium Term Note Programme

On 15 May 2013, Maybank issued USD200.0 million Senior Notes in nominal value under the USD5.0 billion Multicurrency Medium Term Note Programme.

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

- (i) The following are the changes in debt and equity securities that were issued by the Group and the Bank during the 3rd quarter and 9 months ended 30 September 2013 (cont'd.):

(c) Redemption of Islamic Subordinated Bonds of RM1.5 billion with a tenure of 12 years from issue date on a 12 non-callable 7 basis

On 15 May 2013, Maybank had fully redeemed the Islamic Subordinated Bonds of RM1.5 billion. The Islamic Subordinated Bonds were issued on 15 May 2006 under the Shariah principle of Bai' Bithaman Ajil.

(d) Issuance/redemption of bonds and medium term notes by subsidiaries of PT Bank Internasional Indonesia Tbk

The issuance/redemption of bonds and medium term notes by subsidiaries of PT Bank Internasional Indonesia Tbk during the 3rd quarter and 9 months ended 30 September 2013 are as follows:

- (A) On 26 February 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, issued Medium-term Notes V (MTN V) BII Finance with a nominal value of IDR200.0 billion (equivalent to RM56.0 million).
- (B) On 4 March 2013, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, redeemed Bonds V Series B of IDR120.0 billion (equivalent to RM33.6 million). The Bonds issued on 4 March 2011 under Bonds V WOM Finance Year 2011 With Fixed Interest Rate.
- (C) On 17 May 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, redeemed Medium-term Notes IV of IDR300.0 billion (equivalent to RM84.0 million). The Medium-term Notes IV issued on 17 November 2011 under Medium-term notes IV BII Finance.
- (D) On 12 June 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, redeemed Bonds I Series A of IDR101.0 billion (equivalent to RM28.3 million). The Bonds issued on 7 June 2012 under Bonds I BII Finance Year 2012 with Fixed Interest Rates.
- (E) On 19 June 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, issued Bonds II BII Finance Year 2013 with a nominal value of IDR1,300.0 billion (equivalent to RM364.0 million). These Bonds II are series bonds consisting of Bonds II Series A with a nominal value of IDR775.0 billion (equivalent to RM217.0 million) and Bonds II Series B with a nominal value of IDR525.0 billion (equivalent to RM147.0 million).

(e) Issuance/redemption of medium term notes by Maybank Kim Eng Holdings Limited and its subsidiary

The issuance/redemption of medium term notes by Maybank Kim Eng Holdings Limited and its subsidiary during the 3rd quarter and 9 months ended 30 September 2013 are as follows:

- (A) On 28 January 2013, Maybank Kim Eng Holdings Limited, a subsidiary of Maybank, issued medium term notes amounting to SGD100 million (equivalent to RM259.8 million) under the SGD800 million Multicurrency Medium Term Note Programme.
- (B) On 28 May 2013, Maybank Kim Eng Securities Pte. Ltd., a subsidiary of Maybank Kim Eng Holdings Limited which in turn is a subsidiary of Maybank, issued medium term notes amounting to SGD50 million (equivalent to RM129.9 million) under the SGD800 million Multicurrency Medium Term Note Programme.
- (C) On 21 June 2013, Maybank Kim Eng Holdings Limited, a subsidiary of Maybank, redeemed medium term notes amounting to SGD150 million (equivalent to RM389.7 million) under the SGD800 million Multicurrency Medium Term Note Programme.

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

- (i) The following are the changes in debt and equity securities that were issued by the Group and the Bank during the 3rd quarter and 9 months ended 30 September 2013 (cont'd.):

(f) Issuance of Tier 2 Capital Subordinated Bonds of RM500.0 million by Etiqa Insurance Berhad

On 5 July 2013, Etiqa Insurance Berhad, an indirect subsidiary of Maybank, issued Tier 2 Capital Subordinated Bonds of RM500.0 million in nominal value with a tenure of 10 years on a 10 non-callable 5 basis.

(g) Issuance of HKD1.55 billion Senior Notes under USD5.0 billion Multicurrency Medium Term Note Programme

On 23 September 2013, Maybank Hong Kong branch issued HKD1.55 billion Senior Notes in nominal value under the USD5.0 billion Multicurrency Medium Term Note Programme.

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

A9. Dividends Paid and Payable

Dividends paid and payable for the 9 months ended 30 September 2013 are as follows:

- (i) During the Annual General Meeting held on 28 March 2013, a final dividend in respect of the financial year ended 31 December 2012 of 18 sen less 25% taxation and 15 sen single-tier dividend on 8,449,810,735 ordinary shares of RM1.00 each, amounting to a net dividend paid of RM2,408,196,164 (net 28.5 sen per ordinary share) was approved by the shareholders.

The dividend consists of cash portion of 4 sen single-tier dividend per ordinary share and an electable portion of 29 sen (net 24.5 sen) per ordinary share, where the electable portion comprises of 11 sen single-tier dividend and 18 sen franked dividend (net 13.5 sen) per ordinary shares of RM1.00 each. The electable portion could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of shares under the Dividend Reinvestment Plan was completed on 29 May 2013.

- (ii) A first single-tier interim dividend, in respect of the financial year ending 31 December 2013 of 22.5 sen per share, was declared by the Bank on 21 August 2013.

The dividend consists of 6.5 sen to be paid in cash amounting to RM567,189,076 and an electable portion of 16.0 sen amounting to RM1,396,157,725 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The financial statements for the current financial quarter ended 30 September 2013 consists of 6.5 sen cash portion and a portion of the electable portion of the dividends assumed to be paid in cash.

The Book Closure Date pursuant to the first single-tier interim dividend and DRP was fixed on 26 September 2013.

- (iii) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM13,961,000 during the 9 months ended 30 September 2013.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Financial assets at fair value through profit or loss	(i)	18,112,919	29,156,692	3,850,813	10,719,937
Financial investments available-for-sale	(ii)	84,607,048	60,792,374	63,272,025	47,366,309
Financial investments held-to-maturity	(iii)	5,014,462	2,870,768	3,811,098	2,556,849
		107,734,429	92,819,834	70,933,936	60,643,095

(i) Financial assets at fair value through profit or loss

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
(a) Financial assets designated upon initial recognition	12,203,028	12,436,881	-	-
(b) Financial assets held-for-trading	5,909,891	16,719,811	3,850,813	10,719,937
	18,112,919	29,156,692	3,850,813	10,719,937

(a) Financial assets designated upon initial recognition are as follows:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	343,616	383,210	-	-
Malaysian Government Investment Issues	1,105,295	1,015,317	-	-
Negotiable Islamic certificates of deposits	247,127	409,798	-	-
	1,696,038	1,808,325	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	-	33,024	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	-	57,783	-	-
	-	90,807	-	-

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A10. Financial Investments Portfolio (cont'd.)

(i) Financial assets at fair value through profit or loss (cont'd.)

(a) Financial assets designated upon initial recognition are as follows (cont'd.):

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	-	53,683	-	-
Private and Islamic debt securities in Malaysia	10,089,790	10,309,201	-	-
Structured deposits	417,200	174,865	-	-
	<u>10,506,990</u>	<u>10,537,749</u>	<u>-</u>	<u>-</u>
Total financial assets designated upon initial recognition	<u>12,203,028</u>	<u>12,436,881</u>	<u>-</u>	<u>-</u>

(b) Financial assets held-for-trading are as follows:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	1,110,669	273,752	1,110,669	273,752
Malaysian Government Treasury Bills	25,379	-	25,379	-
Malaysian Government Investment Issues	425,485	86,256	271,449	10,098
Bank Negara Malaysia Bills and Notes	565,146	5,945,044	565,146	5,945,044
Khazanah Bonds	44,540	50,399	44,540	50,399
Bank Negara Malaysia Monetary Notes	207,336	6,945,597	207,336	2,897,212
Foreign Government Treasury Bills	3,634	-	3,634	-
Foreign Government Securities	430,984	196,235	253,507	-
Foreign Certificates of Deposits	-	132,982	-	-
Cagamas Bonds	-	43,781	-	43,781
Negotiable instruments of deposits	15,470	15,389	-	-
	<u>2,828,643</u>	<u>13,689,435</u>	<u>2,481,660</u>	<u>9,220,286</u>
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	431,178	412,620	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	141,426	165,125	-	4,269
	<u>572,604</u>	<u>577,745</u>	<u>-</u>	<u>4,269</u>

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A10. Financial Investments Portfolio (cont'd.)

(i) Financial assets at fair value through profit or loss (cont'd.)

(b) Financial assets held-for-trading are as follows (cont'd.):

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Unquoted securities:				
Private and Islamic debt securities in Malaysia	1,002,814	1,474,973	589,418	952,615
Foreign private debt securities	910,020	696,590	584,838	539,532
Foreign Government Bonds	194,897	-	194,897	-
Malaysian Government Bonds	-	3,235	-	3,235
Credit linked note	400,913	261,960	-	-
Equity linked note	-	7,731	-	-
Mutual funds	-	8,142	-	-
	2,508,644	2,452,631	1,369,153	1,495,382
Total financial assets held-for-trading	5,909,891	16,719,811	3,850,813	10,719,937

(ii) Financial investments available-for-sale

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
At fair value, or at cost less impairment losses for certain unquoted equity instruments				
Money market instruments:				
Malaysian Government Securities	6,116,322	5,121,448	6,107,519	5,095,673
Sukuk Bank Negara Malaysia Ijarah	-	7,013	-	7,013
Cagamas Bonds	252,280	323,934	252,280	293,349
Foreign Government Securities	6,795,704	8,294,004	3,981,251	5,602,205
Malaysian Government Investment Issues	13,401,627	3,783,570	7,282,345	1,453,972
Foreign Government Treasury Bills	9,103,088	5,170,641	9,103,088	4,735,477
Negotiable instruments of deposits	3,503,039	1,441,463	1,988,567	4,557,768
Bankers' acceptances and Islamic accepted bills	2,243,319	1,930,357	1,920,808	1,409,568
Khazanah Bonds	1,898,485	1,710,195	1,538,891	1,530,073
Bank Negara Malaysia Monetary Notes	-	771,005	-	503,994
Malaysian Government Treasury Bills	27,937	65,113	27,937	65,113
Foreign Certificates of Deposits	32,437	69,762	32,437	69,762
	43,374,238	28,688,505	32,235,123	25,323,967

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,304,684	2,470,261	80,463	77,318
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	338,011	267,440	7,630	15,045
	2,642,695	2,737,701	88,093	92,363
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	700,210	636,886	382,363	382,884
Shares, trust units and loan stocks outside Malaysia	8,168	15,703	5,999	5,711
Private and Islamic debt securities in Malaysia	15,600,503	14,216,359	9,657,598	8,343,202
Malaysian Government Bonds	1,104,432	387,805	911,455	202,172
Foreign Government Bonds	5,059,303	1,263,050	4,976,858	1,181,207
Foreign private and Islamic debt securities	16,058,279	12,818,785	15,014,536	11,834,803
Structured deposits	59,220	27,580	-	-
	38,590,115	29,366,168	30,948,809	21,949,979
Total financial investments available-for-sale	84,607,048	60,792,374	63,272,025	47,366,309

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-to-maturity

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
At amortised cost less impairment losses				
Money market instruments:				
Malaysian Government Securities	52,662	101,423	52,555	101,314
Foreign Government Securities	330,093	303,894	31,337	-
Malaysian Government Investment Issues	1,026,583	40,907	1,026,583	40,907
Foreign Government Treasury Bills	423,270	-	-	-
Khazanah Bonds	806,045	784,033	806,045	784,033
Foreign Certificate of Deposit	84,392	-	-	-
	2,723,045	1,230,257	1,916,520	926,254
Unquoted securities:				
Private and Islamic debt securities in Malaysia	1,877,979	1,578,372	1,877,946	1,578,338
Foreign Government Bonds	415,153	70,246	33,768	69,993
Foreign private and Islamic debt securities	18,250	12,843	-	-
Others	2,044	2,044	2,044	2,044
	2,313,426	1,663,505	1,913,758	1,650,375
Accumulated impairment losses	(22,009)	(22,994)	(19,180)	(19,780)
Total financial investments held-to-maturity	5,014,462	2,870,768	3,811,098	2,556,849

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A11. Loans, Advances and Financing

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Overdrafts/cashline	17,498,780	16,805,906	11,056,583	10,846,799
Term loans				
- Housing loans/financing	77,104,943	64,613,005	39,327,026	36,797,266
- Syndicated loans/financing	25,214,238	23,784,574	21,671,986	20,055,951
- Hire purchase receivables	51,662,494	52,760,832	23,893,253	26,773,064
- Lease receivables	21,075	18,952	3,271	3,272
- Other loans/financing	172,516,927	143,562,892	89,330,582	86,136,841
Credit card receivables	6,485,424	6,384,428	5,555,636	5,401,470
Bills receivable	4,226,470	5,239,068	4,134,537	5,123,928
Trust receipts	3,316,294	3,025,183	2,564,580	2,457,392
Claims on customers under acceptance credits	10,247,187	11,591,582	6,608,003	7,885,049
Loans/financing to financial institutions	3,039,897	3,498,525	6,874,119	3,137,467
Revolving credits	29,042,342	27,321,888	18,371,964	16,902,982
Staff loans	2,413,635	2,265,706	887,894	965,668
Loans to				
- Executive directors of subsidiaries	3,543	3,633	23	89
Others	2,934,041	2,384,062	-	-
	405,727,290	363,260,236	230,279,457	222,487,238
Unearned interest and income	(65,648,529)	(45,461,972)	(2,743,847)	(3,188,888)
Gross loans, advances and financing	340,078,761	317,798,264	227,535,610	219,298,350
Allowances for impaired loans, advances and financing				
- Individual allowance	(2,636,609)	(2,228,535)	(2,074,154)	(1,719,455)
- Collective allowance	(3,964,420)	(3,744,994)	(2,975,213)	(2,726,849)
Net loans, advances and financing	333,477,732	311,824,735	222,486,243	214,852,046

(i) **Gross loans, advances and financing by type of customer are as follows:**

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Domestic banking institutions	35,146	32,783	35,146	32,783
Domestic non-banking financial institutions				
- Stockbroking companies	74	328	74	328
- Others	21,934,455	17,738,858	16,695,483	11,984,198
Domestic business enterprise				
- Small and medium enterprise	66,277,698	60,719,447	49,189,140	44,736,984
- Others	64,361,769	68,664,118	49,680,494	50,738,758
Government and statutory bodies	5,263,761	3,351,642	2,365,909	2,541,100
Individuals	154,373,546	140,275,982	90,051,629	89,603,634
Other domestic entities	3,376,310	2,690,875	383,923	240,043
Foreign entities	24,456,002	24,324,231	19,133,812	19,420,522
Gross loans, advances and financing	340,078,761	317,798,264	227,535,610	219,298,350

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

(ii) Gross loans, advances and financing by geographical distribution are as follows:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Malaysia	214,426,441	201,304,578	140,082,183	139,271,620
Singapore	74,548,689	68,857,389	73,847,022	68,234,190
Indonesia	26,642,948	26,319,888	-	-
Hong Kong SAR	8,689,527	7,130,389	8,274,144	7,039,787
Labuan Offshore	5,705,081	5,157,739	65,555	-
Philippines	2,618,565	2,396,795	-	-
People's Republic of China	2,126,526	1,448,137	2,126,526	1,448,137
United Kingdom	1,266,679	1,315,839	1,266,637	1,315,781
United States of America	818,013	1,014,176	817,553	1,013,744
Vietnam	388,620	409,880	350,316	379,544
Cambodia	817,500	732,966	-	-
Bahrain	364,580	307,445	364,580	307,445
Brunei	318,370	288,102	318,370	288,102
Papua New Guinea	166,182	152,330	-	-
Thailand	1,128,319	934,561	-	-
Laos	22,724	-	22,724	-
Others	29,997	28,050	-	-
Gross loans, advances and financing	340,078,761	317,798,264	227,535,610	219,298,350

(iii) Gross loans, advances and financing by interest/profit rate sensitivity are as follows:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Fixed rate				
- Housing loans/financing	13,795,641	11,752,382	10,951,354	8,777,190
- Hire purchase receivables	45,578,659	43,062,478	21,885,685	23,746,588
- Other fixed rate loans/financing	53,864,578	50,705,753	37,534,809	34,011,928
Variable rate				
- Base lending rate plus	122,502,857	113,308,022	86,852,487	87,141,642
- Cost plus	44,456,106	42,241,585	39,908,190	37,316,635
- Other variable rates	59,880,920	56,728,044	30,403,085	28,304,367
Gross loans, advances and financing	340,078,761	317,798,264	227,535,610	219,298,350

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

(iv) Gross loans, advances and financing by economic purpose are as follows:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Purchase of securities	30,336,675	25,836,149	12,801,694	13,308,681
Purchase of transport vehicles	48,190,004	44,535,008	21,816,049	23,287,778
Purchase of landed properties				
- Residential	63,366,496	57,852,853	47,408,410	44,803,229
- Non-residential	27,823,497	23,967,058	23,150,790	20,748,526
Purchase of fixed assets (excluding landed properties)	4,659,069	4,348,868	4,586,214	4,298,286
Personal use	7,808,648	7,802,384	6,013,210	6,334,909
Credit card	6,488,550	6,434,284	5,563,893	5,450,367
Purchase of consumer durables	442,048	316,346	441,496	316,338
Construction	13,544,312	14,089,293	10,331,320	10,878,595
Mergers and acquisitions	3,754,770	3,989,396	3,754,770	3,989,396
Working capital	114,548,947	111,403,485	80,924,448	75,121,156
Others	19,115,745	17,223,140	10,743,316	10,761,089
Gross loans, advances and financing	340,078,761	317,798,264	227,535,610	219,298,350

(v) Gross loans, advances and financing by maturity structure are as follows:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Maturing within one year	98,637,304	87,158,292	76,105,297	66,393,924
One year to three years	43,832,422	44,301,625	30,079,937	32,875,684
Three years to five years	46,918,970	44,782,443	30,533,142	28,706,237
After five years	150,690,065	141,555,904	90,817,234	91,322,505
Gross loans, advances and financing	340,078,761	317,798,264	227,535,610	219,298,350

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Gross impaired loans at 1 January 2013/2012	5,654,352	8,036,844	4,162,301	6,245,836
Newly impaired	3,216,573	4,154,947	2,042,304	2,651,324
Reclassified as non-impaired	(900,531)	(2,144,303)	(438,475)	(1,509,585)
Amount recovered	(1,114,046)	(2,106,649)	(721,421)	(1,691,603)
Amount written off	(692,907)	(2,291,938)	(431,127)	(1,533,675)
Converted to financial investments				
available-for-sale	-	(13,792)	-	(13,792)
Exchange differences and expenses debited	48,561	21,457	94,943	53,289
Disposal of a subsidiary	-	(2,214)	-	-
Transferred to a newly incorporated subsidiary	-	-	-	(39,493)
Gross impaired loans at 30 September 2013/ 31 December 2012	6,212,002	5,654,352	4,708,525	4,162,301
Less: Individual allowance	(2,636,609)	(2,228,535)	(2,074,154)	(1,719,455)
Net impaired loans, advances and financing	3,575,393	3,425,817	2,634,371	2,442,846
Ratio of net impaired loans	1.06%	1.09%	1.17%	1.12%

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

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Purchase of securities	65,641	69,999	29,849	39,201
Purchase of transport vehicles	254,792	228,932	105,663	88,835
Purchase of landed properties				
- Residential	486,376	566,412	380,674	464,062
- Non-residential	117,395	139,013	87,328	86,285
Personal use	111,100	121,789	53,819	76,925
Credit card	71,233	77,528	53,345	58,058
Purchase of consumer durables	34	232	31	230
Construction	203,339	227,472	148,812	136,180
Working capital	4,255,341	3,504,561	3,354,551	2,697,689
Others	646,751	718,414	494,453	514,836
Impaired loans, advances and financing	6,212,002	5,654,352	4,708,525	4,162,301

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Malaysia	4,596,698	4,007,515	4,016,540	3,469,194
Singapore	328,884	363,344	307,195	289,364
Indonesia	571,822	572,768	-	-
Labuan Offshore	147,727	138,160	-	-
Hong Kong SAR	17,441	16,367	16,549	15,531
Brunei	5,560	2,107	5,560	2,107
Vietnam	15,350	19,051	15,350	19,051
United Kingdom	254,897	277,477	254,897	277,477
People's Republic of China	1,563	-	1,563	-
Cambodia	39,329	31,653	-	-
Papua New Guinea	718	-	-	-
Philippines	85,797	83,971	-	-
United States of America	460	431	-	-
Bahrain	90,871	89,577	90,871	89,577
Thailand	26,647	25,486	-	-
Others	28,238	26,445	-	-
Impaired loans, advances and financing	6,212,002	5,654,352	4,708,525	4,162,301

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

(ix) Movements in the allowances for impaired loans, advances and financing are as follows:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Individual Allowance				
At 1 January 2013/2012	2,228,535	2,813,107	1,719,455	2,102,421
Allowance made	665,292	1,172,015	538,685	985,402
Amount written back	(128,460)	(437,932)	(103,732)	(368,351)
Amount written off	(133,226)	(1,222,716)	(97,157)	(904,764)
Transferred to collective allowance	(9,267)	(60,216)	(7,597)	(57,882)
Disposal of a subsidiary	-	(2,720)	-	-
Transferred to a newly incorporated subsidiary	-	-	-	(36,822)
Exchange differences	13,735	(33,003)	24,500	(549)
At 30 September 2013/31 December 2012	<u>2,636,609</u>	<u>2,228,535</u>	<u>2,074,154</u>	<u>1,719,455</u>
Collective Allowance				
At 1 January 2013/2012	3,744,994	4,169,974	2,726,849	3,097,366
Allowance made	823,984	628,222	553,092	205,091
Amount written back	(34,820)	-	-	-
Amount written off	(559,681)	(1,069,222)	(333,970)	(628,911)
Transferred from individual allowance	9,267	60,216	7,597	57,882
Transferred to a newly incorporated subsidiary	-	-	-	(5,488)
Exchange differences	(19,324)	(44,196)	21,645	909
At 30 September 2013/31 December 2012	<u>3,964,420</u>	<u>3,744,994</u>	<u>2,975,213</u>	<u>2,726,849</u>
As a percentage of total loans less individual allowance	<u>1.17%</u>	<u>1.19%</u>	<u>1.32%</u>	<u>1.25%</u>

A12. Other Assets

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Other debtors	6,298,273	4,038,562	5,732,240	2,528,814
Amount due from brokers and clients	2,206,294	2,001,113	-	-
Development properties	60,360	60,287	-	-
Prepayments and deposits	975,401	469,615	442,909	148,248
Tax recoverable	71,256	1,070	-	-
Foreclosed properties	99,772	109,610	36,030	36,001
	<u>9,711,356</u>	<u>6,680,257</u>	<u>6,211,179</u>	<u>2,713,063</u>

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A13. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	213,210,879	196,782,059	141,902,515	125,296,329
- More than one year	14,535,056	8,647,667	13,862,885	7,880,567
	227,745,935	205,429,726	155,765,400	133,176,896
Money market deposits	11,115,199	16,650,666	11,115,200	16,650,666
Savings deposits	55,293,359	50,360,812	38,771,825	35,261,690
Demand deposits	80,957,706	71,743,387	58,247,793	49,689,559
Structured deposits *	2,804,778	2,970,919	2,313,296	2,623,268
	377,916,977	347,155,510	266,213,514	237,402,079

* Structured deposits represent time deposits with embedded foreign exchange and commodity-linked time deposits.

(ii) By type of customer

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Business enterprises	173,639,889	157,471,152	124,003,816	106,585,963
Individuals	160,619,990	151,607,808	124,972,957	114,881,786
Government and statutory bodies	15,884,908	15,575,973	4,587,501	5,596,117
Others	27,772,190	22,500,577	12,649,240	10,338,213
	377,916,977	347,155,510	266,213,514	237,402,079

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Due within six months	155,931,855	164,637,372	96,710,975	100,671,865
Six months to one year	57,279,024	32,144,687	45,191,540	24,624,463
One year to three years	14,110,893	8,111,389	13,737,525	7,733,734
Three years to five years	424,163	536,278	125,360	146,834
	227,745,935	205,429,726	155,765,400	133,176,896

A14. Deposits and Placements from Financial Institutions

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Licensed banks	38,223,289	30,144,507	28,575,510	26,106,904
Licensed finance companies	373,651	383,162	223,518	337,539
Licensed investment banks	82,286	236,162	82,286	218,162
Other financial institutions	3,431,900	3,123,545	2,883,121	2,536,171
	42,111,126	33,887,376	31,764,435	29,198,776

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A14. Deposits and Placements from Financial Institutions (cont'd.)

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
One year or less	40,877,875	32,037,435	30,638,455	27,524,525
More than one year	1,233,251	1,849,941	1,125,980	1,674,251
	42,111,126	33,887,376	31,764,435	29,198,776

A15. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
(i) Borrowings				
(a) Secured				
- Less than one year				
- Denominated in THB	207,990	-	-	-
- Denominated in PHP	4,029	7,058	-	-
- Denominated in SGD	-	146,856	-	-
- Denominated in IDR	313,575	286,822	-	-
	525,594	440,736	-	-
- More than one year				
- Denominated in PHP	667	-	-	-
- Denominated in IDR	1,079,532	879,005	-	-
	1,080,199	879,005	-	-
Total secured borrowings	1,605,793	1,319,741	-	-
(b) Unsecured				
- Less than one year				
- Denominated in USD	1,900,284	266,013	1,785,738	162,140
- Denominated in CNY	159,491	-	159,491	-
- Denominated in SGD	556,924	476,228	-	-
- Denominated in THB	420,958	217,551	-	-
- Denominated in HKD	261,647	4,732	-	-
- Denominated in IDR	84,000	-	-	-
- Denominated in VND	9,598	4,998	-	-
- Denominated in PHP	3,761	-	-	-
- Denominated in AUD	686	-	-	-
	3,397,349	969,522	1,945,229	162,140
- More than one year				
- Denominated in USD	5,230,782	6,056,400	5,230,782	5,939,872
- Denominated in HKD	1,449,238	747,264	1,449,238	747,264
- Denominated in JPY	503,054	533,443	503,054	533,443
- Denominated in SGD	130,429	87,563	-	-
- Denominated in IDR	964,236	999,653	-	-
- Denominated in PHP	-	680	-	-
	8,277,739	8,425,003	7,183,074	7,220,579
Total unsecured borrowings	11,675,088	9,394,525	9,128,303	7,382,719
Total borrowings	13,280,881	10,714,266	9,128,303	7,382,719

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A15. Borrowings, Subordinated Obligations and Capital Securities (cont'd.)

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
(ii) Subordinated obligations				
Unsecured				
- More than one year				
- Denominated in RM	6,660,116	7,663,139	5,155,021	6,652,357
- Denominated in USD	2,612,691	2,468,888	2,612,691	2,468,888
- Denominated in SGD	2,639,704	2,517,605	2,639,704	2,517,605
- Denominated in IDR	761,232	860,409	-	-
	12,673,743	13,510,041	10,407,416	11,638,850
(iii) Capital Securities				
Unsecured				
- More than one year				
- Denominated in RM	4,662,096	4,619,518	4,662,096	4,619,518
- Denominated in SGD	1,566,967	1,530,833	1,566,967	1,530,833
	6,229,063	6,150,351	6,229,063	6,150,351

A16. Other Liabilities

	Group		
	30 September 2013 RM'000	31 December 2012 (Restated) RM'000	1 January 2012 (Restated) RM'000
Due to brokers and clients	2,222,373	1,841,282	1,216,056
Deposits and other creditors	4,953,942	4,720,114	2,674,582
Provisions and accruals	3,820,652	3,162,365	2,621,097
Profit equalisation reserves	16,575	59,852	59,852
	11,013,542	9,783,613	6,571,587
		Bank	
		30 September 2013 RM'000	31 December 2012 RM'000
Deposits and other creditors		8,773,967	6,988,101
Provisions and accruals		2,281,375	1,657,322
		11,055,342	8,645,423

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A17. Interest Income

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	3,268,791	3,185,601	9,587,132	9,094,319
Money at call and deposits and placements with financial institutions	144,555	133,118	465,066	465,363
Financial assets purchased under resale agreements	1,888	813	8,709	2,775
Financial assets at FVTPL	159,791	169,341	519,185	516,257
Financial investments available-for-sale	556,511	401,647	1,500,985	1,158,511
Financial investments held-to-maturity	25,722	32,304	65,824	257,996
	4,157,258	3,922,824	12,146,901	11,495,221
Amortisation of premiums less accretion of discounts, net	(28,875)	33,948	(60,256)	113,545
	4,128,383	3,956,772	12,086,645	11,608,766

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	2,311,532	2,291,752	6,833,973	6,569,065
Money at call and deposits and placements with financial institutions	227,214	150,787	504,414	440,617
Financial assets purchased under resale agreements	78	538	1,589	924
Financial assets at FVTPL	16,904	22,715	54,246	77,394
Financial investments available-for-sale	460,018	317,984	1,228,543	917,679
Financial investments held-to-maturity	25,017	19,708	63,336	217,701
	3,040,763	2,803,484	8,686,101	8,223,380
Amortisation of premiums less accretion of discounts, net	(25,261)	32,747	(53,731)	122,685
	3,015,502	2,836,231	8,632,370	8,346,065

Included in interest income for the 9 months financial period ended 30 September 2013 was interest on impaired assets amounting to approximately RM126,515,000 (30 September 2012: RM132,879,000) for the Group and RM102,839,000 (30 September 2012: RM103,623,000) for the Bank.

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A18. Interest Expense

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	65,326	138,800	209,049	414,799
Deposits from customers	1,355,973	1,166,723	3,734,845	3,376,550
Floating rate certificates of deposits	6,513	3,287	14,070	5,597
Borrowings	113,348	102,856	325,272	290,300
Subordinated notes	119,393	95,419	363,178	307,095
Subordinated bonds	3,062	18,750	30,750	72,465
Capital Securities	101,754	101,325	300,212	300,121
Net interest on derivatives	(13,893)	(19,694)	(43,595)	(11,496)
	1,751,476	1,607,466	4,933,781	4,755,431

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	69,832	133,418	220,196	406,976
Deposits from customers	1,037,449	908,472	2,814,150	2,620,375
Floating rate certificates of deposits	6,513	3,287	14,070	5,597
Borrowings	40,923	41,789	114,202	98,916
Subordinated notes	96,065	77,948	291,660	255,167
Subordinated bonds	-	18,750	27,762	72,465
Capital Securities	101,754	101,325	300,212	300,121
Net interest on derivatives	(16,825)	(24,657)	(50,813)	(26,275)
	1,335,711	1,260,332	3,731,439	3,733,342

A19. Net Income from Insurance and Takaful Business

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	941,071	1,244,789	3,943,221	4,069,737
Premium ceded to reinsurers	(128,388)	(110,771)	(867,990)	(771,248)
Net earned premiums	812,683	1,134,018	3,075,231	3,298,489
Gross benefits and claims paid	(796,142)	(563,419)	(2,488,534)	(2,254,412)
Claims ceded to reinsurers	56,153	23,902	195,059	114,423
Gross change to contract liabilities	88,917	(806,052)	(569,969)	(1,485,796)
Change in contract liabilities ceded to reinsurers	103,577	335,736	109,718	425,689
Net benefits and claims	(547,495)	(1,009,833)	(2,753,726)	(3,200,096)
Total net income from insurance and takaful business	265,188	124,185	321,505	98,393

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A20. Non-Interest Income

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	260,707	215,122	757,717	658,365
Service charges and fees	303,763	263,556	990,742	925,513
Underwriting fees	20,806	17,766	68,344	67,152
Brokerage income	169,622	131,233	612,948	405,276
Fees on loans, advances and financing	85,196	113,283	251,988	385,413
	840,094	740,960	2,681,739	2,441,719
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	38,627	41,755	220,057	214,605
Net gain on disposal of financial investments available-for-sale	185,365	238,529	822,398	609,757
Net gain/(loss) on redemption of financial investments held-to-maturity	-	65	(1)	16,553
Net gain from sale of subsidiary company	-	322	-	8,670
Net gain on disposal of associates	-	74	-	8,955
	223,992	280,745	1,042,454	858,540
(c) Gross dividend from financial investments portfolio	24,019	27,143	81,096	72,351
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets at FVTPL	(256,441)	19,979	(343,002)	(6,810)
Derivatives	(249,541)	67,092	(463,051)	119,949
	(505,982)	87,071	(806,053)	113,139
(e) Other income:				
Foreign exchange gain, net	891,437	61,304	1,491,961	508,841
Rental income	12,598	9,793	27,091	31,253
Gain on disposal of property, plant and equipment	(866)	1,382	220	7,009
Gain on disposal of foreclosed properties	6,677	64	8,983	461
Sale of development properties	901	1,845	2,357	16,223
Others	45,830	80,135	172,145	246,464
	956,577	154,523	1,702,757	810,251
Total non-interest income	1,538,700	1,290,442	4,701,993	4,296,000

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A20. Non-Interest Income (cont'd.)

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
(a) Fee income:				
Commission	215,792	169,485	610,808	525,793
Service charges and fees	251,783	231,795	724,602	724,546
Underwriting fees	16,151	9,637	42,910	41,085
Brokerage income	10	1,028	93	1,177
Fees on loans, advances and financing	29,993	30,822	97,599	132,835
	513,729	442,767	1,476,012	1,425,436
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	25,691	30,092	124,727	65,059
Net gain on disposal of financial investments available-for-sale	49,273	196,858	290,910	328,811
Net gain/(loss) on redemption of investments held-to-maturity	-	65	(1)	16,553
Net gain on disposal of subsidiary	-	-	700	-
Net gain on liquidation of associate	24,667	-	24,667	-
	99,631	227,015	441,003	410,423
(c) Gross dividend income from:				
Financial investments portfolio	929	801	7,409	6,686
Subsidiaries	214,702	-	454,334	252,941
Associates	1,349	-	9,641	6,452
	216,980	801	471,384	266,079
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL	2,224	(1,141)	(22,895)	16,668
Derivatives	(251,633)	62,986	(461,679)	82,996
	(249,409)	61,845	(484,574)	99,664
(e) Other income:				
Foreign exchange gain, net	822,218	19,189	1,380,487	394,873
Rental income	6,242	5,912	17,142	17,326
Gain on disposal of property, plant and equipment	(804)	381	(1,025)	4,862
Gain on disposal of foreclosed properties	-	85	-	85
Others	396	11,764	33,252	49,944
	828,052	37,331	1,429,856	467,090
Total non-interest income	1,408,983	769,759	3,333,681	2,668,692

A21. Overhead Expenses

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 (Restated) RM'000	30 September 2013 RM'000	30 September 2012 (Restated) RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	913,126	945,063	2,792,415	2,735,048
Pension costs - defined contribution plan	100,910	103,937	319,234	304,935
ESS expenses	29,881	19,008	79,600	79,065
Other staff related expenses	181,010	154,286	530,373	453,980
	1,224,927	1,222,294	3,721,622	3,573,028

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A21. Overhead Expenses (cont'd.)

Group (cont'd.)	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
(b) Establishment costs				
Depreciation of property, plant and equipment	68,116	56,631	198,446	165,072
Amortisation of intangible assets	46,256	36,285	141,788	113,734
Rental of leasehold land and premises	66,263	69,818	185,639	182,601
Repairs and maintenance of property, plant and equipment	41,475	29,848	113,333	98,757
Information technology expenses	188,677	137,707	485,588	408,065
Others	8,399	2,901	20,031	15,574
	419,186	333,190	1,144,825	983,803
(c) Marketing expenses				
Advertisement and publicity	196,854	194,036	627,938	569,046
Others	63,206	38,363	155,695	111,387
	260,060	232,399	783,633	680,433
(d) Administration and general expenses				
Fees and brokerage	157,853	138,967	456,827	405,451
Administrative expenses	146,955	165,924	488,757	488,192
General expenses	86,510	145,918	314,071	431,400
Cost of development property	554	1,364	1,505	10,722
Others	9,087	1,333	17,073	(15,893)
	400,959	453,506	1,278,233	1,319,872
Total overhead expenses	2,305,132	2,241,389	6,928,313	6,557,136
Cost to income ratio ("CIR") ¹	46.6%	51.3%	48.4%	50.3%

¹ Cost to income ratio ("CIR") is computed using the total cost over the net income and after incorporating the effect of change in presentation of "Net income from insurance and takaful business" in the income statement. Total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for PT Bank Internasional Indonesia Tbk and Maybank Kim Eng Holdings Limited. Income is referring to net income amount, as stated on the face of income statement.

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	541,252	622,530	1,704,193	1,733,575
Pension costs - defined contribution plan	76,432	85,455	246,480	248,652
ESS expenses	24,126	11,767	62,996	62,614
Other staff related expenses	82,394	86,141	249,960	268,725
	724,204	805,893	2,263,629	2,313,566
(b) Establishment costs				
Depreciation of property, plant and equipment	34,703	29,566	101,908	87,283
Amortisation of computer software	22,467	10,328	67,397	31,620
Rental of leasehold land and premises	27,810	30,224	78,466	77,300
Repairs and maintenance of property, plant and equipment	19,511	15,448	52,249	46,275
Information technology expenses	209,990	116,462	443,165	329,128
Others	1,495	1,501	4,200	4,668
	315,976	203,529	747,385	576,274

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A21. Overhead Expenses (cont'd.)

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Bank (cont'd.)	RM'000	RM'000	RM'000	RM'000
(c) Marketing expenses				
Advertisement and publicity	47,020	35,852	153,636	129,959
Others	54,304	32,549	131,614	92,212
	101,324	68,401	285,250	222,171
(d) Administration and general expenses				
Fees and brokerage	105,413	101,559	327,106	318,289
Administrative expenses	57,925	60,860	180,243	174,071
General expenses	30,944	38,286	115,129	110,071
Others	4,098	2,332	11,153	3,894
	198,380	203,037	633,631	606,325
(e) Overhead expenses allocated to subsidiaries	(202,698)	(132,538)	(587,803)	(418,848)
Total overhead expenses	1,137,186	1,148,322	3,342,092	3,299,488
Cost to income ratio ("CIR")²	36.8%	49.0%	40.6%	45.3%

² Cost to income ratio ("CIR") is computed using the total cost over the net income. Income is referring to net income amount, as stated on the face of income statement.

A22. Allowances for Impairment Losses on Loans, Advances and Financing, net

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
Group	RM'000	RM'000	RM'000	RM'000
Allowances for loans, advances and financing:				
- collective allowance made	321,264	91,882	789,164	584,364
- individual allowance made	137,945	218,079	665,292	791,226
- individual allowance written back	(28,266)	(84,854)	(128,460)	(365,239)
Bad debts and financing written off	27,977	28,521	81,919	84,941
Bad debts and financing recovered	(196,572)	(169,059)	(612,758)	(613,550)
Allowance for other debts	17,979	(7,983)	(1,883)	(19,629)
	280,327	76,586	793,274	462,113
Bank	RM'000	RM'000	RM'000	RM'000
Allowances for loans, advances and financing:				
- collective allowance made	218,039	(39,297)	553,092	256,350
- individual allowance made	110,932	178,901	538,685	637,978
- individual allowance written back	(44,109)	(49,630)	(103,732)	(310,630)
Bad debts and financing written off	24,623	25,477	71,610	79,115
Bad debts and financing recovered	(139,876)	(137,600)	(460,767)	(465,366)
Allowance for other debts	950	(865)	2,285	754
	170,559	(23,014)	601,173	198,201

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A23. Segment Information

By business segments

The Group determines and presents operating segments based on information provided to the Board and senior management of the Group.

The Group is organised into four (4) segments based on services and products available within the group as follows:

(a) Community Financial Services ("CFS")

(i) Consumer Banking

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

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

Small, Medium Enterprise banking comprises the full range of products and services offered to small and medium enterprises in Malaysia. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(iii) Business Banking

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

(b) Global Banking ("GB")

(i) Corporate Banking Malaysia

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

(ii) Global Markets Malaysia

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

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A23. Segment Information (cont'd.)

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

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

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

(c) Insurance, Takaful and Asset Management

Insurance, takaful and asset management comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses, asset and fund management, nominee and trustee services and custodian services.

(d) International banking

On the International front, the domestic CFS business is driven in-country whilst the wholesale banking for each country has a reporting line to the Global Banking ("GB"). For purpose of management information reporting, the GB performance is shown separately and comprises Corporate Banking and Global Markets in Malaysia as well as the investment banking business, whilst the International banking performance comprises both the wholesale banking and CFS banking outside of Malaysia for example, Singapore and Indonesia.

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A23. Segment Information (cont'd.)

By Business Segments

Nine Months Ended 30 September 2013	<===== Business Segments =====>							Total RM'000
	<===== GB =====>							
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
Net interest income and Islamic banking income								
- External	4,292,582	1,223,904	611,336	152,454	2,730,733	647,442	(485,259)	9,173,192
- Inter-segment	-	-	-	(40)	(20,528)	31,768	(11,200)	-
	4,292,582	1,223,904	611,336	152,414	2,710,205	679,210	(496,459)	9,173,192
Net interest income and Islamic banking income	4,292,582	1,223,904	611,336	152,414	2,710,205	679,210	(496,459)	9,173,192
Net income from insurance and takaful business	-	-	-	-	-	321,505	-	321,505
Non-interest income	1,108,693	450,671	642,127	892,711	1,305,379	425,078	(122,666)	4,701,993
Net income	5,401,275	1,674,575	1,253,463	1,045,125	4,015,584	1,425,793	(619,125)	14,196,690
Overhead expenses	(2,716,401)	(291,734)	(173,368)	(776,672)	(2,141,464)	(828,674)	-	(6,928,313)
Operating profit before impairment losses	2,684,874	1,382,841	1,080,095	268,453	1,874,120	597,119	(619,125)	7,268,377
Allowance for impairment losses on loans, advances and financing, net	(474,910)	(192,016)	-	1,172	(137,203)	9,683	-	(793,274)
Impairment losses on financial investments, net	-	-	29,449	(14,502)	(29,916)	(13,742)	-	(28,711)
Operating profit	2,209,964	1,190,825	1,109,544	255,123	1,707,001	593,060	(619,125)	6,446,392
Share of profits in associates	-	-	-	795	120,335	473	-	121,603
Profit before taxation and zakat	2,209,964	1,190,825	1,109,544	255,918	1,827,336	593,533	(619,125)	6,567,995
Taxation and zakat								(1,592,973)
Profit after taxation and zakat								4,975,022
Non-controlling interests								(154,731)
Profit for the period								4,820,291
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(71,362)	(5,917)	(4,015)	(32,722)	(73,605)	(10,825)	-	(198,446)
Amortisation of intangible assets	(42,444)	(8,495)	(5,281)	(30,243)	(42,092)	(13,233)	-	(141,788)

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A23. Segment Information (cont'd.)

By Business Segments (cont'd.)

Nine Months Ended 30 September 2012	<----- Business Segments ----->							Total RM'000
	<----- GB ----->							
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
Net interest income and Islamic banking income								
- External	3,884,137	1,044,980	549,897	273,657	2,618,865	629,181	(477,578)	8,523,139
- Inter-segment	-	-	-	(935)	(20,961)	17,223	4,673	-
	<u>3,884,137</u>	<u>1,044,980</u>	<u>549,897</u>	<u>272,722</u>	<u>2,597,904</u>	<u>646,404</u>	<u>(472,905)</u>	<u>8,523,139</u>
Net interest income and Islamic banking income	3,884,137	1,044,980	549,897	272,722	2,597,904	646,404	(472,905)	8,523,139
Net income from insurance and takaful business	-	-	-	-	-	98,393	-	98,393
Non-interest income	1,093,252	501,257	758,927	727,174	1,317,177	545,583	(647,370)	4,296,000
Net income	<u>4,977,389</u>	<u>1,546,237</u>	<u>1,308,824</u>	<u>999,896</u>	<u>3,915,081</u>	<u>1,290,380</u>	<u>(1,120,275)</u>	<u>12,917,532</u>
Overhead expenses	(2,652,419)	(281,410)	(175,649)	(685,509)	(1,918,008)	(844,141)	-	(6,557,136)
Operating profit before impairment losses	<u>2,324,970</u>	<u>1,264,827</u>	<u>1,133,175</u>	<u>314,387</u>	<u>1,997,073</u>	<u>446,239</u>	<u>(1,120,275)</u>	<u>6,360,396</u>
Allowance for impairment losses on loans, advances and financing, net	(166,971)	39,107	-	4,601	(359,472)	20,622	-	(462,113)
Impairment losses on financial investments, net	-	-	(3,566)	(1,214)	(34,952)	(30,418)	-	(70,150)
Operating profit	<u>2,157,999</u>	<u>1,303,934</u>	<u>1,129,609</u>	<u>317,774</u>	<u>1,602,649</u>	<u>436,443</u>	<u>(1,120,275)</u>	<u>5,828,133</u>
Share of profits in associates	-	-	-	1,475	116,533	410	-	118,418
Profit before taxation and zakat	<u>2,157,999</u>	<u>1,303,934</u>	<u>1,129,609</u>	<u>319,249</u>	<u>1,719,182</u>	<u>436,853</u>	<u>(1,120,275)</u>	<u>5,946,551</u>
Taxation and zakat								(1,565,728)
Profit after taxation and zakat								<u>4,380,823</u>
Non-controlling interests								(94,794)
Profit for the period								<u>4,286,029</u>
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(62,579)	(4,805)	(1,954)	(28,913)	(60,400)	(6,421)	-	(165,072)
Amortisation of intangible assets	(18,019)	(3,750)	(3,379)	(33,323)	(44,239)	(11,024)	-	(113,734)

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A24. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the financial year ended 31 December 2012.

A25. Subsequent Events

There were no material events subsequent to the reporting date, other than as disclosed in Note B6.

A26. Changes in the Composition of the Group

The changes to the composition of the Group during the 3rd quarter and 9 months ended 30 September 2013 are as follows:

- (i) (a) **Proposed acquisition of 858,499 ordinary shares of Saudi Riyal ("SAR") 10 each in Anfaal Capital ("Anfaal") by Maybank Investment Bank Berhad ("Maybank IB"), a wholly-owned subsidiary of Maybank, representing 17.17% of the ordinary share capital of Anfaal; and**
- (b) **Proposed assignment of the subordinated loan of SAR2,070,000 from Al Numu Real Estate Company ("Al Numu") to Maybank IB**

[(a) and (b) collectively referred to as the "Proposals"]

Maybank had on 19 September 2013 announced that all the conditions precedent in the Share Purchase Agreement ("SPA") in relation to the Proposals had been fulfilled. As such, the Proposals have been completed on 30 September 2013, being the completion date agreed upon between Maybank IB, Al Numu and Anfaal in accordance with the terms of the SPA.

Further details of the acquisition are disclosed in Note B6.

(ii) Acquisition of PT GMT Aset Manajemen

Maybank had on 26 August 2013 announced that Maybank Asset Management Sdn Bhd ("MAM"), a wholly owned subsidiary of Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad) ("MAMG") has on even date, completed the acquisition of 31,680 ordinary shares of PT GMT Aset Manajemen ("GMT") representing 99% of the issued and paid up share capital of GMT ("Acquisition"). MAMG is a wholly owned subsidiary of Maybank.

The Acquisition is not expected to have any material impact on the earnings, net assets and gearing of Maybank for the financial year ending 31 December 2013.

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A27. Commitments and Contingencies

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

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

Group	As at 30 September 2013			As at 31 December 2012		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
<u>Credit-related</u>						
Direct credit substitutes	11,047,724	10,718,464	6,982,971	9,835,215	9,330,230	5,923,432
Certain transaction-related contingent items	13,854,885	6,512,276	4,385,970	12,386,664	6,086,424	4,548,217
Short-term self-liquidating trade-related contingencies	5,686,756	1,245,252	918,651	4,149,665	968,455	702,003
Obligations under underwriting agreements	59,570	15,000	3,000	30,000	15,000	3,000
Irrevocable commitments to extend credit:						
- Maturity within one year	107,017,386	15,805,614	10,117,208	92,616,125	15,352,562	9,652,404
- Maturity exceeding one year	25,240,377	23,164,883	10,099,193	34,602,180	20,418,739	8,169,932
Miscellaneous commitments and contingencies	8,088,520	1,488,083	316,528	9,773,807	798,322	201,617
Total credit-related commitments and contingencies	170,995,218	58,949,572	32,823,521	163,393,656	52,969,732	29,200,605
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	159,115,769	3,737,010	969,216	95,679,030	1,897,261	520,511
- One year to less than five years	17,782,508	2,794,346	957,952	18,646,950	3,391,757	1,444,007
- Five years and above	2,456,839	16,046	11,816	1,780,543	1,780,543	891,778
	179,355,116	6,547,402	1,938,984	116,106,523	7,069,561	2,856,296
Interest rate related contracts:						
- Less than one year	21,966,290	789,751	271,589	19,401,506	550,359	199,287
- One year to less than five years	77,032,485	2,999,546	1,091,903	63,714,009	1,824,999	569,365
- Five years and above	25,182,069	2,082,864	697,339	16,401,202	9,974	2,286
	124,180,844	5,872,161	2,060,831	99,516,717	2,385,332	770,938
Equity and commodity related contracts:						
- Less than one year	389,989	8,495	3,869	260,907	-	-
- One year to less than five years	941,205	-	-	365,646	-	-
- Five years and above	41,576	-	-	30,198	-	-
	1,372,770	8,495	3,869	656,751	-	-
Credit related contracts:						
- Five years and above	9,794	-	-	21,388	-	-
Total treasury-related commitments and contingencies	304,918,524	12,428,058	4,003,684	216,301,379	9,454,893	3,627,234
Total commitments and contingencies	475,913,742	71,377,630	36,827,205	379,695,035	62,424,625	32,827,839

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A27. Commitments and Contingencies (cont'd.)

Bank	As at 30 September 2013			As at 31 December 2012		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
<u>Credit-related</u>						
Direct credit substitutes	8,985,034	8,958,655	5,196,765	7,442,874	7,442,874	4,459,633
Certain transaction-related contingent items	11,899,306	5,591,546	3,494,714	10,752,852	5,156,128	3,749,803
Short-term self-liquidating trade-related contingencies	5,246,753	1,053,984	727,140	3,775,633	652,838	390,388
Irrevocable commitments to extend credit:						
- Maturity within one year	87,006,715	13,198,991	8,209,589	74,529,072	12,760,456	7,776,780
- Maturity exceeding one year	19,005,081	18,934,393	8,305,311	29,371,486	16,843,478	6,482,755
Miscellaneous commitments and contingencies	7,938,530	1,280,700	182,514	9,616,211	613,053	149,236
Total credit-related commitments and contingencies	140,081,419	49,018,269	26,116,033	135,488,128	43,468,827	23,008,595
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	152,037,780	3,574,589	913,701	90,499,688	1,842,737	501,780
- One year to less than five years	16,959,473	2,794,346	957,952	17,371,300	3,289,005	1,354,451
- Five years and above	2,456,836	16,046	11,816	1,780,543	1,780,543	890,710
	171,454,089	6,384,981	1,883,469	109,651,531	6,912,285	2,746,941
Interest rate related contracts:						
- Less than one year	21,006,653	657,986	240,304	18,785,656	510,253	188,501
- One year to less than five years	74,058,310	2,707,933	856,663	58,128,406	1,589,845	393,724
- Five years and above	22,243,375	2,081,231	696,523	16,340,036	9,974	2,286
	117,308,338	5,447,150	1,793,490	93,254,098	2,110,072	584,511
Equity and commodity related contracts:						
- Less than one year	329,054	8,495	3,869	260,907	-	-
- One year to less than five years	149,758	-	-	144,716	-	-
	478,812	8,495	3,869	405,623	-	-
Total treasury-related commitments and contingencies	289,241,239	11,840,626	3,680,828	203,311,252	9,022,357	3,331,452
Total commitments and contingencies	429,322,658	60,858,895	29,796,861	338,799,380	52,491,184	26,340,047

* The credit equivalent amount and the risk weighted amount are arrived at using credit conversion factors and risk weights respectively as specified by Bank Negara Malaysia.

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A27. Commitments and Contingencies (cont'd.)

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 30 September 2013, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM3,911.2 million (31 December 2012: RM2,880.5 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

- (ii) Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2013, the Group and the Bank have posted cash collateral of RM714.7 million (31 December 2012: RM321.0 million) on their derivative contracts.

- (iii) There have been no changes since the end of the previous financial year in respect of the following:

- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- (b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- (c) the related accounting policies.

A28. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 28 November 2012 released the updated guidelines for the computation of capital and capital adequacy ratios for conventional banks and Islamic banks in accordance with Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) respectively commencing from 1 January 2013 and subjected to transitional arrangements as set out in paragraphs 36.1 to 36.17 of the said frameworks.
- (ii) The minimum regulatory capital adequacy ratios are set out as follows:

Calendar Year	Common Equity Tier I (CET1) Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015 onwards	4.5%	6.0%	8.0%

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A28. Capital Adequacy (cont'd.)

(a) Capital Adequacy Framework (cont'd.)

- (iii) Total risk-weighted assets ("RWA") shall be calculated as the sum of credit RWA, market RWA, operational RWA, and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 28 November 2012 for conventional banks and Islamic banks respectively.

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

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

(b) Compliance and Application of Capital Adequacy Ratios

On 29 June 2010, the Bank and its subsidiary, Maybank Islamic Berhad ("MIB") have received approval from BNM to migrate to Internal Ratings-Based ("IRB") approach for credit risk under BNM's Risk Weighted Capital Adequacy Framework (Basel II) ("RWCAF") from 1 July 2010 onwards.

- (a) The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012. For MIB, on a standalone basis, the computation of capital is based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 28 November 2012. The total risk weighted assets are computed based on the following approaches:
- (i) Credit risk under IRB Approach
 - (ii) Market risk under Standardised Approach
 - (iii) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirement is 8% of total risk weighted assets.

- (b) Maybank Investment Bank Berhad's ratio, on a standalone basis, is computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012. The total risk weighted assets are computed based on Standardised Approach for credit risk and market risk and Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8% of total risk weighted assets.
- (c) PT Bank Internasional Indonesia Tbk's ratio, on a standalone basis, is computed in accordance with Bank Indonesia's requirements, which is based on Standardised Approach for credit risk and market risk and Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8% of total risk weighted assets.

Capital adequacy disclosures relating to dates prior to 1 January 2013 are calculated in accordance with the then prevailing RWCAF and are thus not directly comparable to those pertaining to dates from 1 January 2013 which are calculated in accordance with Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

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A28. Capital Adequacy (cont'd.)

(c) The capital adequacy ratios of the Group and the Bank as at the following dates:

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

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

In addition, the cash portion of the declared dividend will be deducted in the calculation of CET1.

For the financial half year ended 30 June 2013, the Bank has declared a single-tier interim dividend of 22.5 sen, which consists of a cash portion of 6.5 sen and an electable portion of 16.0 sen per ordinary share of RM1.00 each. The electable portion can be elected to be reinvested in new ordinary shares in accordance with the DRP.

In arriving the capital adequacy ratios for the 3rd quarter ended 30 September 2013, the cash portion and a portion of the electable portion of declared dividend have been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
CET1 capital ratio	10.734%	-	15.716%	-
Tier 1 capital ratio	12.585%	-	15.716%	-
Total capital ratio	15.203%	-	15.716%	-
Before deducting proposed dividend:				
Core capital ratio	-	13.66%	-	17.43%
Risk-weighted capital ratio	-	17.47%	-	17.43%
After deducting proposed dividend:				
Core capital ratio:				
- full electable portion paid in cash	-	12.81%	-	16.27%
- full electable portion reinvested	-	13.54%	-	17.27%
Risk-weighted capital ratio:				
- full electable portion paid in cash	-	16.62%	-	16.27%
- full electable portion reinvested	-	17.35%	-	17.27%

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A28. Capital Adequacy (cont'd.)

(d) Components of Tier 1 and Tier 2 capital:

<u>At 30 September 2013</u>	Group RM '000	Bank RM '000
Paid-up share capital	8,726,070	8,726,070
Share premium	17,914,365	17,914,365
Retained profits	7,368,615	2,942,780
Other reserves	6,318,324	9,227,521
Qualifying non-controlling interests	69,922	-
Less: Shares-held-in-trust	<u>(105,282)</u>	<u>(105,282)</u>
CET1 capital before regulatory adjustments	40,292,014	38,705,454
Less: Other regulatory adjustments	(7,797,459)	(1,705,482)
Regulatory adjustments due to insufficient additional Tier 1 and Tier 2 capital	-	<u>(2,627,678)</u>
Total CET1 capital	32,494,555	34,372,294
Capital securities	5,490,972	5,490,972
Qualifying CET1 and additional Tier 1 capital instruments held by third parties	112,709	-
Less: Regulatory adjustment due to insufficient Tier 2 capital	-	<u>(5,490,972)</u>
Total Tier 1 capital	38,098,236	34,372,294
Subordinated obligations	10,307,769	10,307,769
Qualifying CET1, additional Tier 1 and Tier 2 capital instruments held by third parties	18,676	-
Collective allowance ¹	384,372	469,003
Less: Regulatory adjustment not deducted from CET1 capital or additional Tier 1 capital provided under the transitional arrangements	<u>(2,785,773)</u>	<u>(10,776,772)</u>
Total Tier 2 capital	7,925,044	-
Total Capital	46,023,280	34,372,294

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A28. Capital Adequacy (cont'd.)

(d) Components of Tier 1 and Tier 2 capital (cont.d):

<u>At 31 December 2012</u>	Group RM '000	Bank RM '000
Eligible Tier 1 capital		
Paid-up share capital	8,440,046	8,440,046
Share premium	15,639,646	15,639,646
Other reserves	15,354,878	13,139,299
Capital securities	6,093,421	6,093,421
Less: Shares held-in-trust	(102,405)	(102,405)
Total Tier 1 capital	<u>45,425,586</u>	<u>43,210,007</u>
Less: Deferred tax assets	(1,281,136)	(810,015)
Goodwill	(5,588,553)	(81,015)
Deductions in excess of Tier 2 capital	-	(6,299,127)
Total Eligible Tier 1 capital	<u>38,555,897</u>	<u>36,019,850</u>
Eligible Tier 2 capital		
Subordinated obligations	13,394,620	11,546,020
Collective allowance ¹	728,806	294,552
Surplus of total expected loss over total eligible provision	(664,291)	(267,512)
Total Tier 2 capital (subject to limits)	<u>13,459,135</u>	<u>11,573,060</u>
Less: Investment in subsidiaries and associates ²	<u>(2,709,503)</u>	<u>(17,872,187)</u>
Total deductions	<u>(2,709,503)</u>	<u>(17,872,187)</u>
Total deductions from Tier 2 capital	<u>(2,709,503)</u>	<u>(11,573,060)</u>
Total Eligible Tier 2 capital	<u>10,749,632</u>	<u>-</u>
Capital base	<u>49,305,529</u>	<u>36,019,850</u>

¹ Excluding collective allowance on impaired loans, advances and financing.

² Excludes the cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000 and (iii) Mayban Agro Fund Sdn Bhd of RM11,041,000, as its assets are included in the Bank's risk-weighted assets. For the Group, the cost of investment in insurance companies and associates are deducted from capital base.

The capital adequacy ratios of the Group consist of total capital/capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance entities and associates.

The capital adequacy ratios of the Bank consist of total capital/capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary, Maybank International (L) Ltd., excluding the cost of investment in subsidiaries and associates (except for Myfin Berhad, Maybank International (L) Ltd. and Mayban Agro Fund Sdn Bhd as disclosed above).

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A28. Capital Adequacy (cont'd.)

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Internasional Indonesia Tbk
<u>At 30 September 2013</u>			
CET1 capital ratio	9.544%	28.297%	-
Tier 1 capital ratio	9.544%	28.297%	-
Total capital ratio	<u>11.805%</u>	<u>28.297%</u>	<u>13.684%</u>
<u>At 31 December 2012</u>			
Before deducting proposed dividends*:			
Core capital ratio	10.83%	40.30%	-
Risk-weighted capital ratio	<u>12.59%</u>	<u>40.30%</u>	<u>12.83%</u>
After deducting proposed dividends:			
Core capital ratio	10.83%	30.10%	-
Risk-weighted capital ratio	<u>12.59%</u>	<u>30.10%</u>	<u>12.83%</u>

* In arriving at the capital adequacy ratio calculations of banking subsidiaries of the Group, the proposed dividend for respective financial year were not deducted.

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A28. Capital Adequacy (cont'd.)

(f) The breakdown of assets and credit equivalent values (including Off-Balance Sheet items) according to risk-weights is as follows:

At 30 September 2013

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
Standardised Approach exposure	46,179,955	20,513,831	3,193,121	363,616	25,455,374
Internal Ratings-Based Approach exposure after scaling factor	218,163,693	172,667,333	39,537,264	-	-
Total risk-weighted assets for credit risk	264,343,648	193,181,164	42,730,385	363,616	25,455,374
Total risk-weighted assets for credit risk absorbed by Malayan Banking Berhad*	-	-	(1,431,324)	-	-
Total risk-weighted assets for market risk	8,053,927	6,255,830	840,480	591,550	321,472
Total risk-weighted assets for operational risk	30,318,586	19,275,075	3,478,959	929,363	3,346,793
Total risk-weighted assets	302,716,161	218,712,069	45,618,500	1,884,529	29,123,639

At 31 December 2012

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
Standardised Approach exposure	60,849,458	27,460,623	2,411,358	813,260	24,835,685
Internal Ratings-Based Approach exposure after scaling factor	184,779,754	154,769,118	32,563,904	-	-
Total risk-weighted assets for credit risk	245,629,212	182,229,741	34,975,262	813,260	24,835,685
Total risk-weighted assets for credit risk absorbed by Malayan Banking Berhad*	-	-	(127,317)	-	-
Total risk-weighted assets for market risk	8,913,850	6,200,948	747,905	200,322	637,943
Total risk-weighted assets for operational risk	27,685,920	18,180,446	2,959,425	716,690	3,282,868
Additional risk-weighted assets due to capital floor	-	-	968,148	-	-
Total risk-weighted assets	282,228,982	206,611,135	39,523,423	1,730,272	28,756,496

* In accordance with BNM's guideline on the recognition and measurement of Restricted Profit Sharing Investment Account ("RPSIA") as Risk Absorbent, the credit risk on the assets funded by the RPSIA are excluded from the capital adequacy ratios calculation.

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A29. Derivative Financial Instruments

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

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

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
<u>At 30 September 2013</u>	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange related contracts</u>						
Currency forward						
- Less than one year	28,826,309	380,532	(205,711)	25,636,286	306,687	(183,731)
- One year to three years	360,701	5,326	(14,650)	360,701	5,326	(14,650)
- More than three years	280,371	5,235	(9,562)	280,371	5,235	(9,562)
	<u>29,467,381</u>	<u>391,093</u>	<u>(229,923)</u>	<u>26,277,358</u>	<u>317,248</u>	<u>(207,943)</u>
Currency swaps						
- Less than one year	103,574,823	1,565,744	(1,412,631)	99,927,662	1,566,856	(1,313,722)
- One year to three years	347,890	5,327	(42)	329,918	5,303	(42)
- More than three years	197,684	10,229	-	197,684	10,229	-
	<u>104,120,397</u>	<u>1,581,300</u>	<u>(1,412,673)</u>	<u>100,455,264</u>	<u>1,582,388</u>	<u>(1,313,764)</u>
Currency spots						
- Less than one year	17,224,654	34,867	(22,275)	17,147,390	35,138	(22,367)
	<u>17,224,654</u>	<u>34,867</u>	<u>(22,275)</u>	<u>17,147,390</u>	<u>35,138</u>	<u>(22,367)</u>
Currency options						
- Less than one year	5,584,084	23,785	(14,281)	5,584,084	23,785	(14,281)
	<u>5,584,084</u>	<u>23,785</u>	<u>(14,281)</u>	<u>5,584,084</u>	<u>23,785</u>	<u>(14,281)</u>
Cross currency interest rate swaps						
- Less than one year	3,135,404	127,172	(136,313)	2,971,863	51,317	(103,405)
- One year to three years	9,387,379	877,154	(263,153)	8,835,024	911,534	(217,634)
- More than three years	6,657,187	140,113	(173,503)	6,657,187	140,113	(173,503)
	<u>19,179,970</u>	<u>1,144,439</u>	<u>(572,969)</u>	<u>18,464,074</u>	<u>1,102,964</u>	<u>(494,542)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps						
- Less than one year	14,928,868	28,742	(34,433)	14,819,231	31,260	(34,433)
- One year to three years	60,184,815	164,985	(241,716)	57,632,458	148,640	(231,203)
- More than three years	31,358,997	409,776	(540,172)	31,293,687	433,049	(552,686)
	<u>106,472,680</u>	<u>603,503</u>	<u>(816,321)</u>	<u>103,745,376</u>	<u>612,949</u>	<u>(818,322)</u>
Interest rate futures						
- Less than one year	4,013,461	312	-	4,013,461	312	-
- One year to three years	3,545,950	-	(147)	3,545,950	-	(147)
	<u>7,559,411</u>	<u>312</u>	<u>(147)</u>	<u>7,559,411</u>	<u>312</u>	<u>(147)</u>
Interest rate options						
- Less than one year	979,400	1,930	(228)	979,400	1,930	(228)
- One year to three years	1,499,000	1,620	(8,864)	1,499,000	1,620	(8,864)
- More than three years	2,038,207	353	(291,379)	1,463,207	353	(202,965)
	<u>4,516,607</u>	<u>3,903</u>	<u>(300,471)</u>	<u>3,941,607</u>	<u>3,903</u>	<u>(212,057)</u>

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 30 September 2013 (cont'd.)	Assets Amount RM'000	Liabilities Amount RM'000		Assets Amount RM'000	Liabilities Amount RM'000	
Trading derivatives (cont'd.)						
<u>Equity related derivatives</u>						
Index futures						
- More than three years	41,577	4,684	-	-	-	-
Equity options						
- Less than one year	108,956	4,151	(22,401)	48,021	4,151	(4,151)
- One year to three years	272,592	16,143	(6,212)	102,015	6,212	(6,212)
- More than three years	399,940	3,416	(217)	-	-	-
	781,488	23,710	(28,830)	150,036	10,363	(10,363)
Commodity options						
- Less than one year	39,174	29	(29)	39,174	29	(29)
- One year to three years	257,074	2,155	(2,151)	36,145	2,151	(2,151)
	296,248	2,184	(2,180)	75,319	2,180	(2,180)
Commodity swaps						
- Less than one year	241,859	1,840	(1,807)	241,859	1,840	(1,807)
- One year to three years	11,599	71	(60)	11,599	71	(60)
	253,458	1,911	(1,867)	253,458	1,911	(1,867)
<u>Credit-related contract</u>						
Credit Default Swaps						
- More than three years	9,794	16	-	-	-	-
Hedging derivatives						
<u>Interest rate related contracts</u>						
Interest rate swaps						
- Less than one year	2,044,561	5,211	(54,799)	1,194,561	5,211	(54,712)
- One year to three years	1,006,197	116	(23,669)	584,378	-	(23,023)
- More than three years	2,581,383	13,765	(29)	283,000	(974)	4,292
	5,632,141	19,092	(78,497)	2,061,939	4,237	(73,443)
<u>Foreign exchange related contract</u>						
Cross currency interest rate swaps						
- Less than one year	770,495	23,851	(26,626)	770,495	23,851	(26,626)
- One year to three years	2,055,841	48,871	(84,304)	1,803,130	15,616	(84,304)
- More than three years	952,298	3,716	(62,118)	952,298	3,716	(62,118)
	3,778,634	76,438	(173,048)	3,525,923	43,183	(173,048)
Total derivative assets / (liabilities)	304,918,524	3,911,237	(3,653,482)	289,241,239	3,740,561	(3,344,324)

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 31 December 2012	Assets Amount RM'000	Liabilities Amount RM'000		Assets Amount RM'000	Liabilities Amount RM'000	
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forward						
- Less than one year	17,931,505	55,353	(121,763)	15,004,518	50,619	(102,114)
- One year to three years	307,943	4,128	(3,954)	307,943	4,128	(3,954)
- More than three years	236,062	2,322	(1,248)	236,062	2,322	(1,248)
	<u>18,475,510</u>	<u>61,803</u>	<u>(126,965)</u>	<u>15,548,523</u>	<u>57,069</u>	<u>(107,316)</u>
Currency swaps						
- Less than one year	64,567,969	961,146	(759,016)	62,457,833	953,162	(763,205)
- One year to three years	342,969	6,887	(7,283)	319,497	6,704	(7,283)
- More than three years	219,423	1,770	(2,044)	219,423	1,770	(2,044)
	<u>65,130,361</u>	<u>969,803</u>	<u>(768,343)</u>	<u>62,996,753</u>	<u>961,636</u>	<u>(772,532)</u>
Currency spots						
- Less than one year	6,340,973	979	(2,355)	6,340,973	979	(2,360)
Currency options						
- Less than one year	2,984,579	8,617	(5,668)	2,984,579	8,617	(5,668)
Cross currency interest rate swaps						
- Less than one year	2,174,209	86,411	(13,332)	2,031,990	61,234	-
- One year to three years	9,119,061	277,161	(147,441)	8,426,014	255,495	(123,314)
- More than three years	7,108,208	456,930	(38,661)	6,807,708	456,930	(38,661)
	<u>18,401,478</u>	<u>820,502</u>	<u>(199,434)</u>	<u>17,265,712</u>	<u>773,659</u>	<u>(161,975)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps						
- Less than one year	14,669,864	54,680	(24,895)	14,654,014	51,680	(38,980)
- One year to three years	27,815,331	127,052	(150,011)	26,207,026	127,787	(145,252)
- More than three years	44,295,713	514,800	(731,117)	44,164,209	544,443	(732,653)
	<u>86,780,908</u>	<u>696,532</u>	<u>(906,023)</u>	<u>85,025,249</u>	<u>723,910</u>	<u>(916,885)</u>
Interest rate futures						
- Less than one year	1,217,263	2	-	1,217,263	2	-
- One year to three years	764,613	1	-	764,613	1	-
	<u>1,981,876</u>	<u>3</u>	<u>-</u>	<u>1,981,876</u>	<u>3</u>	<u>-</u>
Interest rate options						
- Less than one year	2,695,396	10,029	(499)	2,695,396	10,029	(499)
- One year to three years	375,270	1,400	(440)	375,270	1,400	(440)
- More than three years	1,651,417	4,395	(191,387)	1,251,417	4,395	(128,992)
	<u>4,722,083</u>	<u>15,824</u>	<u>(192,326)</u>	<u>4,322,083</u>	<u>15,824</u>	<u>(129,931)</u>

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 31 December 2012 (cont'd.)	Assets Amount RM'000	Liabilities Amount RM'000		Assets Amount RM'000	Liabilities Amount RM'000	
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures						
- More than three years	30,198	4,545	-	-	-	-
Equity options						
- Less than one year	222,813	582	(22,577)	222,813	548	-
- One year to three years	53,841	6,092	(6,779)	53,841	6,092	(6,779)
- More than three years	48,246	322	(322)	48,245	322	(322)
	<u>324,900</u>	<u>6,996</u>	<u>(29,678)</u>	<u>324,899</u>	<u>6,962</u>	<u>(7,101)</u>
Commodity options						
- One year to three years	263,559	3,121	(3,035)	42,630	3,035	(3,035)
Commodity swaps						
- Less than one year	38,094	590	(590)	38,094	590	(590)
<u>Credit-related contract</u>						
Credit default swaps						
- More than three years	21,388	-	(2,015)	-	-	-
Hedging derivatives						
<u>Interest rate related contracts</u>						
Interest rate swaps						
- Less than one year	818,983	-	(1,869)	218,983	-	(1,869)
- One year to three years	2,234,750	-	(80,089)	1,384,750	-	(80,089)
- More than three years	2,978,117	21,472	(25,882)	321,157	-	(21,560)
	<u>6,031,850</u>	<u>21,472</u>	<u>(107,840)</u>	<u>1,924,890</u>	<u>-</u>	<u>(103,518)</u>
<u>Foreign exchange related contract</u>						
Cross currency interest rate swaps						
- Less than one year	1,679,795	191,777	-	1,679,795	191,777	-
- One year to three years	2,179,835	71,600	(10,766)	1,921,203	61,758	(10,767)
- More than three years	913,992	6,328	(21,941)	913,993	6,329	(21,939)
	<u>4,773,622</u>	<u>269,705</u>	<u>(32,707)</u>	<u>4,514,991</u>	<u>259,864</u>	<u>(32,706)</u>
Total derivative assets / (liabilities)	<u>216,301,379</u>	<u>2,880,492</u>	<u>(2,376,979)</u>	<u>203,311,252</u>	<u>2,812,148</u>	<u>(2,243,617)</u>

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A30. Fair Value of Financial Instruments

Fair value hierarchy

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

(a) Level 1: Quoted prices

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

(b) Level 2: Valuation techniques using observable inputs

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

(c) Level 3: Valuation techniques using significant unobservable inputs

Refers to financial instruments where fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Banks' own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

The following table shows the Group's and the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 September 2013 and 31 December 2012.

Group	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 30 September 2013				
Financial assets measured at fair value:				
Financial assets held-for-trading	1,303,551	4,205,427	400,913	5,909,891
Money market instruments	345,838	2,482,805	-	2,828,643
Non-money market instruments	957,713	1,722,622	400,913	3,081,248
Financial assets designated at fair value through profit or loss	-	11,859,579	343,449	12,203,028
Money market instruments	-	1,696,038	-	1,696,038
Non-money market instruments	-	10,163,541	343,449	10,506,990
Financial investments available-for-sale	21,687,881	62,268,084	651,083	84,607,048
Money market instruments	13,200,528	30,173,710	-	43,374,238
Non-money market instruments	8,487,353	32,094,374	651,083	41,232,810
Derivative assets	76	3,876,411	34,750	3,911,237
Foreign exchange related contracts	76	3,247,630	4,216	3,251,922
Interest rate related contracts	-	626,810	-	626,810
Equity related contracts	-	1,955	30,534	32,489
Credit related contracts	-	16	-	16
	22,991,508	82,209,501	1,430,195	106,631,204
Financial liabilities measured at fair value:				
Derivative liabilities	4,440	3,341,938	307,104	3,653,482
Foreign exchange related contracts	-	2,420,850	4,319	2,425,169
Interest rate related contracts	-	905,193	290,243	1,195,436
Equity related contracts	4,440	15,895	12,542	32,877

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A30. Fair Value of Financial Instruments (cont'd.)

Group	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2012				
Financial assets measured at fair value:				
Financial assets held-for-trading	5,464,675	10,985,444	269,692	16,719,811
Money market instruments	4,137,789	9,551,646	-	13,689,435
Non-money market instruments	1,326,886	1,433,798	269,692	3,030,376
Financial assets designated at fair value through profit or loss	90,807	12,117,527	228,547	12,436,881
Money market instruments	-	1,808,325	-	1,808,325
Non-money market instruments	90,807	10,309,202	228,547	10,628,556
Financial investments available-for-sale	20,955,786	39,051,749	784,839	60,792,374
Money market instruments	10,869,085	17,680,187	139,233	28,688,505
Non-money market instruments	10,086,701	21,371,562	645,606	32,103,869
Derivative assets	-	2,861,433	19,059	2,880,492
Foreign exchange related contracts	-	2,130,403	1,006	2,131,409
Interest rate related contracts	-	729,911	3,920	733,831
Equity related contracts	-	1,119	14,133	15,252
	26,511,268	65,016,153	1,302,137	92,829,558
Financial liabilities measured at fair value:				
Derivative liabilities	-	2,175,613	201,366	2,376,979
Foreign exchange related contracts	-	1,135,068	404	1,135,472
Interest rate related contracts	-	1,015,416	190,773	1,206,189
Equity related contracts	-	23,114	10,189	33,303
Credit related contracts	-	2,015	-	2,015

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A30. Fair Value of Financial Instruments (cont'd.)

Bank At 30 September 2013	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading	570,037	3,280,776	-	3,850,813
Money market instruments	257,141	2,224,519	-	2,481,660
Non-money market instruments	312,896	1,056,257	-	1,369,153
Financial investments available-for-sale	19,072,045	43,882,326	317,654	63,272,025
Money market instruments	12,957,860	19,277,263	-	32,235,123
Non-money market instruments	6,114,185	24,605,063	317,654	31,036,902
Derivative assets	76	3,723,776	16,709	3,740,561
Foreign exchange related contracts	76	3,100,463	4,167	3,104,706
Interest rate related contracts	-	621,401	-	621,401
Equity related contracts	-	1,912	12,542	14,454
	19,642,158	50,886,878	334,363	70,863,399

Financial liabilities measured at fair value:

Derivative liabilities	-	3,125,786	218,538	3,344,324
Foreign exchange related contracts	-	2,221,778	4,167	2,225,945
Interest rate related contracts	-	902,140	201,829	1,103,969
Equity related contracts	-	1,868	12,542	14,410

Bank At 31 December 2012	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading	474,388	10,245,549	-	10,719,937
Money market instruments	-	9,220,286	-	9,220,286
Non-money market instruments	474,388	1,025,263	-	1,499,651
Financial investments available-for-sale	17,066,506	29,836,767	463,036	47,366,309
Money market instruments	10,268,211	14,916,524	139,232	25,323,967
Non-money market instruments	6,798,295	14,920,243	323,804	22,042,342
Derivative assets	-	2,798,322	13,826	2,812,148
Foreign exchange related contracts	-	2,061,420	404	2,061,824
Interest rate related contracts	-	735,817	3,920	739,737
Equity related contracts	-	1,085	9,502	10,587
	17,540,894	42,880,638	476,862	60,898,394

Financial liabilities measured at fair value:

Derivative liabilities	-	2,104,645	138,972	2,243,617
Foreign exchange related contracts	-	1,082,153	404	1,082,557
Interest rate related contracts	-	1,021,955	128,379	1,150,334
Equity related contracts	-	537	10,189	10,726

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A30. Fair Value of Financial Instruments (cont'd.)

Valuation techniques

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

Derivatives

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

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

The fair values of financial assets and financial investments are determined by reference to prices quoted by independent data providers and independent broker quotations.

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A30. Fair Value of Financial Instruments (cont'd.)

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

Group	At 1 January 2013 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income	Purchases RM'000	Sales RM'000	Settlements RM'000	Transfer in to Level 3 RM'000	Transfer out of Level 3 RM'000	At 30 September 2013 RM'000
Financial assets held-for-trading										
Non-money market instruments	269,692	1,664	(370)	-	140,559	(10,632)	-	-	-	400,913
	<u>269,692</u>	<u>1,664</u>	<u>(370)</u>	<u>-</u>	<u>140,559</u>	<u>(10,632)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,913</u>
Financial assets designated at fair value through profit or loss										
Non-money market instruments	228,547	(3,528)	4,385	-	189,200	(75,155)	-	-	-	343,449
	<u>228,547</u>	<u>(3,528)</u>	<u>4,385</u>	<u>-</u>	<u>189,200</u>	<u>(75,155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,449</u>
Financial investments available-for-sale										
Money market instruments	139,233	-	-	-	-	-	-	-	(139,233)	-
Non-money market instruments	645,606	(571)	-	(34,249)	55,004	(14,291)	-	10,613	(11,029)	651,083
	<u>784,839</u>	<u>(571)</u>	<u>-</u>	<u>(34,249)</u>	<u>55,004</u>	<u>(14,291)</u>	<u>-</u>	<u>10,613</u>	<u>(150,262)</u>	<u>651,083</u>
Derivative assets										
Foreign exchange related contracts	1,006	(2,083)	(3,569)	-	9,519	(657)	-	-	-	4,216
Interest rate related contracts	3,920	4,077	(1,421)	-	210	(6,786)	-	-	-	-
Equity related contracts	14,133	-	(1,123)	-	17,524	-	-	-	-	30,534
	<u>19,059</u>	<u>1,994</u>	<u>(6,113)</u>	<u>-</u>	<u>27,253</u>	<u>(7,443)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,750</u>
Total Level 3 financial assets	<u>1,302,137</u>	<u>(441)</u>	<u>(2,098)</u>	<u>(34,249)</u>	<u>412,016</u>	<u>(107,521)</u>	<u>-</u>	<u>10,613</u>	<u>(150,262)</u>	<u>1,430,195</u>
Derivative liabilities										
Foreign exchange related contracts	(404)	1,326	3,621	-	(9,519)	657	-	-	-	(4,319)
Interest rate related contracts	(190,773)	(8,448)	17,170	-	(186,312)	78,120	-	-	-	(290,243)
Equity related contracts	(10,189)	-	399	-	(2,752)	-	-	-	-	(12,542)
Total Level 3 financial liabilities	<u>(201,366)</u>	<u>(7,122)</u>	<u>21,190</u>	<u>-</u>	<u>(198,583)</u>	<u>78,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(307,104)</u>
Total net Level 3 financial assets/ (liabilities)	<u>1,100,771</u>	<u>(7,563)</u>	<u>19,092</u>	<u>(34,249)</u>	<u>213,433</u>	<u>(28,744)</u>	<u>-</u>	<u>10,613</u>	<u>(150,262)</u>	<u>1,123,091</u>

* Included within 'Non-interest income'.

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A30. Fair Value of Financial Instruments (cont'd.)

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

Group	At 1 January 2012 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income	Purchases RM'000	Sales RM'000	Settlements RM'000	Transfer out of Level 3 RM'000	At 31 December 2012 RM'000
Financial assets held-for-trading									
Non-money market instruments	8,506	(4,430)	1,053	-	266,103	(1,540)	-	-	269,692
	8,506	(4,430)	1,053	-	266,103	(1,540)	-	-	269,692
Financial assets designated at fair value through profit or loss									
Non-money market instruments	254,183	(10)	7,935	-	50,000	(83,561)	-	-	228,547
	254,183	(10)	7,935	-	50,000	(83,561)	-	-	228,547
Financial investments available-for-sale									
Money market instruments	2,359,034	-	-	-	-	-	(43,584)	(2,176,217)	139,233
Non-money market instruments	1,171,384	31,754	-	14,459	17,866	(589,359)	(450)	(48)	645,606
	3,530,418	31,754	-	14,459	17,866	(589,359)	(44,034)	(2,176,265)	784,839
Derivative assets									
Foreign exchange related contracts	32,979	-	(31,973)	-	-	-	-	-	1,006
Interest rate related contracts	7,890	1	(3,248)	-	-	(723)	-	-	3,920
Equity related contracts	10,859	(16,415)	14,406	-	5,406	(123)	-	-	14,133
	51,728	(16,414)	(20,815)	-	5,406	(846)	-	-	19,059
Total Level 3 financial assets	3,844,835	10,900	(11,827)	14,459	339,375	(675,306)	(44,034)	(2,176,265)	1,302,137
Derivative liabilities									
Foreign exchange related contracts	-	-	(404)	-	-	-	-	-	(404)
Interest rate related contracts	(89,074)	(7,674)	5,780	-	(202,043)	102,238	-	-	(190,773)
Equity related contracts	(10,831)	-	642	-	-	-	-	-	(10,189)
Total Level 3 financial liabilities	(99,905)	(7,674)	6,018	-	(202,043)	102,238	-	-	(201,366)
Total net Level 3 financial assets/ (liabilities)	3,744,930	3,226	(5,809)	14,459	137,332	(573,068)	(44,034)	(2,176,265)	1,100,771

* Included within 'Non-interest income'.

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A30. Fair Value of Financial Instruments (cont'd.)

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

	At 1 January 2013 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income	Purchases RM'000	Sales RM'000	Settlements RM'000	Transfer out of Level 3 RM'000	At 30 September 2013 RM'000
Bank									
At 30 September 2013									
Financial investments available-for-sale									
Money market instruments	139,232	-	-	-	-	-	-	(139,232)	-
Non-money market instruments	323,804	(507)	-	-	4	(5,410)	-	(237)	317,654
	<u>463,036</u>	<u>(507)</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>(5,410)</u>	<u>-</u>	<u>(139,469)</u>	<u>317,654</u>
Derivative assets									
Foreign exchange related contracts	404	(1,325)	(3,774)	-	9,519	(657)	-	-	4,167
Interest rate related contracts	3,920	4,077	(1,421)	-	210	(6,786)	-	-	-
Equity related contracts	9,502	-	288	-	2,752	-	-	-	12,542
	<u>13,826</u>	<u>2,752</u>	<u>(4,907)</u>	<u>-</u>	<u>12,481</u>	<u>(7,443)</u>	<u>-</u>	<u>-</u>	<u>16,709</u>
Total Level 3 financial assets	<u>476,862</u>	<u>2,245</u>	<u>(4,907)</u>	<u>-</u>	<u>12,485</u>	<u>(12,853)</u>	<u>-</u>	<u>(139,469)</u>	<u>334,363</u>
Derivative liabilities									
Foreign exchange related contracts	(404)	1,325	3,774	-	(9,519)	657	-	-	(4,167)
Interest rate related contracts	(128,379)	(8,448)	12,233	-	(155,355)	78,120	-	-	(201,829)
Equity related contracts	(10,189)	-	399	-	(2,752)	-	-	-	(12,542)
Total Level 3 financial liabilities	<u>(138,972)</u>	<u>(7,123)</u>	<u>16,406</u>	<u>-</u>	<u>(167,626)</u>	<u>78,777</u>	<u>-</u>	<u>-</u>	<u>(218,538)</u>
Total net Level 3 financial assets/ (liabilities)	<u>337,890</u>	<u>(4,878)</u>	<u>11,499</u>	<u>-</u>	<u>(155,141)</u>	<u>65,924</u>	<u>-</u>	<u>(139,469)</u>	<u>115,825</u>

* Included within 'Non-interest income'.

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A30. Fair Value of Financial Instruments (cont'd.)

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

	At 1 January 2012 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income	Purchases RM'000	Sales RM'000	Settlements RM'000	Transfer out of Level 3 RM'000	At 31 December 2012 RM'000
Bank									
At 31 December 2012									
Financial investments available-for-sale									
Money market instruments	2,359,033	-	-	-	-	-	(43,584)	(2,176,217)	139,232
Non-money market instruments	847,265	(2,618)	-	(5,113)	17,867	(533,597)	-	-	323,804
	<u>3,206,298</u>	<u>(2,618)</u>	<u>-</u>	<u>(5,113)</u>	<u>17,867</u>	<u>(533,597)</u>	<u>(43,584)</u>	<u>(2,176,217)</u>	<u>463,036</u>
Derivative assets									
Foreign exchange related contracts	-	-	404	-	-	-	-	-	404
Interest rate related contracts	7,168	-	(3,248)	-	-	-	-	-	3,920
Equity related contracts	10,831	-	(1,329)	-	-	-	-	-	9,502
	<u>17,999</u>	<u>-</u>	<u>(4,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,826</u>
Total Level 3 financial assets	<u>3,224,297</u>	<u>(2,618)</u>	<u>(4,173)</u>	<u>(5,113)</u>	<u>17,867</u>	<u>(533,597)</u>	<u>(43,584)</u>	<u>(2,176,217)</u>	<u>476,862</u>
Derivative liabilities									
Foreign exchange related contracts	-	-	(404)	-	-	-	-	-	(404)
Interest rate related contracts	(48,193)	(7,674)	8,592	-	(115,713)	34,609	-	-	(128,379)
Equity related contracts	(10,831)	-	642	-	-	-	-	-	(10,189)
Total Level 3 financial liabilities	<u>(59,024)</u>	<u>(7,674)</u>	<u>8,830</u>	<u>-</u>	<u>(115,713)</u>	<u>34,609</u>	<u>-</u>	<u>-</u>	<u>(138,972)</u>
Total net Level 3 financial assets/ (liabilities)	<u>3,165,273</u>	<u>(10,292)</u>	<u>4,657</u>	<u>(5,113)</u>	<u>(97,846)</u>	<u>(498,988)</u>	<u>(43,584)</u>	<u>(2,176,217)</u>	<u>337,890</u>

* Included within 'Non-interest income'.

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A30. Fair Value of Financial Instruments (cont'd.)

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

There were no transfers between Level 1 and Level 2 for the Group and the Bank during the third quarter ended 30 September 2013.

Movements in Level 3 financial instruments measured at fair value

During the 9 months ended 30 September 2013, the Group transferred certain financial investments available-for-sale from Level 2 into Level 3 of the fair value hierarchy. The reason for the transfer is that inputs to the valuation models ceased to be observable. Prior to the transfer, the fair value of the instruments was determined using observable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant unobservable market inputs.

The Group has transferred certain financial investments available-for-sale out from Level 3 due to the market for some securities became more liquid, which led to a change in the method used to determine fair value. Prior to the transfer, the fair value of the instruments was determined using unobservable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant observable market inputs.

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures

(i) Adoption of MFRS 119 *Employee Benefits* (as amended by IASB in June 2011) ("Revised MFRS 119")

The adoption of the revised MFRS 119 affected the accounting treatment of certain items such as the timing of the recognition of certain gains and losses arising from defined benefit plans and the presentation of changes in defined benefit liability or asset. The key changes to the accounting policy and financial impact to the Group are as follows:

- Actuarial gains and losses (renamed as 'remeasurements') are recognised immediately in other comprehensive income, and are not subsequently recycled to the income statement. The corridor approach for accounting for unrecognised actuarial gain is removed.
- Past service costs, whether unvested or already vested, are recognised immediately in the income statement as incurred. Pension costs for a funded benefit plan will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the interest cost and expected return on plan assets.

The revised MFRS 119 has resulted in changes to the recognition and measurement of defined pension expense. This change in accounting policy has been accounted for retrospectively and the financial effects of the adoption of revised MFRS 119 on the Group's financial statements are disclosed in Note A31(iii).

(ii) Restatement of Prior Year Figures as a Result of Change in Presentation of "Net income from insurance and takaful business" in Income Statements of the Group

As stated in Note A1, upon adoption of new standards such as MFRS 10 *Consolidated Financial Statements* and MFRS 12 *Disclosure of Interests in Other Entities*, the Group has decided to improve the presentation of "Net income from insurance and takaful business" by reclassifying other income and other expenses that form part of "Net income from insurance and takaful business" to respective line items in the income statements of the Group. The effects of the reclassification for period ended 30 September 2012 are disclosed in Note A31(iii).

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures

(a) The following are reconciliations of income statements of the Group for the period ended 30 September 2012:

Group	30 September	3rd Quarter Ended		30 September	30 September	Cumulative 9 Months Ended		30 September
	2012	Note A31(i)	Note A31(ii)	2012	2012	Note A31(i)	Note A31(ii)	2012
	RM'000	RM'000	RM'000	(Restated) RM'000	RM'000	RM'000	RM'000	(Restated) RM'000
Interest income	3,768,040	-	188,732	3,956,772	11,049,845	-	558,921	11,608,766
Interest expense	(1,609,149)	-	1,683	(1,607,466)	(4,763,987)	-	8,556	(4,755,431)
Net interest income	2,158,891	-	190,415	2,349,306	6,285,858	-	567,477	6,853,335
Income from Islamic Banking Scheme operations	568,137	-	-	568,137	1,669,804	-	-	1,669,804
	2,727,028	-	190,415	2,917,443	7,955,662	-	567,477	8,523,139
Net income from insurance and takaful business:								
Net earned premiums	258,392	-	875,626	1,134,018	773,294	-	2,525,195	3,298,489
Net benefits and claims	(167,010)	-	(842,823)	(1,009,833)	(425,004)	-	(2,775,092)	(3,200,096)
	91,382	-	32,803	124,185	348,290	-	(249,897)	98,393
	2,818,410	-	223,218	3,041,628	8,303,952	-	317,580	8,621,532
Non-interest income	1,316,047	-	(25,605)	1,290,442	4,068,396	-	227,604	4,296,000
Net income	4,134,457	-	197,613	4,332,070	12,372,348	-	545,184	12,917,532
Overhead expenses	(2,043,997)	673	(198,065)	(2,241,389)	(6,021,108)	1,277	(537,305)	(6,557,136)
Operating profit before impairment losses	2,090,460	673	(452)	2,090,681	6,351,240	1,277	7,879	6,360,396
Allowance for impairment losses on loans, advances and financing, net	(87,399)	-	10,813	(76,586)	(482,728)	-	20,615	(462,113)
Impairment losses on financial investments, net	(13,910)	-	(10,361)	(24,271)	(41,656)	-	(28,494)	(70,150)
Operating profit	1,989,151	673	-	1,989,824	5,826,856	1,277	-	5,828,133
Share of profits in associates	35,687	-	-	35,687	118,418	-	-	118,418
Profit before taxation and zakat	2,024,838	673	-	2,025,511	5,945,274	1,277	-	5,946,551
Taxation and zakat	(490,379)	(80)	-	(490,459)	(1,565,494)	(234)	-	(1,565,728)
Profit for the period	1,534,459	593	-	1,535,052	4,379,780	1,043	-	4,380,823
Attributable to:								
Equity holders of the Bank	1,500,690	552	-	1,501,242	4,285,111	918	-	4,286,029
Non-controlling interest	33,769	41	-	33,810	94,669	125	-	94,794
	1,534,459	593	-	1,535,052	4,379,780	1,043	-	4,380,823

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(b) The following are reconciliations of statements of comprehensive income of the Group for the period ended 30 September 2012:

<u>Group</u>	3rd Quarter Ended			Cumulative 9 Months Ended		
	30 September 2012	Note A31(i)	30 September 2012 (Restated)	30 September 2012	Note A31(i)	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,534,459	593	1,535,052	4,379,780	1,043	4,380,823
Other comprehensive income/(loss):						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Defined benefit plan actuarial loss	-	(2,650)	(2,650)	-	(15,909)	(15,909)
Income tax effect	-	1,502	1,502	-	4,826	4,826
	-	(1,148)	(1,148)	-	(11,083)	(11,083)
<i>Items that may be reclassified subsequently to profit or loss</i>						
Net loss on financial investments available-for-sale	(105,904)	-	(105,904)	(90,625)	-	(90,625)
Foreign currency translation differences for foreign operations	(668,311)	718	(667,593)	(833,245)	1,160	(832,085)
Income tax effect	40,317	-	40,317	24,031	-	24,031
Other reserves	(833)	-	(833)	252	-	252
	(734,731)	718	(734,013)	(899,587)	1,160	(898,427)
Other comprehensive loss for the period, net of tax	(734,731)	(430)	(735,161)	(899,587)	(9,923)	(909,510)
Total comprehensive income for the period	799,728	163	799,891	3,480,193	(8,880)	3,471,313
Total comprehensive income for the period attributable to:						
Equity holders of the Bank	767,741	60	767,801	3,379,569	(8,610)	3,370,959
Non-controlling interest	31,987	103	32,090	100,624	(270)	100,354
	799,728	163	799,891	3,480,193	(8,880)	3,471,313

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(c) The following are reconciliations of statements of financial position of the Group as at 1 January 2012 and as at 31 December 2012:

<u>Group</u>	31 December 2012 RM'000	Note A31(i) RM'000	31 December 2012 (Restated) RM'000	1 January 2012 RM'000	Note A31(i) RM'000	1 January 2012 (Restated) RM'000
ASSETS						
Cash and short-term funds	40,018,633	-	40,018,633	49,387,882	-	49,387,882
Deposits and placements with financial institutions	11,949,150	-	11,949,150	7,161,651	-	7,161,651
Financial assets purchased under resale agreements	798,180	-	798,180	1,397,235	-	1,397,235
Financial assets at fair value through profit or loss	29,156,692	-	29,156,692	18,393,752	-	18,393,752
Financial investments available-for-sale	60,792,374	-	60,792,374	63,585,045	-	63,585,045
Financial investments held-to-maturity	2,870,768	-	2,870,768	2,689,806	-	2,689,806
Loans, advances and financing	311,824,735	-	311,824,735	276,252,853	-	276,252,853
Derivative assets	2,880,492	-	2,880,492	1,987,502	-	1,987,502
Reinsurance/retakaful assets and other insurance receivables	2,555,727	-	2,555,727	2,173,794	-	2,173,794
Other assets	6,680,257	-	6,680,257	4,749,820	-	4,749,820
Investment properties	572,662	-	572,662	542,477	-	542,477
Statutory deposits with central banks	12,298,362	-	12,298,362	10,577,416	-	10,577,416
Interest in associates	2,235,233	-	2,235,233	2,406,462	-	2,406,462
Property, plant and equipment	2,402,821	-	2,402,821	2,217,483	-	2,217,483
Intangible assets	6,531,336	-	6,531,336	6,748,053	-	6,748,053
Deferred tax assets	1,298,871	44,670	1,343,541	1,323,606	37,439	1,361,045
TOTAL ASSETS	494,866,293	44,670	494,910,963	451,594,837	37,439	451,632,276

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(c) The following are reconciliations of statements of financial position of the Group as at 1 January 2012 and as at 31 December 2012 (cont'd.):

<u>Group (cont'd.)</u>	31 December 2012	Note A31(i)	31 December 2012 (Restated)	1 January 2012	Note A31(i)	1 January 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES						
Deposits from customers	347,155,510	-	347,155,510	314,692,245	-	314,692,245
Deposits and placements from financial institutions	33,887,376	-	33,887,376	36,760,978	-	36,760,978
Obligations on financial assets sold under repurchase agreements	-	-	-	267,652	-	267,652
Bills and acceptances payable	2,269,513	-	2,269,513	4,472,872	-	4,472,872
Derivative liabilities	2,376,979	-	2,376,979	2,162,709	-	2,162,709
Insurance/takaful contract liabilities and other insurance payables	21,928,872	-	21,928,872	20,090,908	-	20,090,908
Other liabilities	9,597,742	185,871	9,783,613	6,407,906	163,681	6,571,587
Recourse obligation on loans and financing sold to Cagamas	1,592,974	-	1,592,974	2,214,873	-	2,214,873
Provision for taxation and zakat	1,051,798	-	1,051,798	382,562	-	382,562
Deferred tax liabilities	676,514	(1,642)	674,872	672,025	(1,392)	670,633
Borrowings	10,714,266	-	10,714,266	7,185,230	-	7,185,230
Subordinated obligations	13,510,041	-	13,510,041	14,160,553	-	14,160,553
Capital securities	6,150,351	-	6,150,351	6,113,761	-	6,113,761
TOTAL LIABILITIES	450,911,936	184,229	451,096,165	415,584,274	162,289	415,746,563
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK						
Share capital	8,440,046	-	8,440,046	7,639,437	-	7,639,437
Share premium	15,639,646	-	15,639,646	9,598,847	-	9,598,847
Shares held-in-trust	(102,405)	-	(102,405)	-	-	-
Retained profits	11,115,006	(10,169)	11,104,837	10,393,767	(11,393)	10,382,374
Other reserves	7,136,600	(123,366)	7,013,234	6,824,192	(108,187)	6,716,005
	42,228,893	(133,535)	42,095,358	34,456,243	(119,580)	34,336,663
Non-controlling interests	1,725,464	(6,024)	1,719,440	1,554,320	(5,270)	1,549,050
	43,954,357	(139,559)	43,814,798	36,010,563	(124,850)	35,885,713
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	494,866,293	44,670	494,910,963	451,594,837	37,439	451,632,276

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(d) The following are reconciliations of income statements of the operations of Islamic Banking Scheme for the period ended 30 September 2012:

<u>Group</u>	3rd Quarter Ended			Cumulative 9 Months Ended		
	30 September 2012	Note A31(i)	30 September 2012 (Restated)	30 September 2012	Note A31(i)	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	954,414	-	954,414	2,635,898	-	2,635,898
Expenses directly attributable to depositors and Islamic Banking Funds	-	-	-	-	-	-
Gross attributable income	954,414	-	954,414	2,635,898	-	2,635,898
Writeback of/(Allowance for) impairment losses on financing and advances	4,341	-	4,341	20,472	-	20,472
Total attributable income	958,755	-	958,755	2,656,370	-	2,656,370
Income attributable to the depositors	(425,601)	-	(425,601)	(1,272,258)	-	(1,272,258)
Income attributable to the Group	533,154	-	533,154	1,384,112	-	1,384,112
Income derived from investment of Islamic Banking Funds	19,067	-	19,067	258,992	-	258,992
Finance cost	552,221	-	552,221	1,643,104	-	1,643,104
Overhead expenses	(10,493)	-	(10,493)	(31,247)	-	(31,247)
	(154,973)	13	(154,960)	(509,566)	13	(509,553)
Profit before taxation and zakat	386,755	13	386,768	1,102,291	13	1,102,304
Taxation	(94,429)	(3)	(94,432)	(264,467)	(3)	(264,470)
Zakat	(4,300)	-	(4,300)	(14,511)	-	(14,511)
Profit for the period	288,026	10	288,036	823,313	10	823,323

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(e) The following are reconciliations of statements of comprehensive income of the operations of Islamic Banking Scheme for the period ended 30 September 2012:

<u>Group</u>	3rd Quarter Ended			Cumulative 9 Months Ended		
	30 September 2012	Note A31(i)	30 September 2012 (Restated)	30 September 2012	Note A31(i)	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	288,026	10	288,036	823,313	10	823,323
Other comprehensive income/(loss):						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Defined benefit plan actuarial gain	-	174	174	-	174	174
Income tax effect	-	(44)	(44)	-	(44)	(44)
	-	130	130	-	130	130
<i>Items that may be reclassified subsequently to profit or loss</i>						
Net loss on financial investments available-for-sale	(28,365)	-	(28,365)	(19,051)	-	(19,051)
Foreign currency translation differences for foreign operations	(37,754)	-	(37,754)	(49,087)	-	(49,087)
Income tax effect	4,646	-	4,646	4,210	-	4,210
	(61,473)	-	(61,473)	(63,928)	-	(63,928)
Other comprehensive (loss)/income for the period, net of tax	(61,473)	130	(61,343)	(63,928)	130	(63,798)
Total comprehensive income for the period	226,553	140	226,693	759,385	140	759,525

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A31. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(f) The following are reconciliations of statements of financial position of the operations of Islamic Banking Scheme as at 1 January 2012 and as at 31 December 2012:

Group	31 December 2012	Note A31(i)	31 December 2012 (Restated)	1 January 2012	Note A31(i)	1 January 2012 (Restated)
ASSETS	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	13,026,886	-	13,026,886	8,971,617	-	8,971,617
Deposits and placements with financial institutions	293,552	-	293,552	429,910	-	429,910
Financial investments portfolio	9,810,498	-	9,810,498	8,644,047	-	8,644,047
Financing and advances	62,230,793	-	62,230,793	52,425,274	-	52,425,274
Derivative assets	48,227	-	48,227	28,198	-	28,198
Other assets	4,891,200	-	4,891,200	4,492,748	-	4,492,748
Statutory deposit with central banks	2,399,000	-	2,399,000	1,834,800	-	1,834,800
Property, plant and equipment	1,808	-	1,808	2,551	-	2,551
Intangible assets	3,117	-	3,117	3,701	-	3,701
Deferred tax assets	199,408	67	199,475	177,369	129	177,498
Total Assets	92,904,489	67	92,904,556	77,010,215	129	77,010,344
LIABILITIES						
Deposits from customers	71,319,635	-	71,319,635	59,090,400	-	59,090,400
Deposits and placements from financial institutions	13,206,242	-	13,206,242	9,449,458	-	9,449,458
Bills and acceptances payable	419,749	-	419,749	504,237	-	504,237
Derivatives liabilities	113,980	-	113,980	96,179	-	96,179
Other liabilities	281,481	268	281,749	193,515	518	194,033
Recourse obligation on financing sold to Cagamas	905,181	-	905,181	1,499,270	-	1,499,270
Provision for taxation and zakat	162,043	-	162,043	109,256	-	109,256
Subordinated sukuk	1,010,782	-	1,010,782	1,010,723	-	1,010,723
Total Liabilities	87,419,093	268	87,419,361	71,953,038	518	71,953,556
ISLAMIC BANKING CAPITAL FUNDS						
Islamic Banking Funds	863,719	-	863,719	943,296	-	943,296
Share premium	2,687,480	-	2,687,480	2,488,400	-	2,488,400
Retained profits	1,714,988	(11)	1,714,977	1,383,544	(24)	1,383,520
Other reserves	219,209	(190)	219,019	241,937	(365)	241,572
	5,485,396	(201)	5,485,195	5,057,177	(389)	5,056,788
Total Liabilities and Islamic Banking Funds	92,904,489	67	92,904,556	77,010,215	129	77,010,344
COMMITMENTS AND CONTINGENCIES	29,167,879	-	29,167,879	21,354,255	-	21,354,255

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A32. The Operations of Islamic Banking Scheme

A32a. Unaudited Income Statements for the Third Quarter Ended 30 September 2013

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,152,880	954,414	3,278,850	2,635,898
Expenses directly attributable to depositors and Islamic Banking Funds	-	-	-	-
Gross attributable income	1,152,880	954,414	3,278,850	2,635,898
Writeback of/(Allowance for) impairment losses on financing and advances	(40,957)	4,341	(59,068)	20,472
Total attributable income	1,111,923	958,755	3,219,782	2,656,370
Income attributable to the depositors	(620,491)	(425,601)	(1,661,634)	(1,272,258)
Income attributable to the Group	491,432	533,154	1,558,148	1,384,112
Income derived from investment of Islamic Banking Funds	65,970	19,067	202,005	258,992
Finance cost	557,402	552,221	1,760,153	1,643,104
Overhead expenses	(10,608)	(10,493)	(31,534)	(31,247)
Profit before taxation and zakat	(237,792)	(154,960)	(678,080)	(509,553)
Taxation	309,002	386,768	1,050,539	1,102,304
Zakat	(61,397)	(94,432)	(237,250)	(264,470)
Profit for the period	(5,378)	(4,300)	(12,657)	(14,511)
	242,227	288,036	800,632	823,323

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

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Gross attributable income	1,152,880	954,414	3,278,850	2,635,898
Income derived from investment of Islamic Banking Funds	65,970	19,067	202,005	258,992
Total income before allowance for impairment on financing and advances and overhead expenses	1,218,850	973,481	3,480,855	2,894,890
Income attributable to the depositors	(620,491)	(425,601)	(1,661,634)	(1,272,258)
Finance cost	598,359	547,880	1,819,221	1,622,632
Net of intercompany income and expenses	(10,608)	(10,493)	(31,534)	(31,247)
Income from Islamic Banking Scheme	147,128	30,750	232,641	78,419
	734,879	568,137	2,020,328	1,669,804

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32b. Unaudited Statements of Comprehensive Income for the Third Quarter Ended 30 September 2013

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 (Restated) RM'000	30 September 2013 RM'000	30 September 2012 (Restated) RM'000
Group				
Profit for the period	242,227	288,036	800,632	823,323
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Defined benefit plan actuarial gain	-	174	-	174
Income tax effect	-	(44)	-	(44)
	-	130	-	130
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on financial investments available-for-sale	(60,111)	(28,365)	(131,356)	(19,051)
Foreign currency translation differences for foreign operations	(19,521)	(37,754)	27,159	(49,087)
Income tax effect	14,963	4,646	32,314	4,210
	(64,669)	(61,473)	(71,883)	(63,928)
Other comprehensive loss for the period, net of tax	(64,669)	(61,343)	(71,883)	(63,798)
Total comprehensive income for the period	177,558	226,693	728,749	759,525

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32c. Unaudited Statements of Financial Position as at 30 September 2013

<u>Group</u>	Note	30 September 2013 RM'000	31 December 2012 (Restated) RM'000	1 January 2012 (Restated) RM'000
ASSETS				
Cash and short-term funds		15,133,555	13,026,886	8,971,617
Deposits and placements with financial institutions		177,048	293,552	429,910
Financial investments portfolio		11,080,940	9,810,498	8,644,047
Financing and advances	A32e	78,369,284	62,230,793	52,425,274
Derivative assets		134,437	48,227	28,198
Other assets		7,574,320	4,891,200	4,492,748
Statutory deposit with central banks		2,854,000	2,399,000	1,834,800
Intangible assets		1,807	3,117	3,701
Property, plant and equipment		1,251	1,808	2,551
Deferred tax assets		253,124	199,475	177,498
Total Assets		115,579,766	92,904,556	77,010,344
LIABILITIES				
Deposits from customers	A32f	75,137,982	71,319,635	59,090,400
Deposits and placements from financial institutions		31,426,168	13,206,242	9,449,458
Bills and acceptances payable		209,453	419,749	504,237
Derivatives liabilities		220,288	113,980	96,179
Other liabilities		345,083	281,749	194,033
Recourse obligation on financing sold to Cagamas		665,385	905,181	1,499,270
Provision for taxation and zakat		123,027	162,043	109,256
Subordinated sukuk	A32g	1,002,639	1,010,782	1,010,723
Total Liabilities		109,130,025	87,419,361	71,953,556
ISLAMIC BANKING CAPITAL FUNDS				
Islamic Banking Funds		1,135,300	863,719	943,296
Share premium		2,798,965	2,687,480	2,488,400
Retained profits		2,394,076	1,714,977	1,383,520
Other reserves		121,400	219,019	241,572
		6,449,741	5,485,195	5,056,788
Total Liabilities and Islamic Banking Funds		115,579,766	92,904,556	77,010,344
COMMITMENTS AND CONTINGENCIES				
		33,644,271	29,167,879	21,354,255

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32d. Unaudited Statements of Changes in Islamic Banking Fund for the Third Quarter Ended 30 September 2013

Group	←----- Non-distributable ----->									
	Islamic Banking Funds RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2013										
- as previously stated	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	-	1,714,988	5,485,396
- effect of adopting revised MFRS 119	-	-	-	-	-	-	-	(190)	(11)	(201)
At 1 January 2013, as restated	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	(190)	1,714,977	5,485,195
Profit for the period	-	-	-	-	-	-	-	-	800,632	800,632
Other comprehensive (loss)/income	-	-	(99,042)	27,159	-	-	-	-	-	(71,883)
Total comprehensive (loss)/income for the period	-	-	(99,042)	27,159	-	-	-	-	800,632	728,749
Transfer from/(to) Head Office	258,309	-	-	(25,736)	-	-	-	-	3,224	235,797
Issue of ordinary shares	13,272	111,485	-	-	-	-	-	-	-	124,757
Dividends paid	-	-	-	-	-	-	-	-	(124,757)	(124,757)
At 30 September 2013	1,135,300	2,798,965	(62,291)	390	147,338	1,697	34,456	(190)	2,394,076	6,449,741

Group	←----- Non-distributable ----->									
	Islamic Banking Funds RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2012										
- as previously stated	943,296	2,488,400	57,652	794	147,338	1,697	34,456	-	1,383,544	5,057,177
- effect of adopting revised MFRS 119	-	-	-	-	-	-	-	(365)	(24)	(389)
At 1 January 2012, as restated	943,296	2,488,400	57,652	794	147,338	1,697	34,456	(365)	1,383,520	5,056,788
Profit for the period	-	-	-	-	-	-	-	-	823,323	823,323
Other comprehensive (loss)/income	-	-	(14,841)	(49,087)	-	-	-	130	-	(63,798)
Total comprehensive (loss)/income for the period	-	-	(14,841)	(49,087)	-	-	-	130	823,323	759,525
Transfer from/(to) Head Office	(218,781)	-	-	47,343	-	-	-	-	(2,002)	(173,440)
Issue of ordinary shares	22,120	199,080	-	-	-	-	-	-	-	221,200
Dividends paid	-	-	-	-	-	-	-	-	(221,200)	(221,200)
At 30 September 2012	746,635	2,687,480	42,811	(950)	147,338	1,697	34,456	(235)	1,983,641	5,642,873

* Arose from waiver of intercompany balance between respective subsidiaries on the instruction of the holding company.

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances

Group As at 30 September 2013	Bai' RM'000	Murabahah RM'000	Musyarakah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total Financing and Advances RM'000
Cashline	-	2,600,545	-	-	-	-	-	2,600,545
Term financing								
- Housing financing	24,104,349	12,799,055	2,681,856	-	-	-	-	39,585,260
- Syndicated financing	-	386,568	27,393	-	-	-	-	413,961
- Hire purchase receivables	-	-	-	24,650,375	-	-	-	24,650,375
- Other term financing	40,915,512	20,892,067	1,896,390	-	225,088	181,292	2,330	64,112,679
Bills receivable	-	13,855	-	-	-	-	1,848	15,703
Trust receipts	-	215,036	-	-	-	-	-	215,036
Claims on customers under acceptance credits	-	3,231,593	-	-	-	-	2,634	3,234,227
Staff financing	1,055,242	98,586	9,606	95,670	-	-	96	1,259,200
Credit card receivables	-	-	-	-	-	-	380,583	380,583
Revolving credit	-	5,021,894	-	-	-	-	-	5,021,894
	66,075,103	45,259,199	4,615,245	24,746,045	225,088	181,292	387,491	141,489,463
Unearned income								(62,307,397)
Gross financing and advances*								79,182,066
Allowances for impaired financing and advances:								
- Individual allowance								(171,803)
- Collective allowance								(640,979)
Net financing and advances								78,369,284

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances (cont'd.)

Group As at 31 December 2012	Bai' RM'000	Murabahah RM'000	Musarakah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total Financing and Advances RM'000
Cashline	-	2,327,525	-	-	-	-	-	2,327,525
Term financing								
- Housing financing	18,905,248	2,924,409	2,306,624	-	-	-	-	24,136,281
- Syndicated financing	-	254,628	37,662	-	-	-	-	292,290
- Hire purchase receivables	-	-	-	20,072,695	-	-	-	20,072,695
- Other term financing	34,092,967	12,026,600	1,975,216	-	266,261	149,197	-	48,510,241
Bills receivable	-	123	-	-	-	-	-	123
Trust receipts	-	184,782	-	-	-	-	-	184,782
Claims on customers under acceptance credits	-	3,706,533	-	-	-	-	-	3,706,533
Staff financing	955,798	8,453	10,107	74,157	-	-	77	1,048,592
Credit card receivables	-	-	-	-	-	-	365,908	365,908
Revolving credit	-	4,554,279	-	-	-	-	-	4,554,279
	<u>53,954,013</u>	<u>25,987,332</u>	<u>4,329,609</u>	<u>20,146,852</u>	<u>266,261</u>	<u>149,197</u>	<u>365,985</u>	<u>105,199,249</u>
Unearned income								(42,264,783)
Gross financing and advances*								<u>62,934,466</u>
Allowances for impaired financing and advances:								
- Individual allowance								(95,836)
- Collective allowance								<u>(607,837)</u>
Net financing and advances								<u>62,230,793</u>

* Included in gross financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM4,370.1 million (31 December 2012: RM650.0 million), an arrangement between Maybank Islamic Berhad ("MIB") and the Bank, where the risks and rewards of the RPSIA will be accounted for by the Bank including the individual and collective allowances for the impaired financing arising thereon.

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances (cont'd.)

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

<u>Group</u>	30 September 2013 RM'000	31 December 2012 RM'000
Gross impaired financing and advances at 1 January 2013/2012	531,048	811,973
Newly impaired	444,738	554,416
Reclassified as non-impaired	(151,620)	(241,010)
Amount recovered	(188,414)	(319,372)
Amount written off	(51,818)	(299,925)
Expenses debited to customers' accounts	3,472	24,966
Gross impaired financing and advances at 30 September 2013/ 31 December 2012	587,406	531,048
Less: Individual allowance	(171,803)	(95,836)
Net impaired financing and advances at 30 September 2013/ 31 December 2012	415,603	435,212
Gross financing and advances (excluding RPSIA financing)	74,811,991	62,284,466
Less: Individual allowance	(171,803)	(95,836)
Net financing and advances	74,640,188	62,188,630
Net impaired financing and advances as a percentage of net financing and advances	0.56%	0.70%

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances (cont'd.)

(ii) Movements in the allowances for impaired financing and advances are as follows:

<u>Group</u>	30 September 2013 RM'000	31 December 2012 RM'000
<u>Individual allowance</u>		
At 1 January 2013/2012	95,836	298,840
Allowance made	92,447	63,616
Amount written back in respect of recoveries	(15,121)	(61,863)
Amount written off	-	(204,688)
Transferred to collective allowance	(74)	-
Exchange differences	(1,285)	(69)
At 30 September 2013/31 December 2012	<u>171,803</u>	<u>95,836</u>
<u>Collective allowance</u>		
At 1 January 2013/2012	607,837	647,427
Allowance made *	85,155	56,496
Amount written off	(51,818)	(95,237)
Transferred from individual allowance	74	-
Exchange differences	(269)	(849)
At 30 September 2013/31 December 2012	<u>640,979</u>	<u>607,837</u>
As a percentage of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>0.86%</u>	<u>0.98%</u>

* As at 30 September 2013, the gross exposures to RPSIA financing of RM4,370.1 million (31 December 2012: RM650.0 million) is excluded from gross financing and advances for the individual and collective allowances computation. The collective allowance relating to this RPSIA amounting to RM23.8 million (31 December 2012: RM0.8 million) is recognised in the Group's conventional operations. There is no individual allowance provided for this RPSIA financing.

A32f. Deposits from Customers

<u>Group</u>	30 September 2013 RM'000	31 December 2012 RM'000
Savings deposit		
Wadiah	8,719,853	8,011,365
Mudharabah	719,626	579,823
	<u>9,439,479</u>	<u>8,591,188</u>
Demand deposit		
Wadiah	7,505,372	7,961,813
Mudharabah	7,893,272	7,044,116
	<u>15,398,644</u>	<u>15,005,929</u>
Term deposit		
Murabahah	37,192,816	31,223,265
Negotiable Islamic Debt Certificated (NIDC)		
- Mudharabah	161,290	242,623
Hybrid (Bai' Bithaman Ajil and Murabahah)	501,634	347,614
General investment account		
- Mudharabah	12,444,119	15,909,016
	<u>50,299,859</u>	<u>47,722,518</u>
Total deposits from customers	<u>75,137,982</u>	<u>71,319,635</u>

A32g. Subordinated Sukuk

<u>Group</u>	30 September 2013 RM'000	31 December 2012 RM'000
RM1.0 billion Islamic subordinated sukuk due in 2021	<u>1,002,639</u>	<u>1,010,782</u>

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A33. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business

Pursuant to the Paragraph 11.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 June 2013, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows:

(a) Unaudited Income Statements for the Third Quarter Ended 30 September 2013

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Consolidation Elimination		Total	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012	30 September 2013	30 September 2012	30 September 2013	30 September 2012	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Nine Months Ended	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	312,529	328,338	233,522	210,703	32,472	28,436	103,601	79,043	-	-	682,124	646,520
Interest expense	-	-	-	-	-	-	(4,979)	-	-	-	(4,979)	-
Net interest income	312,529	328,338	233,522	210,703	32,472	28,436	98,622	79,043	-	-	677,145	646,520
Net income from insurance and takaful business:												
Net earned premiums*	581,483	785,204	1,151,974	1,245,378	548,444	494,614	701,098	689,229	-	-	2,982,999	3,214,425
Net benefits and claims	(852,363)	(1,178,588)	(1,075,713)	(1,254,484)	(455,804)	(380,506)	(251,201)	(300,543)	(44,685)	(32,841)	(2,679,766)	(3,146,962)
	(270,880)	(393,384)	76,261	(9,106)	92,640	114,108	449,897	388,686	(44,685)	(32,841)	303,233	67,463
Non-interest income	41,649	(65,046)	309,783	201,597	125,112	142,544	548,519	467,729	(44,685)	(32,841)	980,378	713,983
Net income	144,377	257,931	14,143	141,059	49,248	27,921	587,224	495,424	(422,610)	(367,839)	372,382	554,496
Overhead expenses	(158,126)	(161,000)	(303,805)	(337,700)	(169,227)	(166,623)	(586,214)	(554,843)	422,610	367,839	(794,762)	(852,327)
Operating profit before impairment losses	27,900	31,885	20,121	4,956	5,133	3,842	549,529	408,310	(44,685)	(32,841)	557,998	416,152
Allowances for impairment losses on loans, advances and financing, net	(386)	10,019	2,534	11,253	(284)	(658)	8,005	7	-	-	9,869	20,621
Impairment losses on financial investments, net	(2,197)	(9,248)	(7,526)	(16,025)	(607)	(3,184)	(3,412)	(1,962)	-	-	(13,742)	(30,419)
Operating profit	25,317	32,656	15,129	184	4,242	-	554,122	406,355	(44,685)	(32,841)	554,125	406,354
Share of profits of associates	-	-	-	-	-	-	473	410	-	-	473	410
Profit before taxation and zakat	25,317	32,656	15,129	184	4,242	-	554,595	406,765	(44,685)	(32,841)	554,598	406,764
Taxation and zakat	(25,317)	(32,656)	(15,129)	(184)	(4,242)	-	(150,513)	(144,859)	44,685	32,841	(150,516)	(144,858)
Profit for the period	-	-	-	-	-	-	404,082	261,906	-	-	404,082	261,906

* Net earned premium includes the surplus of the revenue accounts transfer.

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A33. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)

Pursuant to the Paragraph 11.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 June 2013, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows (cont'd.):

(b) Unaudited Statements of Financial Position as at 30 September 2013

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Consolidation Elimination		Total	
	As at 30 September 2013	As at 31 December 2012	As at 30 September 2013	As at 31 December 2012	As at 30 September 2013	As at 31 December 2012	As at 30 September 2013	As at 31 December 2012	As at 30 September 2013	As at 31 December 2012	As at 30 September 2013	As at 31 December 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS												
Cash and short-term funds	412,459	70,922	461,145	40,041	178,385	20,240	1,302,463	93,626	-	-	2,354,452	224,829
Deposits and placements with financial institutions	437,761	594,154	179,615	639,623	62,237	211,070	320,455	952,297	-	-	1,000,068	2,397,144
Financial assets at fair value through profit or loss	8,775,088	8,809,459	4,668,789	4,456,361	-	-	-	-	-	-	13,443,877	13,265,820
Financial investments available-for-sale	1,150,479	1,277,288	2,426,200	2,225,372	1,132,407	1,040,792	3,183,156	2,748,772	-	-	7,892,242	7,292,224
Loans, advances and financing	277,589	255,702	11,089	16,922	-	-	34,202	33,704	-	-	322,880	306,328
Derivative assets	18,042	267,170	-	-	-	-	-	23	-	-	18,042	267,193
Reinsurance/retakaful assets and other insurance receivables	87,757	64,924	194,435	115,883	312,344	376,169	2,037,973	1,998,751	-	-	2,632,509	2,555,727
Other assets	48,501	175,142	3,393	116,326	18,407	20,426	620,167	360,015	(450,178)	(194,629)	240,290	477,280
Investment properties	524,895	518,240	-	-	-	-	49,141	46,379	-	-	574,036	564,619
Interest in associates	-	-	-	-	-	-	8,294	7,108	-	-	8,294	7,108
Property, plant and equipment	60,878	65,833	-	-	-	1	73,473	75,034	-	-	134,351	140,868
Intangible assets	16,813	22,964	167	473	6	18	14,777	10,507	-	-	31,763	33,962
Deferred tax assets	1,702	2,974	2,233	-	2,952	-	17,683	9,712	-	-	24,570	12,686
TOTAL ASSETS	11,811,964	12,124,772	7,947,066	7,611,001	1,706,738	1,668,716	7,661,784	6,335,928	(450,178)	(194,629)	28,677,374	27,545,788
LIABILITIES												
Insurance/takaful contract liabilities and other insurance payables	9,958,199	10,164,136	7,705,620	7,369,892	1,504,641	1,481,069	2,962,851	2,913,775	-	-	22,131,311	21,928,872
Other liabilities #	1,808,064	1,912,294	211,803	231,345	188,934	184,954	(787,052)	(1,210,666)	(450,178)	(194,629)	971,571	923,298
Provision for taxation and zakat	420	(10,825)	23,762	9,697	7,533	2,693	(1,452)	39,588	-	-	30,263	41,153
Deferred tax liabilities	45,281	59,167	5,881	67	5,630	-	418,709	388,315	-	-	475,501	447,549
Subordinated obligations	-	-	-	-	-	-	504,979	-	-	-	504,979	-
TOTAL LIABILITIES	11,811,964	12,124,772	7,947,066	7,611,001	1,706,738	1,668,716	3,098,035	2,131,012	(450,178)	(194,629)	24,113,625	23,340,872
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE SUBSIDIARIES												
Share capital	-	-	-	-	-	-	252,005	252,005	-	-	252,005	252,005
Other reserves	-	-	-	-	-	-	4,311,744	3,952,911	-	-	4,311,744	3,952,911
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,811,964	12,124,772	7,947,066	7,611,001	1,706,738	1,668,716	7,661,784	6,335,928	(450,178)	(194,629)	28,677,374	27,545,788

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

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

B1. Performance Review

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

The Group posted profit after tax attributable to equity holders of RM4,820.3 million for the 9 months financial period ended 30 September 2013, an increase of RM534.3 million or 12.5% over the corresponding 9 months financial period ended 30 September 2012.

The Group's net interest income and Islamic Banking income for the 9 months financial period ended 30 September 2013 increased by RM650.1 million or 7.6% compared to the corresponding 9 months financial period ended 30 September 2012. This was largely due to the 12.1% year-on-year growth in the Group's net loans and advances (including Islamic finance).

Non-interest income of the Group for the 9 months financial period ended 30 September 2013 recorded an increase of RM406.0 million or 9.5% to RM4,702.0 million. The increase was mainly due to higher net foreign exchange gain of RM983.1 million, higher fee income of RM240.0 million and higher gain on sale of financial assets at fair value through profit or loss ("FVTPL") and financial investments available-for-sale of RM218.1 million. The increase was, however, offset by higher unrealised loss on revaluation of financial assets at FVTPL and derivatives of RM919.2 million.

The Group's overhead expenses for the 9 months financial period ended 30 September 2013 increased by RM371.2 million or 5.7% compared to the corresponding 9 months financial period ended 30 September 2012. The major contributors to the increase in overhead expenses were Maybank Kim Eng, PT Bank Internasional Indonesia Tbk ("BII"), Maybank Philippines and the Bank itself. The Group's personnel costs increased by RM148.6 million and formed 40.0% of the total increase in Group's overhead expenses. The increase in personnel costs was in line with the Group's business growth and its expansion plan.

The Group's allowance for impairment losses on loans, advances and financing increased by RM331.2 million to RM793.3 million for the 9 months financial period ended 30 September 2013. The increase was mainly due to higher net individual allowance made and collective allowance made for the 9 months financial period ended 30 September 2013. The Group's net impaired loans ratio improved to 1.06% as at 30 September 2013, comparing to 1.22% as at 30 September 2012.

The improvement in Group's profit before tax for the 9 months financial period ended 30 September 2013 as compared to the corresponding 9 months financial period ended 30 September 2012 is analysed based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax increased by RM52.0 million or 2.4% to RM2,210.0 million for the 9 months financial period ended 30 September 2013 from RM2,158.0 million for the corresponding 9 months financial period ended 30 September 2012. The increase was driven by higher interest income of RM408.4 million or 10.5% arising from strong year-on-year loan growth in unit trust loans of 21.4%, retail mortgage of 11.3% and auto finance of 11.3% and higher non-interest income of RM15.4 million or 1.4%. This increase was, however, offset by higher allowance for impairment losses on loans, advances and financing of RM307.9 million and higher overhead expenses of RM64.0 million.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM113.1 million or 8.7% to RM1,190.8 million for the 9 months financial period ended 30 September 2013 from RM1,303.9 million for the corresponding 9 months financial period ended 30 September 2012. The decrease was driven by higher allowance for impairment losses on loans, advances and financing of RM231.1 million, lower non-interest income of RM50.6 million and higher overhead expenses of RM10.3 million. This decrease was, however, mitigated by higher net interest income of RM178.9 million.

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B1. Performance Review (cont'd.)

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

Global Banking (cont'd.)

b) Global Markets, Malaysia

Global Markets' profit before tax decreased by RM20.1 million or 1.8% to RM1,109.5 million for the 9 months financial period ended 30 September 2013 from RM1,129.6 million for the corresponding 9 months financial period ended 30 September 2012. The decrease was driven by lower non-interest income of RM116.8 million mainly due to lower gain on trading activities from securities portfolio, interest rate derivatives and rates trading. This decrease was, however, mitigated by higher net interest income of RM61.4 million, higher write-back of impairment losses on financial investments of RM33.0 million and lower overhead expenses of RM2.3 million.

c) Investment Banking (Maybank IB and Maybank Kim Eng)

Investment Banking's profit before tax decreased by RM63.3 million or 19.8% to RM255.9 million for the 9 months financial period ended 30 September 2013 from RM319.2 million for the corresponding 9 months financial period ended 30 September 2012. The decrease was driven by lower net interest income and Islamic Banking income of RM120.3 million, higher overhead expenses of RM91.2 million and higher impairment losses on financial investments of RM13.3 million. This decrease was, however, mitigated by higher non-interest income of RM165.5 million mainly from higher brokerage and underwriting income. Maybank Kim Eng recorded profit before tax of RM116.2 million for the 9 months financial period ended 30 September 2013, mainly attributable to brokerage income of RM493.4 million.

International Banking

International Banking's profit before tax increased by RM108.1 million or 6.3% to RM1,827.3 million for the 9 months financial period ended 30 September 2013 from RM1,719.2 million for the corresponding 9 months financial period ended 30 September 2012. The increase was driven by lower allowance for impairment losses on loans, advances and financing of RM222.3 million, higher net interest income of RM112.3 million or 4.3% arising from year-on-year loan growth of 15.3%. This increase was, however, offset by higher overhead expenses of RM223.5 million and lower non-interest income of RM11.8 million.

The increase in profit before tax for International Banking was mainly contributed by BII (RM61.5 million), London (RM43.4 million) and New York (RM29.8 million).

Higher net interest income was contributed by strong year-on-year loan growth of 19.9% at Greater China, 17.8% at Singapore and 7.5% at BII.

Insurance, Takaful and Asset Management

Insurance, Takaful and Asset Management registered an increase in profit before tax by RM156.7 million or 35.9% to RM593.5 million for the 9 months financial period ended 30 September 2013 from RM436.9 million for the corresponding 9 months financial period ended 30 September 2012. The increase was contributed mainly by higher net income from insurance and takaful business of RM223.1 million, net interest income of RM32.8 million, lower impairment losses on financial investments of RM16.7 million and lower overhead expenses of RM15.5 million. This increase was, however, offset by lower non-interest income of RM120.5 million.

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,746.3 million for the quarter ended 30 September 2013, an increase of RM245.1 million or 16.3% over the previous period corresponding quarter ended 30 September 2012.

The Group's net interest income and Islamic Banking income for the quarter ended 30 September 2013 increased by RM194.3 million or 6.7% compared to the previous period corresponding quarter ended 30 September 2012. This was largely due to the growth in Group's net loans and advances (including Islamic finance).

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B1. Performance Review (cont'd.)

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

Non-interest income of the Group for the quarter ended 30 September 2013 increased by RM248.3 million or 19.2% compared to the previous period corresponding quarter ended 30 September 2012. The increase were mainly contributed by higher net foreign exchange gain of RM830.1 million and higher fee income of RM99.1 million. The increase was, however, offset by higher unrealised loss on revaluation of financial assets at FVTPL and derivatives of RM593.1 million and lower gain on sale of financial assets at FVTPL and financial investments available-for-sale of RM56.3 million.

The Group's overhead expenses for the quarter ended 30 September 2013 recorded an increase of RM63.7 million or 2.8% compared to the previous period corresponding quarter ended 30 September 2012. The increase in overhead expenses was contributed by the increase in establishment costs and marketing expenses of RM86.0 million and RM27.7 million respectively. The increase was, however, mitigated by lower administration and general expenses of RM52.5 million.

The Group's allowance for impairment losses on loans, advances and financing increased by RM203.7 million to RM280.3 million for the quarter ended 30 September 2013. The increase was mainly due to higher collective allowance made for the quarter ended 30 September 2013. The Group's net impaired loans ratio improved to 1.06% as at 30 September 2013, comparing to 1.22% as at 30 September 2012.

The improvement in Group's profit before tax for the quarter ended 30 September 2013 as compared to the previous period corresponding quarter ended 30 September 2012 is analysed based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax decreased by RM192.4 million or 24.6% to RM590.6 million for the quarter ended 30 September 2013 from RM783.0 million for the previous period corresponding quarter ended 30 September 2012. The decrease was driven by higher allowance for impairment losses on loans, advances and financing of RM325.1 million and higher overhead expenses of RM10.8 million. This decrease was, however, mitigated by an increase in interest income of RM133.6 million or 9.9% arising from strong year-on-year loan growth in unit trust loans of 21.4%, retail mortgage of 11.3% and auto finance of 11.3% and higher non-interest income of RM9.9 million.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax increased by RM222.6 million or 57.6% to RM609.3 million for the quarter ended 30 September 2013 from RM386.7 million for the previous period corresponding quarter ended 30 September 2012. The increase was driven by higher write-back of allowance for impairment losses on loans, advances and financing of RM154.8 million, higher net interest income of RM40.8 million, lower overhead expenses of RM17.6 million and higher non-interest income of RM9.4 million.

b) Global Markets, Malaysia

Global Markets' profit before tax decreased by RM30.1 million or 9.0% to RM305.5 million for the quarter ended 30 September 2013 from RM335.6 million for the previous period corresponding quarter ended 30 September 2012. The decrease was driven by lower non-interest income of RM123.2 million mainly due to lower gain on trading activities from securities portfolio, interest rate derivatives and rates trading. This decrease was, however, mitigated by higher net interest income of RM51.3 million, higher write-back of impairment losses on financial investments of RM27.2 million and lower overhead expenses of RM14.6 million.

c) Investment Banking (Maybank IB and Maybank Kim Eng)

Investment Banking's profit before tax decreased by RM58.4 million or 89.7% to RM6.6 million for the quarter ended 30 September 2013 from RM65.1 million for the previous period corresponding quarter ended 30 September 2012. The decrease was driven by lower net interest income of RM26.6 million and higher overhead expenses of RM35.6 million. This decrease was, however, mitigated by higher non-interest income of RM9.5 million, primarily from higher brokerage and underwriting income.

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B1. Performance Review (cont'd.)

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

International Banking

International Banking's profit before tax decreased by RM51.2 million or 7.5% to RM630.6 million for the quarter ended 30 September 2013 from RM681.8 million for the previous period corresponding quarter ended 30 September 2012. The decrease was driven by higher overhead expenses of RM79.1 million, higher impairment losses on financial investments of RM28.5 million and higher allowance for impairment losses on loans, advances and financing of RM6.0 million. This decrease was, however, mitigated by higher non-interest income by RM27.7 million and higher net interest income of RM25.8 million.

Higher net interest income was contributed by strong year-on-year loan growth of 19.9% at Greater China, 17.8% at Singapore and 7.5% at BII.

Insurance, Takaful and Asset Management

Insurance, Takaful and Asset Management registered a decrease in profit before tax by RM14.2 million or 8.2% to RM159.4 million for the quarter ended 30 September 2013 from RM173.6 million for the previous period corresponding quarter ended 30 September 2012. The decrease was driven by lower non-interest income of RM170.9 million and higher allowance for impairment losses on loans, advances and financing of RM26.4 million. This was, however, mitigated by higher net income from insurance and takaful business of RM141.0 million, lower overhead expenses of RM32.4 million, lower impairment losses on financial investments of RM7.9 million and higher net interest income of RM2.1 million.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders increased by RM178.6 million or 11.4% to RM1,746.3 million over the preceding quarter ended 30 June 2013.

The Group's net interest income for the quarter ended 30 September 2013 increased by RM12.3 million or 0.5% to RM2,376.9 million against the preceding quarter of RM2,364.6 million. Income from Islamic Banking Scheme operations recorded an increase of RM68.8 million to RM734.9 million over RM666.1 million recorded in the preceding quarter.

Net income from insurance and takaful business for the quarter ended 30 September 2013 increased by RM227.8 million to RM265.2 million which was mainly contributed by Etiqa Insurance Bhd and Etiqa Takaful Bhd.

Non-interest income for the quarter ended 30 September 2013 decreased by RM205.6 million or 11.8% to RM1,538.7 million comparing to that in the preceding quarter. The decrease was mainly due to higher unrealised loss on revaluation of financial assets at FVTPL and derivatives of RM428.2 million, lower gain on disposal of financial assets at FVTPL and financial investments available-for-sale of RM159.6 million and lower fee income of RM85.7 million. The decrease was, however, mitigated by higher net foreign exchange gain of RM483.6 million.

Overhead expenses reported a slight decrease of RM22.9 million or 1.0% for the current quarter to RM2,305.1 million over that of the preceding quarter.

Allowance for impairment losses on loans, advances and financing for the quarter decreased by RM148.1 million to RM280.3 million comparing to that in the preceding quarter. The decrease was mainly due to lower individual allowance made of RM222.6 million. However, this was offset by higher collective allowance made and lower recovery of bad debts and financing in the current quarter of RM20.2 million and RM35.1 million respectively.

Impairment losses on financial investments was higher by RM13.5 million for the quarter ended 30 September 2013 as compared to the preceding quarter ended 30 June 2013.

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B3. Prospects

The International Monetary Fund ("IMF") has forecasted global real GDP to grow by 2.9% in 2013 (2012: 3.2%). The world economy is expected to continue its subdued economic growth. The nascent buildup in Abenomics-driven growth in Japan is insufficient to offset the generally subdued global economic growth which reflects a mixture of sub-trend US recovery, recession in the Eurozone and moderation in China's growth.

The IMF projects the ASEAN 5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam to expand by 5.0% (2012: 6.2%), largely on the back of domestic demand, especially consumer spending and investment.

Maybank's three home markets consisting of Malaysia, Singapore and Indonesia, which contribute more than 90% of the Group's income and profit, are expected to record positive revenue growth due to a relatively resilient domestic economic expansion, coupled with the expectations of an improving global economic outlook. External demand are therefore expected to stabilise in 2H 2013.

Despite the slower real GDP growth in the first half of the year amid the soft external demand conditions, Malaysia is expected to see full-year economic growth of 4.5% (2012: 5.6%), supported mainly by investment momentum from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme ("ETP").

In Indonesia, the economy is expected to sustain a positive growth momentum (2013: 5.8%; 2012: 6.2%), after taking into account the impact from the recent hikes in fuel prices and interest rates to contain inflationary pressures and stabilise the currency.

Meanwhile, Singapore's economic growth this year is expected to improve to 2.8% (2012: 1.3%), primarily on the expected stabilisation in global economy in 2H 2013 after the softness in 1H 2013.

Maybank's business momentum is expected to be sustained on the back of continued loan growth in its three home markets and other markets in the region, non-interest income contribution arising from Maybank's commercial banking, investment banking, Islamic banking, insurance and takaful businesses, and revenue contributions from its regional initiatives.

Having presence in all ten countries in ASEAN, the Group is focused on building a truly regional organisation. Global Banking's expanded relationship coverage model is realising synergies between Maybank Kim Eng and business units especially in Singapore, Indonesia and the Philippines.

Continued upgrading of IT infrastructure will further improve business capability in the Group's global banking, investment banking, consumer, treasury and payment operations. The Group will continue to raise the quality of customer services, embed a robust right risk culture to sustain its strong asset quality, and improve effectiveness and efficiency through an optimal cost structure.

The Group is poised to remain at a healthy capital position for 2013 in accordance with Bank Negara Malaysia's Capital Adequacy Framework on Basel III which was issued on 28 November 2012. With the continued conservation of capital from the Dividend Reinvestment Plan coupled with active capital management across the Group, Common Equity Tier 1 capital ("CET1") ratio will be maintained above 7% well ahead of the minimum level of CET1 ratio (inclusive of capital conservation buffer) as required by 2019.

The Group achieved annualised gross loan growth of 9.3% for the 9-month period ended 30 September 2013 ("9-month period"). For the remaining quarter of the year, the Group loan growth is expected to track the industry loan growth. The Group's cost-to-income ratio improved to 48.4% for the 9-month period compared to 50.3% in the previous corresponding period in part through rigorous cost management, which is continuing. Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2013 to be in line with the ROE target of 15.0%.

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B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the 3rd quarter and 9 months ended 30 September 2013.

B5. Tax Expense and Zakat

The analysis of the tax expense for the 3rd quarter and 9 months ended 30 September 2013 are as follows:

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012 (Restated)	30 September 2013	30 September 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	494,541	502,634	1,388,730	1,482,468
Foreign income tax	55,591	67,315	186,942	176,150
	550,132	569,949	1,575,672	1,658,618
(Over)/under provision in respect of prior period:				
Malaysian income tax	(71,701)	(54,711)	(196,105)	(54,741)
Foreign income tax	(654)	1,281	(6,283)	535
	477,777	516,519	1,373,284	1,604,412
Deferred tax expense				
- Origination and reversal of temporary differences	75,447	(31,443)	207,032	(56,378)
Tax expense for the period	553,224	485,076	1,580,316	1,548,034
Zakat	5,378	5,383	12,657	17,694
	558,602	490,459	1,592,973	1,565,728

The Group's effective tax rate for the 9 months ended 30 September 2013 was lower than the statutory tax rate due to reversal of over provision of tax expense in respect of prior period.

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	397,412	419,836	979,127	1,126,683
Foreign income tax	492	14,981	3,047	16,646
	397,904	434,817	982,174	1,143,329
Over provision in respect of prior period:				
Malaysian income tax	(59,946)	(53,440)	(178,293)	(53,440)
	337,958	381,377	803,881	1,089,889
Deferred tax expense				
- Origination and reversal of temporary differences	50,325	(102,724)	133,083	(165,317)
Tax expense for the period	388,283	278,653	936,964	924,572
Zakat	-	33	-	33
	388,283	278,686	936,964	924,605

The Bank's effective tax rate for the 9 months ended 30 September 2013 was lower than the statutory tax rate due to certain income not subject to tax and reversal of over provision of tax expense in respect of prior period.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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B6. Status of Corporate Proposals Announced but Not Completed

- (a) (i) **Proposed acquisition of 858,499 ordinary shares of Saudi Riyal (“SAR”) 10 each in Anfaal Capital (“Anfaal”) by Maybank Investment Bank Berhad (“Maybank IB”), a wholly-owned subsidiary of Maybank, representing 17.17% of the ordinary share capital of Anfaal; and**
- (ii) **Proposed assignment of the subordinated loan of SAR2,070,000 from Al Numu Real Estate Company (“Al Numu”) to Maybank IB**

On 9 April 2012, Maybank announced that Maybank IB, a wholly-owned subsidiary of Maybank, has entered into a conditional Share Purchase Agreement (“SPA”) with Al Numu and Anfaal for the following:

- (i) proposed acquisition of 858,499 ordinary shares of SAR10 each in Anfaal (“Anfaal Shares”), representing approximately 17.17% of the ordinary share capital of Anfaal for a cash consideration of SAR10,516,613, being SAR12.25 for each Anfaal Share; and
- (ii) proposed assignment of the subordinated loan of SAR2,070,000 (“Subordinated Loan”) from Al Numu to Maybank IB.

[(i) and (ii) collectively referred to as the “Proposals”].

Subject to the approval of the Capital Market Authority (“CMA”) of the Kingdom of Saudi Arabia, the Subordinated Loan will be converted into 207,000 new Anfaal Shares at par and shall rank equally with the existing Anfaal Shares.

The total purchase consideration of SAR12,586,613 (equivalent to approximately RM10,308,864) for the Proposals is to be satisfied in cash (“Purchase Consideration”).

The Proposals are subject to conditions precedent as spelt out in the SPA being fulfilled by 30 September 2012 or such other date as mutually agreed in writing by Al Numu and Maybank IB.

To the extent permitted by applicable laws, Maybank IB reserves the right to waive (in whole or in part) in writing the requirement to satisfy any of the conditions precedent and thereafter the parties may proceed to completion.

The Proposals will enable Maybank IB to increase its equity interest in Anfaal from 18.00% to 35.17%. It also represents a good opportunity for Maybank IB to increase its presence in Saudi Arabia and play a more significant role in unlocking Anfaal’s potential, especially in the area of syndication, sukuk structuring and project financing in Saudi Arabia.

The Proposals are subject to approvals being obtained from the following:

- (i) SC;
- (ii) CMA; and
- (iii) Saudi Arabian General Investment Authority for the issuance of Anfaal’s amended foreign investment licence.

Maybank had on 19 September 2013 announced that all the conditions precedent in the SPA in relation to the Proposals had been fulfilled. As such, the Proposals have been completed on 30 September 2013, being the completion date agreed upon between Maybank IB, Al Numu and Anfaal in accordance with the terms of the SPA.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposal

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

B8. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A13, A14 and A15.

B9. Derivative Financial Instruments

Please refer to note A29.

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B10. Changes in Material Litigation

- (a) In 2005, a subsidiary, Maybank Trustees Berhad (formerly known as Mayban Trustees Berhad) ("MTB") and eleven other defendants were served with a writ of summons by ten plaintiffs/bondholders all of which are institutions, for an amount of approximately RM149.3 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB has defended the suit.

On 7 July 2008, the plaintiffs entered judgment by consent against certain defendants (which included the issuer of the bonds but not MTB) for the sum of RM149.3 million. The entering of the said judgment by consent is not in any way an admission of liability on the part of MTB.

On 4 August 2008, a defendant (the issuer of the bonds) served a counterclaim on MTB for approximately RM535.0 million being losses allegedly incurred by it as a result of MTB unlawfully declaring an Event Of Default on the bonds. The defendant had however on 25 August 2009 withdrawn the counterclaim against MTB.

The High Court on 30 June 2010 awarded judgment against MTB and another defendant, being the Arranger for the bonds, for RM149.3 million. The judgment sum in favour of the plaintiffs/bondholders was apportioned at 40% against MTB and 60% against the other defendant. The High Court also dismissed MTB's other claims.

Upon appeal by the parties, the Court of Appeal on 8 November 2011 ruled that MTB and the other defendant were instead to be equally liable to the plaintiffs/bondholders. In addition, the Court of Appeal ordered them to pay penalty charges on the judgment sum at the rate of 3% from 30 September 2005 to date of judgment. However, the Court of Appeal allowed MTB and the other defendant to seek indemnity against the issuer of the bonds for 2/3 of the total liability and also allowed MTB to seek indemnity against the issuer's Chief Executive Officer, one of the issuer's directors and associate companies of the said Chief Executive Officer and the said director for one half of the 2/3 of the total liability. Further, the Court of Appeal allowed MTB to seek an indemnity against one of the plaintiffs for 1/3 of its liability (after deducting the sum to be indemnified by the issuer, the issuer's Chief Executive Officer, one of the issuer's directors and associate companies of the said Chief Executive Officer and the said director). The Federal Court had on 5 April 2012 granted MTB and the other parties to the suit leave to appeal against the decision of the Court of Appeal. The appeal concluded on 4 January 2013. The Federal Court will deliver its decision on a date to be fixed.

Separately, and unrelated to this suit, a third party had, pursuant to a winding-up petition against a defendant (the issuer of the bonds) (Winding-Up Petition), appointed a provisional liquidator against the said defendant on 16 February 2012 until 15 March 2012 for the purpose of monitoring and completing the sale of assets charged to the third party.

As a result of the appointment of the said provisional liquidator, all pending proceedings by all parties against the said defendant were effectively stayed and these initially included MTB's applications for leave at the Federal Court referred to above [Leave Applications]. Subsequently, MTB on 9 March 2012 obtained leave of the court to proceed with the successful Leave Applications.

Further to the Winding-Up Petition, the third party had on 22 March 2013 obtained the order of the High Court to wind up the said defendant. Subsequently, MTB had on 16 April 2013 obtained the leave of the High Court to continue with the pending actions against the said defendant given that the Federal Court has yet to deliver its decision.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Etiqa Insurance Berhad, which had entered into a facultative reinsurance contract for an insured sum of RM150.0 million with three (3) other re-insurers.

- (b) In 2004, Etiqa Takaful Berhad ("ETB"), commenced a civil suit against a borrower ("the 1st Defendant") and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay quarterly installments.

The 1st Defendant counterclaimed for loss and damage amounting to approximately RM284.0 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. It was alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage.

On 14 May 2009, the Court allowed ETB's application for summary judgment, the Court had also dismissed the 1st Defendant's counterclaim against ETB with costs. All 4 Defendants filed their respective applications for stay of execution of the summary judgment. However, the stay applications were dismissed with costs on 1 September 2009.

On 4 March 2010, the Court of Appeal reversed the decision of the High Court granting the earlier summary judgment and the dismissal of the 1st Defendant's counterclaim and ordered the matter to be reverted to the High Court for full trial. The full trial including the counterclaim concluded on 29 June 2011.

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B10. Changes in Material Litigation (cont'd.)

(b) (cont'd.)

On 21 September 2011, the High Court entered judgment in favour of ETB and allowed ETB's claim (with costs) for the sum of approximately RM25.8 million less unearned profit as at the date of full settlement and dismissed the 1st Defendant's counterclaim (with costs). All 4 Defendants filed Notices of Appeal against the said decision and also applied for a stay of the judgment. The stay applications were dismissed with costs on 25 January 2012.

On 16 April 2013, the Court of Appeal dismissed all appeals with costs. The Appellants' application for leave to appeal the decision of the Court of Appeal was originally scheduled for hearing on 17 September 2013 but on the date, the matter was postponed to a new date to be fixed. ETB's solicitors are of the view that the leave application is without merit.

(c) A corporate borrower had issued a writ of summons and statement of claim against a subsidiary, Maybank Investment Bank Berhad ("Maybank IB"), in 2005 in the latter's capacity as agent bank for three financial institutions, claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB in connection with a syndicated facility.

The credit facilities consisted of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by Maybank IB and the three syndicated lenders. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the said credit facilities. The two claims were heard together.

The High Court on 6 May 2009 entered judgment against Maybank IB as agent for the syndicated lenders for, inter alia, a sum of RM115.5 million with interest at 6% per annum from date of disbursement to realisation, with the balance of the corporate borrower's claim (including general damages) ordered to be assessed at a later date ("Judgment"). In the same Judgment, the recovery action by Maybank IB and the three syndicated lenders was also dismissed.

As one of the syndicated lenders, Maybank IB had an exposure of RM48.0 million out of the RM115.5 million awarded pursuant to the Judgment.

Maybank IB had then filed an appeal against the Judgment ("Appeal") and an application for stay of execution of the Judgment on 8 May 2009. On 24 June 2009, Maybank IB successfully obtained a stay order for execution of the Judgment pending the disposal of the Appeal against the Judgment. The corporate borrower's appeal to the Court of Appeal against the decision on the stay order was dismissed on 23 November 2009.

The Appeal came up for hearing on 10 February 2012, wherein all parties agreed for the matter to be mediated.

As the parties could not come to any consensus at the mediation on 9 March 2012, they proceeded with the Appeal which concluded on 23 January 2013.

On 27 September 2013, the Court of Appeal delivered its judgment in favour of Maybank IB and allowed the Appeal by the lenders including Maybank with costs of RM120,000. Judgment was entered against the corporate borrower and its guarantor for the sum of RM47,232,496.11 as at 30 September 2008 (Maybank's portion being RM19,757,195.93) with interest of 2% per annum from 1 Oct 2008 until full settlement. The Court of Appeal also directed payment of Maybank IB's agency fees of RM50,000 as at 1 June 2008 and subsequent annual fees of RM50,000 to be paid every 1st June with interest of 8% per annum thereon from 2 June 2008 until full settlement.

On 25 October 2013, the corporate borrower filed its motion for leave to appeal to the Federal Court in respect of the decision of the Court of Appeal against the corporate borrower dated 27 September 2013. The Federal Court has yet to fix a hearing for the leave application.

The corporate borrower had been wound up on 22 February 2013 but its appeal against the winding up order has been allowed.

(d) On 8 April 2010, a corporate borrower ("the Plaintiff") filed a civil suit against Malayan Banking Berhad ("Maybank") and two other Defendants at the Johor Bahru High Court ("JB High Court Suit") alleging that Maybank had been in breach of its obligations to the Plaintiff under several banking facilities between them for refusing to allow the drawdown and/or refusing to allow the further drawdown of the banking facilities.

Maybank had offered several banking facilities to finance the Plaintiff's development in a mixed development project. Amongst the many securities granted were several debentures which gave Maybank a right to appoint a receiver and manager over the Plaintiff in the event of default of the banking facilities.

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B10. Changes in Material Litigation (cont'd.)

(d) (cont'd.)

The 2nd and 3rd Defendants were receivers and managers ("R&Ms") appointed by Maybank under debentures given by the Plaintiff.

The Plaintiff had defaulted under the banking facilities granted by Maybank resulting in Maybank appointing the R&Ms.

Concurrent with this suit, the Plaintiff had also filed an application for an interlocutory injunction to restrain Maybank from exercising its right to appoint a R&M. The application was heard on 23 November 2010 and allowed by the Johor Bahru High Court ("JB High Court"). Maybank has appealed against this decision. On 29 May 2012, the Court of Appeal allowed Maybank's appeal with costs of RM15,000 and ordered damages to be assessed by the registrar at the Kuala Lumpur High Court ("KL High Court"). On 28 June 2012, the Plaintiff served an unsealed copy of a Notice of Motion filed at the Federal Court for leave to appeal against the Court of Appeal's decision on 29 May 2012. That motion was fixed for case management on 9 October 2012. On 6 December 2012, the Federal Court struck out the motion with costs to Maybank.

The Plaintiff had also filed another civil suit against Maybank on 25 March 2011 at the Kuala Lumpur High Court ("KL High Court Suit") claiming a sum of approximately RM1.2 billion alleging that the appointment of the R&Ms was mala fide and that as a consequence thereof, the Plaintiff had purportedly suffered loss and damages.

Maybank filed a counterclaim in the JB High Court Suit against the Plaintiff and its guarantors to recover all sums due and owing under the banking facilities granted to the Plaintiff. The JB High Court allowed Maybank's application to transfer the JB High Court Suit to the KL High Court, and consolidate the JB High Court Suit with the KL High Court Suit to be heard at the KL High Court.

On 24 October 2011, the KL High Court had allowed Maybank's counterclaim against the Plaintiff and the guarantors with costs on an indemnity basis, and dismissed the Plaintiff's actions against Maybank i.e. the KL High Court Suit and the JB High Court Suit, with costs on an indemnity basis. The Plaintiff filed an appeal at the Court of Appeal against this decision. The Plaintiff's application for a stay of execution of the decision of KL High Court on 24 October 2011 was dismissed by the KL High Court on 13 December 2011.

On 19 August 2013, the Court of Appeal affirmed the KL High Court's decision in, dismissing the Plaintiff's appeal in favour of Maybank with costs of RM50,000 to Maybank. On 23 September 2013, the Plaintiff filed a leave application to appeal to the Federal Court. Maybank has recorded its objection to this leave application on the ground that the application has been filed out of time as the deadline to file the said application was on 19 September 2013.

At the case management on 6 November 2013, it was put on record in the Federal Court that the Plaintiff has agreed to withdraw the said leave application with no liberty to file afresh and the Plaintiff will pay costs of RM6,000 to Maybank for the leave application withdrawal upon payment of the redemption sum for the properties charged to Maybank for the banking facilities. The Registrar of the Federal Court then fixed the next case management on 21 November 2013 pending the withdrawal of the leave application by the Plaintiff.

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B11. Disclosure of Realised and Unrealised Retained Earnings

The breakdown of the retained profits of the Group as at the statements of financial position date into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	30 September 2013	31 December 2012 (Restated)
	RM'000	RM'000
Retained profits of the Bank and its subsidiaries:		
- Realised	7,710,918	7,566,518
- Unrealised	2,715,213	2,195,259
	10,426,131	9,761,777
Share of retained profits from associates:		
- Realised	346,872	294,847
- Unrealised	-	-
	346,872	294,847
Consolidation adjustments	935,810	1,048,213
Total Group's retained profits as per consolidated financial statements	11,708,813	11,104,837

B12. Proposed Interim Dividend

No interim dividend has been recommended during the 3rd quarter ended 30 September 2013.

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B13. Earnings Per Share ("EPS")

Basic

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Net profit for the quarter/period (RM'000)	1,746,343	1,501,242	4,820,291	4,286,029
Weighted average number of ordinary shares in issue ('000)	8,710,306	7,842,562	8,578,975	7,729,690
Basic earnings per share	20.05 sen	19.14 sen	56.19 sen	55.45 sen

Diluted

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

In the diluted EPS calculation, the calculation takes into account the exercise of outstanding ESOS granted to employees under the ESS where such shares would be issued at a price lower than the average share price during the financial period. In addition, it was assumed that certain number of shares under the ESS relating to the RSU were vested and awarded to employees through issuance of additional ordinary shares and the electable portion of the dividends issued under the DRP were exercised into ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Bank's shares during the quarter/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted and the number of shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's shares as at 30 September 2013) based on the electable portion of the dividends issued under the DRP. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the quarter/period.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Net profit for the quarter/period (RM'000)	1,746,343	1,501,242	4,820,291	4,286,029
Weighted average number of ordinary shares in issue ('000)	8,710,306	7,842,562	8,578,975	7,729,690
Effects of dilution ('000)	12,662	8,469	13,180	8,065
Adjusted weighted average number of ordinary shares in issue ('000)	8,722,968	7,851,031	8,592,155	7,737,755
Diluted earnings per share	20.02 sen	19.12 sen	56.10 sen	55.39 sen

By Order of the Board

Mohd Nazlan Mohd Ghazali

LS0008977

Company Secretary

21 November 2013