

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<u>Group</u>	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Interest income	A21	5,428,096	5,301,419	5,428,096	5,301,419
Interest expense	A22	(2,393,493)	(2,422,987)	(2,393,493)	(2,422,987)
Net interest income		3,034,603	2,878,432	3,034,603	2,878,432
Income from Islamic Banking Scheme operations	A39a	1,214,493	977,940	1,214,493	977,940
Net earned insurance premiums	A23	1,253,880	1,168,602	1,253,880	1,168,602
Other operating income	A25	1,430,140	1,690,584	1,430,140	1,690,584
Total operating income		6,933,116	6,715,558	6,933,116	6,715,558
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(1,378,429)	(1,323,790)	(1,378,429)	(1,323,790)
Net operating income		5,554,687	5,391,768	5,554,687	5,391,768
Overhead expenses	A27	(2,804,044)	(2,620,199)	(2,804,044)	(2,620,199)
Operating profit before impairment losses		2,750,643	2,771,569	2,750,643	2,771,569
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(542,509)	(865,069)	(542,509)	(865,069)
Allowances for impairment losses on financial investments, net	A29	(250)	(13,345)	(250)	(13,345)
Operating profit		2,207,884	1,893,155	2,207,884	1,893,155
Share of profits in associates and joint ventures		41,186	38,190	41,186	38,190
Profit before taxation and zakat		2,249,070	1,931,345	2,249,070	1,931,345
Taxation and zakat	B5	(503,966)	(480,444)	(503,966)	(480,444)
Profit for the period		1,745,104	1,450,901	1,745,104	1,450,901
Attributable to:					
Equity holders of the Bank		1,702,797	1,426,751	1,702,797	1,426,751
Non-controlling interests		42,307	24,150	42,307	24,150
		1,745,104	1,450,901	1,745,104	1,450,901
Earnings per share attributable to equity holders of the Bank	B13				
Basic		16.73 sen	14.64 sen	16.73 sen	14.64 sen
Fully diluted		16.73 sen	14.64 sen	16.73 sen	14.64 sen

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<u>Group</u>	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit for the period	1,745,104	1,450,901	1,745,104	1,450,901
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial gain	1,367	307	1,367	307
Income tax effect	(472)	(982)	(472)	(982)
Share of change in associates' reserve	-	68	-	68
	895	(607)	895	(607)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain on financial investments available-for-sale	317,905	1,046,713	317,905	1,046,713
Income tax effect	(74,983)	(246,542)	(74,983)	(246,542)
Net gain/(loss) on foreign exchange translation	174,261	(1,712,827)	174,261	(1,712,827)
Net loss on cash flow hedge	-	(987)	-	(987)
Net (loss)/gain on net investment hedge	(20,762)	147,447	(20,762)	147,447
Net gain on revaluation reserve	-	11	-	11
Share of change in associates' reserve	(53,054)	(281,597)	(53,054)	(281,597)
	343,367	(1,047,782)	343,367	(1,047,782)
Other comprehensive income/(loss) for the period, net of tax	344,262	(1,048,389)	344,262	(1,048,389)
Total comprehensive income for the period	2,089,366	402,512	2,089,366	402,512
Other comprehensive income/(loss) for the period attributable to:				
Equity holders of the Bank	338,495	(1,052,227)	338,495	(1,052,227)
Non-controlling interests	5,767	3,838	5,767	3,838
	344,262	(1,048,389)	344,262	(1,048,389)
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	2,041,292	374,524	2,041,292	374,524
Non-controlling interests	48,074	27,988	48,074	27,988
	2,089,366	402,512	2,089,366	402,512

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FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<u>Bank</u>	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Interest income	A21	3,912,544	3,878,863	3,912,544	3,878,863
Interest expense	A22	(1,754,956)	(1,792,395)	(1,754,956)	(1,792,395)
Net interest income		<u>2,157,588</u>	<u>2,086,468</u>	<u>2,157,588</u>	<u>2,086,468</u>
Dividends from subsidiaries and associates	A24	<u>910</u>	<u>77,206</u>	<u>910</u>	<u>77,206</u>
Other operating income	A25	<u>738,989</u>	<u>1,207,274</u>	<u>738,989</u>	<u>1,207,274</u>
		<u>739,899</u>	<u>1,284,480</u>	<u>739,899</u>	<u>1,284,480</u>
Net operating income		<u>2,897,487</u>	<u>3,370,948</u>	<u>2,897,487</u>	<u>3,370,948</u>
Overhead expenses	A27	(1,385,454)	(1,354,433)	(1,385,454)	(1,354,433)
Operating profit before impairment losses		<u>1,512,033</u>	<u>2,016,515</u>	<u>1,512,033</u>	<u>2,016,515</u>
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(396,923)	(697,905)	(396,923)	(697,905)
Writeback of impairment losses on financial investments, net	A29	690	629	690	629
Profit before taxation and zakat		<u>1,115,800</u>	<u>1,319,239</u>	<u>1,115,800</u>	<u>1,319,239</u>
Taxation and zakat	B5	(267,321)	(303,372)	(267,321)	(303,372)
Profit for the period		<u>848,479</u>	<u>1,015,867</u>	<u>848,479</u>	<u>1,015,867</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<u>Bank</u>	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit for the period	848,479	1,015,867	848,479	1,015,867
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain on financial investments available-for-sale	256,586	800,140	256,586	800,140
Income tax effect	(60,887)	(200,042)	(60,887)	(200,042)
Net gain/(loss) on foreign exchange translation	211,472	(646,980)	211,472	(646,980)
Other comprehensive income/(loss) for the period, net of tax	407,171	(46,882)	407,171	(46,882)
Total comprehensive income for the period	1,255,650	968,985	1,255,650	968,985

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds		43,634,116	58,140,545	28,048,720	38,350,931
Deposits and placements with financial institutions		15,039,071	13,444,630	18,288,920	19,339,287
Financial assets purchased under resale agreements		6,638,092	2,492,412	5,479,244	2,213,113
Financial assets at fair value through profit or loss	A10(i)	28,881,371	23,496,050	12,291,456	7,980,314
Financial investments available-for-sale	A10(ii)	102,842,415	92,384,834	82,440,994	74,904,201
Financial investments held-to-maturity	A10(iii)	16,937,444	15,021,597	12,877,866	12,582,311
Loans, advances and financing	A11	477,821,921	477,774,903	294,196,807	295,020,136
Derivative assets	A36	6,507,825	8,311,703	6,449,614	8,320,918
Reinsurance/retakaful assets and other insurance receivables	A12	4,306,926	4,139,596	-	-
Other assets	A13	13,835,024	10,525,560	8,021,097	5,603,512
Investment properties		768,145	758,488	-	-
Statutory deposits with central banks		14,427,466	15,384,134	7,049,215	7,530,325
Investment in subsidiaries		-	-	21,652,967	21,586,547
Interest in associates and joint ventures		3,194,932	3,210,436	451,518	451,518
Property, plant and equipment		2,547,615	2,595,497	1,273,261	1,290,761
Intangible assets		7,328,505	7,345,524	532,128	530,049
Deferred tax assets		764,863	930,344	220,552	358,687
TOTAL ASSETS		745,475,731	735,956,253	499,274,359	496,062,610
LIABILITIES					
Deposits from customers	A14	481,652,712	489,833,295	327,537,469	336,186,752
Investment accounts of customers	A39g	31,714,614	31,544,587	-	-
Deposits and placements from financial institutions	A15	42,574,839	30,854,693	40,361,884	29,856,710
Obligations on financial assets sold under repurchase agreements		3,272,649	2,957,951	3,272,649	2,957,951
Derivative liabilities	A36	7,564,103	8,828,060	7,503,089	8,802,221
Financial liabilities at fair value through profit or loss	A16	4,017,149	3,587,230	3,030,516	2,685,139
Bills and acceptances payable		1,716,923	1,808,066	1,073,342	1,000,777
Insurance/takaful contract liabilities and other insurance payables	A18	24,503,997	23,948,719	-	-
Other liabilities	A19	16,963,707	12,978,931	10,236,374	8,190,241
Recourse obligation on loans and financing sold to Cagamas		965,042	974,588	965,042	974,588
Provision for taxation and zakat		384,782	419,729	88,908	47,374
Deferred tax liabilities		768,249	777,826	-	-
Borrowings	A17(i)	34,681,300	34,867,056	27,535,842	28,927,427
Subordinated obligations	A17(ii)	15,892,243	15,900,706	13,157,269	13,202,872
Capital securities	A17(iii)	6,239,899	6,199,993	6,239,899	6,225,926
TOTAL LIABILITIES		672,912,208	665,481,430	441,002,283	439,057,978

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	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		39,079,689	10,193,200	39,079,689	10,193,200
Share premium		-	28,878,703	-	28,878,703
Shares held-in-trust		(125,309)	(125,309)	(125,309)	(125,309)
Retained profits		14,702,302	14,408,695	3,878,775	4,456,832
Reserves		16,912,135	15,160,442	15,438,921	13,601,206
		<u>70,568,817</u>	<u>68,515,731</u>	<u>58,272,076</u>	<u>57,004,632</u>
Non-controlling interests		1,994,706	1,959,092	-	-
		<u>72,563,523</u>	<u>70,474,823</u>	<u>58,272,076</u>	<u>57,004,632</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		<u>745,475,731</u>	<u>735,956,253</u>	<u>499,274,359</u>	<u>496,062,610</u>
COMMITMENTS AND CONTINGENCIES	A34	<u>894,980,536</u>	<u>766,438,609</u>	<u>845,095,932</u>	<u>721,129,524</u>
<u>CAPITAL ADEQUACY</u>					
	A35				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		13.375%	13.990%	13.951%	15.881%
Tier 1 Capital Ratio		15.036%	15.664%	16.324%	18.232%
Total Capital Ratio		<u>18.855%</u>	<u>19.293%</u>	<u>19.112%</u>	<u>19.432%</u>
Net assets per share attributable to equity holders of the Bank		<u>RM6.92</u>	<u>RM6.72</u>	<u>RM5.72</u>	<u>RM5.59</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<u>Group</u>	Attributable to equity holders of the Bank												
	Non-Distributable												
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves ¹ RM'000	Retained Profits ² RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2017	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(269,131)	3,592,057	320,912	(476,340)	14,408,695	68,515,731	1,959,092	70,474,823
Profit for the period	-	-	-	-	-	-	-	-	-	1,702,797	1,702,797	42,307	1,745,104
Other comprehensive income/(loss)	-	-	-	-	-	227,983	130,555	-	(20,043)	-	338,495	5,767	344,262
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	719	-	719	176	895
Share of associates' reserve	-	-	-	-	-	(7,133)	(45,921)	-	-	-	(53,054)	-	(53,054)
Net gain/(loss) on foreign exchange translation	-	-	-	-	-	-	176,476	-	-	-	176,476	(2,215)	174,261
Net gain on financial investments available-for-sale	-	-	-	-	-	235,116	-	-	-	-	235,116	7,806	242,922
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(20,762)	-	(20,762)	-	(20,762)
Total comprehensive income/(loss) for the period	-	-	-	-	-	227,983	130,555	-	(20,043)	1,702,797	2,041,292	48,074	2,089,366
Carried forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(41,148)	3,722,612	320,912	(496,383)	16,111,492	70,557,023	2,007,166	72,564,189

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

Group (cont'd.)	Attributable to equity holders of the Bank												
	Non-Distributable												
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000 ¹	Retained Profits RM'000 ²	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Brought forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(41,148)	3,722,612	320,912	(496,383)	16,111,492	70,557,023	2,007,166	72,564,189
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	5,353	-	-	5,353	-	5,353
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	(1,376)	(1,376)
Effect of net acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	438	438
Transfer to share capital (Note A8(i)(a)(A))	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserves	-	-	-	12,386	-	-	-	-	-	(12,386)	-	-	-
Transfer to regulatory reserve	-	-	-	-	1,396,791	-	-	-	-	(1,396,791)	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(B))	6,851	-	-	-	-	-	-	(410)	-	-	6,441	-	6,441
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C))	935	-	-	-	-	-	-	(922)	-	(13)	-	-	-
Dividends (Note A9(b))	-	-	-	-	-	-	-	-	-	-	-	(11,522)	(11,522)
Total transactions with shareholders/ other equity movements	28,886,489	(28,878,703)	-	12,386	1,396,791	-	-	4,021	-	(1,409,190)	11,794	(12,460)	(666)
At 31 March 2017	39,079,689	-	(125,309)	10,947,333	2,454,788	(41,148)	3,722,612	324,933	(496,383)	14,702,302	70,568,817	1,994,706	72,563,523

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

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,216.4 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<u>Group</u>	<===== Attributable to equity holders of the Bank =====>												
	<===== Non-Distributable =====>						Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	¹ Other Reserves RM'000	² Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000
At 1 January 2016	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	(503,048)	2,245,044	329,523	(455,986)	12,833,004	61,694,990	1,818,467	63,513,457
Profit for the period	-	-	-	-	-	-	-	-	-	1,426,751	1,426,751	24,150	1,450,901
Other comprehensive income/(loss)	-	-	-	-	-	790,350	(1,988,641)	-	146,064	-	(1,052,227)	3,838	(1,048,389)
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(475)	-	(475)	(200)	(675)
Share of associates' reserve	-	-	-	-	-	(5,192)	(276,405)	-	68	-	(281,529)	-	(281,529)
Net loss on foreign exchange translation	-	-	-	-	-	-	(1,712,236)	-	-	-	(1,712,236)	(591)	(1,712,827)
Net gain on financial investments available-for-sale	-	-	-	-	-	795,542	-	-	-	-	795,542	4,629	800,171
Net gain on net investment hedge	-	-	-	-	-	-	-	-	147,447	-	147,447	-	147,447
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(987)	-	(987)	-	(987)
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	11	-	11	-	11
Total comprehensive income/(loss) for the period	-	-	-	-	-	790,350	(1,988,641)	-	146,064	1,426,751	374,524	27,988	402,512
Carried forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	287,302	256,403	329,523	(309,922)	14,259,755	62,069,514	1,846,455	63,915,969

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

Group (cont'd.)	<===== Attributable to equity holders of the Bank =====>												
	<===== Non-Distributable =====>					Available-	Exchange	ESS	Other	Retained	Total	Non-	Total
	Share	Share	Shares	Statutory	Regulatory	for-sale	Fluctuation	Reserve	Reserves	Profits	Shareholders'	Controlling	Equity
	Capital	Premium	Held-in-trust	Reserve	Reserve	Reserve	Reserve	Reserve	Reserves	Profits	Equity	Interests	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Brought forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	287,302	256,403	329,523	(309,922)	14,259,755	62,069,514	1,846,455	63,915,969
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	10,762	-	-	10,762	-	10,762
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	(402)	(402)
Transfer to statutory reserves	-	-	-	457,546	-	-	-	-	-	(457,546)	-	-	-
Transfer from regulatory reserve	-	-	-	-	(738,286)	-	-	-	-	738,286	-	-	-
Issue of shares pursuant to ESS	47	390	-	-	-	-	-	(26)	-	-	411	-	411
Total transactions with shareholders/ other equity movements	47	390	-	457,546	(738,286)	-	-	10,736	-	280,740	11,173	(402)	10,771
At 31 March 2016	9,761,798	25,900,866	(119,745)	10,914,008	509,223	287,302	256,403	340,259	(309,922)	14,540,495	62,080,687	1,846,053	63,926,740

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

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,063.9 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
<u>Bank</u>	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2017	10,193,200	28,878,703	(125,309)	10,325,216	660,800	(453,145)	2,747,423	320,912	4,456,832	57,004,632
Profit for the period	-	-	-	-	-	-	-	-	848,479	848,479
Other comprehensive income	-	-	-	-	-	195,699	211,472	-	-	407,171
Net gain on foreign exchange translation	-	-	-	-	-	-	211,472	-	-	211,472
Net gain on financial investments available-for-sale	-	-	-	-	-	195,699	-	-	-	195,699
Total comprehensive income for the period	-	-	-	-	-	195,699	211,472	-	848,479	1,255,650
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	5,353	-	5,353
Transfer to statutory reserve	-	-	-	5,847	-	-	-	-	(5,847)	-
Transfer to regulatory reserve	-	-	-	-	1,420,676	-	-	-	(1,420,676)	-
Transfer to share capital (Note A8(i)(a)(A))	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(B))	6,851	-	-	-	-	-	-	(410)	-	6,441
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C))	935	-	-	-	-	-	-	(922)	(13)	-
Total transactions with shareholders/ other equity movements	28,886,489	(28,878,703)	-	5,847	1,420,676	-	-	4,021	(1,426,536)	11,794
At 31 March 2017	39,079,689	-	(125,309)	10,331,063	2,081,476	(257,446)	2,958,895	324,933	3,878,775	58,272,076

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
Bank	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2016	9,761,751	25,900,476	(119,745)	9,866,550	813,800	(600,664)	2,414,054	329,523	3,252,638	51,618,383
Profit for the period	-	-	-	-	-	-	-	-	1,015,867	1,015,867
Other comprehensive income/(loss)	-	-	-	-	-	600,098	(646,980)	-	-	(46,882)
Net loss on foreign exchange translation	-	-	-	-	-	-	(646,980)	-	-	(646,980)
Net gain on financial investments available-for-sale	-	-	-	-	-	600,098	-	-	-	600,098
Total comprehensive income/(loss) for the period	-	-	-	-	-	600,098	(646,980)	-	1,015,867	968,985
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	10,762	-	10,762
Transfer to statutory reserve	-	-	-	457,405	-	-	-	-	(457,405)	-
Transfer from regulatory reserve	-	-	-	-	(679,167)	-	-	-	679,167	-
Issue of shares pursuant to ESS	47	390	-	-	-	-	-	(26)	-	411
Total transactions with shareholders/ other equity movements	47	390	-	457,405	(679,167)	-	-	10,736	221,762	11,173
At 31 March 2016	9,761,798	25,900,866	(119,745)	10,323,955	134,633	(566)	1,767,074	340,259	4,490,267	52,598,541

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	Group		Bank	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	2,249,070	1,931,345	1,115,800	1,319,239
Adjustments for:				
Depreciation of property, plant and equipment	95,838	94,049	47,841	46,519
Share of profits in associates and joint ventures	(41,186)	(38,190)	-	-
Amortisation of intangible assets	71,611	70,888	26,480	32,514
Net loss on liquidation of subsidiary	2,008	-	-	-
Net gain on disposal of financial assets at fair value through profit or loss	(31,262)	(69,589)	(24,137)	(36,947)
Net gain on disposal of financial investments available-for-sale	(183,822)	(158,045)	(29,596)	(101,347)
Net gain on redemption of financial investments held-to-maturity	(170)	(8,287)	(170)	(8,287)
Unrealised gain on revaluation of financial assets at fair value through profit or loss and derivatives	(130,943)	(469,327)	(33,485)	(353,507)
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss	(8,074)	(120)	(7,821)	(1,233)
Allowances for impairment losses on loans, advances and financing, net	623,618	957,784	438,818	757,073
Allowances for/(writeback of) impairment losses on other debts	2,431	2,412	(126)	(173)
Dividend income	(20,090)	(17,036)	(910)	(78,217)
ESS expenses	5,612	10,459	3,698	7,654
Allowances for/(writeback of) impairment losses on financial investments, net	250	13,345	(690)	(629)
Other adjustments for non-operating and non-cash items	(25,297)	(54,646)	(7,642)	(16,091)
Operating profit before working capital changes	2,609,594	2,265,042	1,528,060	1,566,568
Change in deposits and placements with financial institutions with original maturity of more than three months	3,945,707	(9,215,334)	6,418,822	(8,196,839)
Change in cash and short-term funds with original maturity of more than three months	254,220	(277,315)	804,027	980,663
Change in financial investments portfolio	(16,998,993)	(12,661,170)	(11,809,734)	(10,319,170)
Change in loans, advances and financing	240,183	4,802,014	2,371,649	7,107,155
Change in statutory deposits with central banks	956,667	2,469,224	481,110	1,193,014
Change in deposits from customers	(10,200,763)	(344,320)	(10,452,955)	1,492,826
Change in investment accounts of customers	170,027	7,412,925	-	-
Change in deposits and placements from financial institutions	11,720,146	4,684,789	10,505,174	3,053,970
Change in financial liabilities at fair value through profit or loss	437,993	1,732,546	353,198	1,501,682
Change in reinsurance/retakaful assets and other insurance receivables	(167,330)	(445,560)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	555,278	736,237	-	-
Change in other operating activities	(2,839,409)	(778,054)	(2,679,763)	(598,422)
Cash (used in)/generated from operations	(9,316,680)	381,024	(2,480,412)	(2,218,553)
Taxes and zakat paid	(450,352)	(423,397)	(149,551)	(234,124)
Net cash used in operating activities	(9,767,032)	(42,373)	(2,629,963)	(2,452,677)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	Group		Bank	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	20,090	17,036	-	1,011
- associates	-	-	910	-
- subsidiaries	-	-	-	77,206
Purchase of property, plant and equipment	(38,748)	(507,755)	(24,143)	(39,746)
Purchase of investment properties	(9,805)	(4,251)	-	-
Proceeds from disposal of property, plant and equipment	6,140	30,196	4,054	-
Purchase of intangible assets	(40,257)	(39,379)	(25,545)	(24,578)
Purchase of additional shares in existing subsidiary	-	-	(66,420)	-
Net effect arising from transaction with non-controlling interests	(2,947)	(402)	-	-
Net cash (used in)/generated from investing activities	<u>(65,527)</u>	<u>(504,555)</u>	<u>(111,144)</u>	<u>13,893</u>
Cash flows from financing activities				
Proceeds from issuance of shares	6,441	411	6,441	411
Drawdown of/(repayment of) borrowings, net	1,286,181	(2,906,835)	(1,231,644)	(2,467,547)
Redemption of subordinated obligations	-	(1,000,000)	-	-
Issuance of subordinated obligations	35,000	-	-	-
Recourse obligation on loans and financing sold to Cagamas, net	(9,546)	(81,957)	(9,547)	(81,958)
Dividends paid to non-controlling interests	(11,522)	-	-	-
Net cash generated from/(used in) financing activities	<u>1,306,554</u>	<u>(3,988,381)</u>	<u>(1,234,750)</u>	<u>(2,549,094)</u>
Net decrease in cash and cash equivalents	(8,526,005)	(4,535,309)	(3,975,857)	(4,987,878)
Cash and cash equivalents at beginning of period	50,875,740	53,049,192	38,217,233	38,619,149
Effects of foreign exchange rate changes	(186,060)	(2,583,484)	(153,875)	(2,291,391)
Cash and cash equivalents at end of period	<u>42,163,675</u>	<u>45,930,399</u>	<u>34,087,501</u>	<u>31,339,880</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Cash and short-term funds	43,634,116	48,382,087	28,048,720	32,808,276
Deposits and placements with financial institutions	15,039,071	23,257,512	18,288,920	23,154,992
	<u>58,673,187</u>	<u>71,639,599</u>	<u>46,337,640</u>	<u>55,963,268</u>
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(16,509,512)	(25,709,200)	(12,250,139)	(24,623,388)
Cash and cash equivalents at end of period	<u>42,163,675</u>	<u>45,930,399</u>	<u>34,087,501</u>	<u>31,339,880</u>

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

A1. Basis of Preparation

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

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

The unaudited condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2016.

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2016 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2017:

- MFRS 107 *Statement of Cash Flows* - Disclosure Initiative (Amendments to MFRS 107)
- MFRS 112 *Income Taxes* - Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)
- Annual Improvements to MFRSs 2014 - 2016 Cycle

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

MFRS 107 *Statement of Cash Flows* - Disclosure Initiative (Amendments to MFRS 107)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (for example foreign exchange movements and fair value changes).

On initial application of these amendments, entities are not required to provide comparative information for preceding periods. The Group and the Bank are not required to provide additional disclosures in the condensed interim financial statements, but will disclose the additional information in the annual financial statements for the year ending 31 December 2017.

Companies Act 2016

The unaudited condensed interim financial statements of the Group and of the Bank are prepared in accordance with the requirements of the Companies Act 2016 (“New Act”), which replaced the Companies Act 1965. Amongst the key changes introduced in the New Act which affected the financial statements of the Group and of the Bank upon the commencement of the New Act on 31 January 2017 are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares of the Bank will cease to have par or nominal value; and
- (c) the Bank's share premium will become part of the share capital.

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A1. Basis of Preparation (cont'd.)

Companies Act 2016 (cont'd.)

During the financial period ended 31 March 2017, the Bank has transferred RM28.9 billion share premium to its share capital pursuant to the transition provisions set out in Section 618(2) of the New Act. Under Section 618(3) of the New Act, the Bank has twenty four (24) months to utilise the amount of share premium that has been transferred to share capital.

Revised Policy Document on Capital Funds and Capital Funds for Islamic Banks issued by Bank Negara Malaysia ("BNM")

On 3 May 2017, BNM issued a Revised Policy Document on Capital Funds and Capital Funds for Islamic Banks ("Revised Policy Document"). This Revised Policy Document applies to banking institutions in Malaysia that covers licensed bank, licensed investment bank and licensed Islamic bank. The issuance of this Revised Policy Document has superseded two guidelines issued by BNM previously, namely Capital Funds and Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (a) the removal of the requirement on maintenance of a reserve fund; and
- (b) the revised component of capital funds shall exclude share premium and reserve fund.

The adoption of the Revised Policy Document will not have any financial effects on the Group's and the Bank's financial results for the current financial year ending 31 December 2017.

A2. Significant Accounting Policies

The audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2016 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2016 except for the application of the requirements of the Companies Act 2016.

A3. Significant Accounting Estimates and Judgements

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2016.

A4. Auditors' Report on Preceding Audited Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 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 first quarter ended 31 March 2017.

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

During the first quarter ended 31 March 2017, 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 first quarter ended 31 March 2017.

A8. Changes in Debt and Equity Securities

(i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the first quarter ended 31 March 2017:

(a) **Share capital**

The share capital of the Bank increased from RM10,193,199,917 as at 31 December 2016 to RM39,079,689,421 as at 31 March 2017 via:

- (A) transfer of share premium amounting to RM28,878,703,017 to share capital pursuant to Companies Act 2016;
- (B) issuance of 739,900 new ordinary shares amounting to RM6,851,487 to eligible employees who exercised their options under the current Maybank Group Employees' Share Scheme ("ESS") which commenced on 23 June 2011, for a period of 7 years; and
- (C) issuance of 110,000 new ordinary shares amounting to RM935,000 to eligible employees under the Supplemental Restricted Share Unit ("SRSU") which is part of the current Maybank Group ESS.

The issued ordinary shares of the Bank as at 31 March 2017 is 10,194,049,817 units (31 December 2016: 10,193,199,917 units).

(b) **Redemption of bonds by PT Bank Maybank Indonesia Tbk and its subsidiaries**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Redemption	2 January 2017	IDR203.0 billion	Shelf Bonds I WOM Finance Tranche IV Year 2015 Series A	1 year

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

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Issuance	31 March 2017	AUD12.0 million	Collared Floating Rate Notes	5 years

(d) **Redemption of Medium Term Notes pursuant to the USD2.0 billion Multicurrency Medium Term Note Programme by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Redemption	10 February 2017	USD400.0 million	Fixed Rate Notes	5 years
Redemption	1 March 2017	HKD700.0 million	Fixed Rate Notes	5 years

(e) **Issuance of Senior Sukuk Murabahah pursuant to the RM10.0 billion Sukuk Murabahah Programme by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Issuance	15 February 2017	RM60.0 million	Fixed Rate Sukuk	15 years

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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the first quarter ended 31 March 2017 (cont'd.):

- (f) **Issuance of Ringgit Commercial Papers/Medium Term Notes pursuant to the Commercial Paper/Medium Term Note Programme of up to RM10.0 billion in nominal value by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Issuance	7 March 2017	RM60.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	22 March 2017	RM44.1 million	Zero Coupon Medium Term Notes	1 year

As at 31 March 2017, the aggregate nominal value of the outstanding Ringgit Commercial Papers is RM1,221.1 million (31 December 2016: RM517.0 million). The tenor for these Ringgit Commercial Papers range from 174 days to 364 days.

- (g) **Issuance of Euro-Commercial Papers pursuant to the Euro-Commercial Paper Programme of up to USD5.0 billion (or its equivalent in alternative currencies) in nominal value by Maybank**

As at 31 March 2017, the aggregate nominal value of the outstanding Euro-Commercial Papers is RM1,270.2 million (31 December 2016: RM845.0 million). The tenor for these Euro-Commercial Papers range from 61 days to 364 days.

- (h) **Issuance of U.S. CPs pursuant to the U.S. Commercial Paper Programme of up to USD500.0 million in nominal value by Maybank**

As at 31 March 2017, the aggregate nominal value of the outstanding U.S. Commercial Papers is RM2,209.0 million (31 December 2016: RM2,115.7 million). The tenor for these U.S. Commercial Papers range from 59 days to 283 days.

- (ii) The following are the changes in debt securities that were issued and redeemed by the Bank subsequent to the first quarter ended 31 March 2017 and have not been reflected in the financial statements for the first quarter ended 31 March 2017:

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

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Issuance	18 April 2017	AUD12.0 million	Collared Floating Rate Notes	5 years
Redemption	10 April 2017	SGD50.0 million	Fixed Rate Notes	2 years

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 by the Bank.

A9. Dividends Paid/Payable

Dividends paid and payable during the first quarter ended 31 March 2017 are as follows:

- (a) During the Annual General Meeting held on 6 April 2017, a final dividend in respect of the financial year ended 31 December 2016 of 32 sen single-tier dividend per ordinary share, amounting to a net dividend payable of RM3,261,823,973 (based on 10,193,199,917 ordinary shares in issue as at 31 December 2016) was approved by the

The dividend consists of cash portion of 10 sen per ordinary share amounting to RM1,019,319,991 and an electable portion of 22 sen per ordinary share amounting to RM2,242,503,982 where the electable portion could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The financial statements for the current quarter do not reflect the final dividend as approval from shareholders have yet been obtained as at 31 March 2017.

- (b) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM11,522,000 during the first quarter ended 31 March 2017.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Financial assets at fair value through profit or loss	(i)	28,881,371	23,496,050	12,291,456	7,980,314
Financial investments available-for-sale	(ii)	102,842,415	92,384,834	82,440,994	74,904,201
Financial investments held-to-maturity	(iii)	16,937,444	15,021,597	12,877,866	12,582,311
		148,661,230	130,902,481	107,610,316	95,466,826

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
(a) Financial assets designated upon initial recognition	12,836,642	12,909,681	-	-
(b) Financial assets held-for-trading	16,044,729	10,586,369	12,291,456	7,980,314
	28,881,371	23,496,050	12,291,456	7,980,314

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	185,626	225,385	-	-
Malaysian Government Investment Issues	179,404	197,483	-	-
Negotiable Islamic Certificates of Deposits	251,830	249,261	-	-
Foreign Government Securities	183,468	103,421	-	-
Foreign Government Treasury Bills	1,266	24,804	-	-
	801,594	800,354	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	84,970	54,503	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	245,853	233,627	-	-
	330,823	288,130	-	-
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	523,370	428,318	-	-
Corporate Bonds and Sukuk in Malaysia	10,769,795	11,057,416	-	-
Structured deposits	411,060	335,463	-	-
	11,704,225	11,821,197	-	-
Total financial assets designated upon initial recognition	12,836,642	12,909,681	-	-

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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:

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	1,231,628	233,251	1,203,850	203,379
Malaysian Government Investment Issues	247,576	37,677	138,113	-
Cagamas Bonds	81,369	56,867	81,369	56,867
Negotiable instruments of deposits	146	-	-	-
Foreign Government Securities	3,058,403	2,931,845	2,411,672	2,313,978
Malaysian Government Treasury Bills	227,140	-	227,140	-
Foreign Government Treasury Bills	154,548	655	154,548	655
	5,000,810	3,260,295	4,216,692	2,574,879
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	953,662	805,806	135,391	128,780
Corporate Bonds and Sukuk	4,739	4,571	4,739	4,571
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	2,004,599	1,245,355	12,516	11,896
Foreign Corporate Bonds and Sukuk	-	451	-	-
Foreign Government Bonds	70,290	74,930	-	-
	3,033,290	2,131,113	152,646	145,247
Unquoted securities:				
Shares, trust units and loan stocks outside Malaysia	551	-	-	-
Foreign Corporate Bonds and Sukuk	4,240,363	3,760,622	3,704,589	3,410,260
Corporate Bonds and Sukuk in Malaysia	1,590,486	982,324	2,040,049	1,399,841
Foreign Government Bonds	2,179,229	452,015	2,177,480	450,087
	8,010,629	5,194,961	7,922,118	5,260,188
Total financial assets held- for-trading	16,044,729	10,586,369	12,291,456	7,980,314

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments available-for-sale

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	11,831,349	10,004,488	11,816,472	9,955,613
Malaysian Government Investment Issues	16,363,363	12,621,577	10,406,166	7,426,545
Negotiable instruments of deposits	4,361,047	4,573,550	3,401,471	4,492,819
Foreign Government Securities	13,400,690	10,611,242	10,519,766	8,092,808
Foreign Government Treasury Bills	4,957,731	5,807,734	4,957,731	5,807,734
Khazanah Bonds	2,337,746	1,917,128	2,337,746	1,917,128
Cagamas Bonds	763,507	728,048	763,507	728,048
Bankers' acceptances and Islamic accepted bills	73,118	-	-	-
Foreign Certificates of Deposits	44,247	44,909	44,247	44,909
	54,132,798	46,308,676	44,247,106	38,465,604
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,710,387	2,188,387	152,462	141,507
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	174,314	142,135	950	733
Foreign Corporate Bonds and Sukuk	84,069	97,007	-	-
Foreign Government Bonds	12,754	23,224	-	-
Foreign Government Treasury Bills	22,515	33,874	-	-
	3,004,039	2,484,627	153,412	142,240
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses				
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia [#]	346,925	347,701	268,622	268,622
Shares, trust units and loan stocks outside Malaysia [#]	92,131	94,741	-	-
Foreign Corporate Bonds and Sukuk	19,532,350	18,714,932	18,639,699	17,794,222
Corporate Bonds and Sukuk in Malaysia	19,138,162	17,214,829	12,772,519	11,099,251
Foreign Government Bonds	5,608,204	6,641,416	5,578,816	6,606,641
Malaysian Government Bonds	829,049	576,547	780,820	527,621
Structured deposits	1,365	1,365	-	-
Others	157,392	-	-	-
	45,705,578	43,591,531	38,040,476	36,296,357
Total financial investments available-for-sale	102,842,415	92,384,834	82,440,994	74,904,201

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

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A10. Financial Investments Portfolio (cont'd.)

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

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January 2017/2016	560,730	641,405	409,141	365,495
Allowance made	1,063	265,440	-	213,464
Amount written back in respect of recoveries	(813)	(83,187)	(690)	(73,613)
Amount written-off/realised	(30,899)	(275,898)	(288)	(99,951)
Exchange differences	6,096	12,970	4,407	3,746
At 31 March 2017/31 December 2016	536,177	560,730	412,570	409,141

(iii) Financial investments held-to-maturity

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	2,017,065	2,017,799	2,016,960	2,017,695
Cagamas Bonds	50,789	50,259	50,789	50,259
Malaysian Government Investment Issues	2,510,886	2,522,557	2,510,886	2,522,557
Foreign Government Securities	1,394,705	1,275,579	-	-
Foreign Government Treasury Bills	16,866	67,403	-	-
Khazanah Bonds	835,857	827,825	835,857	827,825
Foreign Certificates of Deposits	83,787	92,935	-	-
	6,909,955	6,854,357	5,414,492	5,418,336
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	1,324,004	1,373,041	887,460	911,100
Corporate Bonds and Sukuk in Malaysia	7,264,953	5,530,942	6,546,167	6,223,862
Foreign Government Bonds	1,460,862	1,285,495	31,479	30,745
Others	2,044	2,044	2,044	2,044
	10,051,863	8,191,522	7,467,150	7,167,751
Accumulated impairment losses	(24,374)	(24,282)	(3,776)	(3,776)
Total financial investments held-to-maturity	16,937,444	15,021,597	12,877,866	12,582,311

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January 2017/2016	24,282	24,248	3,776	3,776
Exchange differences	92	34	-	-
At 31 March 2017/31 December 2016	24,374	24,282	3,776	3,776

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A11. Loans, Advances and Financing

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Overdrafts/cashline	22,129,071	21,873,721	10,939,490	10,813,125
Term loans:				
- Housing loans/financing	146,451,971	144,806,178	57,859,013	56,291,814
- Syndicated loans/financing	40,041,829	38,015,281	36,867,284	35,060,528
- Hire purchase receivables	65,448,656	64,119,729	22,219,813	21,215,324
- Lease receivables	68,376	60,636	-	-
- Other loans/financing	218,983,265	223,604,109	104,201,647	107,314,937
Credit card receivables	8,071,229	8,359,546	6,470,814	6,713,841
Bills receivables	4,124,615	4,153,762	4,064,656	4,086,302
Trust receipts	4,819,816	4,420,182	4,129,541	3,722,796
Claims on customers under acceptance credits	11,543,218	11,575,723	6,177,717	5,953,148
Loans/financing to financial institutions (Note A11(x))	1,939,640	2,247,694	17,828,327	18,640,278
Revolving credits	52,507,873	55,041,314	29,941,606	31,285,172
Staff loans	3,496,598	3,529,054	867,109	888,331
Loans to:				
- Directors of the Bank	181	197	181	197
- Directors of subsidiaries	836	2,029	243	447
Others	3,975,939	3,372,116	-	-
	583,603,113	585,181,271	301,567,441	301,986,240
Unearned interest and income	(97,478,594)	(99,445,560)	(1,726,937)	(1,628,063)
Gross loans, advances and financing	486,124,519	485,735,711	299,840,504	300,358,177
Allowances for impaired loans, advances and financing				
- Individual allowance	(3,904,065)	(3,764,929)	(2,619,127)	(2,493,534)
- Collective allowance	(4,398,533)	(4,195,879)	(3,024,570)	(2,844,507)
Net loans, advances and financing	477,821,921	477,774,903	294,196,807	295,020,136

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Domestic banking institutions	5,544,652	5,441,722	21,851,504	22,468,653
Domestic non-banking financial institutions	24,520,813	24,995,761	19,640,494	20,110,549
Domestic business enterprises:				
- Small and medium enterprises	79,143,250	78,450,015	54,896,399	54,417,927
- Others	106,814,366	108,054,043	61,471,821	62,336,597
Government and statutory bodies	9,675,811	10,227,205	1,615,576	1,635,658
Individuals	221,398,875	219,007,962	108,830,393	107,355,810
Other domestic entities	6,662,392	6,632,911	713,620	536,924
Foreign entities	32,364,360	32,926,092	30,820,697	31,496,059
Gross loans, advances and financing	486,124,519	485,735,711	299,840,504	300,358,177

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

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Malaysia	273,890,735	275,060,627	140,671,380	143,030,884
Singapore	125,083,903	121,561,911	123,741,601	120,583,331
Indonesia	41,309,463	42,213,162	-	-
Labuan Offshore	18,028,862	18,612,494	18,028,862	18,612,494
Hong Kong SAR	9,494,242	10,855,710	9,017,187	10,385,398
United States of America	896,008	835,785	895,384	835,152
People's Republic of China	4,063,648	3,553,392	4,063,648	3,553,392
Vietnam	833,955	834,027	684,938	686,796
United Kingdom	1,651,693	1,413,903	1,651,669	1,413,879
Brunei	651,435	638,659	651,435	638,659
Cambodia	2,399,399	2,515,045	-	-
Bahrain	238,517	449,529	238,517	449,529
Philippines	5,712,999	5,579,772	-	-
Thailand	1,630,797	1,399,415	-	-
Laos	116,355	125,437	116,355	125,437
Myanmar	79,528	43,226	79,528	43,226
Others	42,980	43,617	-	-
Gross loans, advances and financing	486,124,519	485,735,711	299,840,504	300,358,177

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Fixed rate:				
- Housing loans/financing	20,485,174	20,972,243	18,219,376	18,635,026
- Hire purchase receivables	59,556,364	58,229,799	22,025,603	21,011,268
- Other fixed rate loans/financing	64,430,898	65,839,818	48,703,311	49,935,496
Variable rate:				
- Base lending/financing rate/ Base rate plus	176,331,661	176,999,015	86,750,625	88,766,345
- Cost plus	63,021,655	61,815,505	58,174,630	56,727,126
- Other variable rates	102,298,767	101,879,331	65,966,959	65,282,916
Gross loans, advances and financing	486,124,519	485,735,711	299,840,504	300,358,177

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of securities	33,798,769	33,763,335	10,264,887	10,840,651
Purchase of transport vehicles	58,629,298	57,427,629	21,060,303	20,092,532
Purchase of landed properties:				
- Residential	99,285,100	97,122,826	62,747,678	61,316,702
- Non-residential	43,241,023	41,698,958	30,274,807	29,040,220
Purchase of fixed assets (excluding landed properties)	6,908,486	7,284,181	6,872,134	7,253,314
Personal use	10,623,031	10,720,712	6,699,614	6,751,692
Credit card	8,207,874	8,534,651	6,568,297	6,853,811
Purchase of consumer durables	4,230	4,482	3,924	4,189
Constructions	18,545,783	17,850,789	13,296,570	12,629,495
Mergers and acquisitions	588,692	411,826	542,115	365,022
Working capital	154,786,865	167,885,959	97,555,851	110,029,604
Others	51,505,368	43,030,363	43,954,324	35,180,945
Gross loans, advances and financing	486,124,519	485,735,711	299,840,504	300,358,177

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

(v) The maturity profile of loans, advances and financing is as follows:

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Within one year	131,944,615	134,071,165	92,601,300	94,290,760
One year to three years	58,645,635	56,347,584	43,987,207	43,872,159
Three years to five years	59,952,344	62,071,403	40,510,424	41,133,223
After five years	235,581,925	233,245,559	122,741,573	121,062,035
Gross loans, advances and financing	486,124,519	485,735,711	299,840,504	300,358,177

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Gross impaired loans at 1 January 2017/2016	11,055,380	8,555,007	7,180,389	5,398,626
Impaired during the financial period/year	1,866,729	9,291,509	1,014,787	5,597,011
Reclassified as non-impaired	(533,124)	(2,999,037)	(143,730)	(1,834,681)
Amount recovered	(482,357)	(2,292,629)	(219,564)	(1,362,096)
Amount written-off	(243,632)	(1,693,147)	(116,810)	(856,897)
Transferred from a subsidiary	-	-	-	179,286
Exchange differences	(5,338)	193,677	10,101	59,140
Gross impaired loans at 31 March 2017/ 31 December 2016	11,657,658	11,055,380	7,725,173	7,180,389
Gross impaired loans at 31 March 2017/ 31 December 2016 (excluding financing funded by Investment Account*)	11,562,942	10,973,689	7,725,173	7,180,389
Less: Individual allowance	(3,904,065)	(3,764,929)	(2,619,127)	(2,493,534)
Net impaired loans	7,658,877	7,208,760	5,106,046	4,686,855
<u>Calculation of ratio of net impaired loans:</u>				
Gross loans, advances and financing	486,124,519	485,735,711	299,840,504	300,358,177
Less: Individual allowance	(3,904,065)	(3,764,929)	(2,619,127)	(2,493,534)
Less: Funded by Investment Account*	(31,714,614)	(31,544,587)	-	-
Net loans, advances and financing	450,505,840	450,426,195	297,221,377	297,864,643
Ratio of net impaired loans	1.70%	1.60%	1.72%	1.57%

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

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

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of securities	246,583	201,965	151,366	149,992
Purchase of transport vehicles	334,055	330,164	104,369	107,557
Purchase of landed properties:				
- Residential	726,056	617,185	365,347	324,843
- Non-residential	1,002,554	925,181	881,321	820,599
Purchase of fixed assets (excluding landed properties)	864,182	474,886	827,476	439,861
Personal use	146,145	150,544	106,883	111,840
Credit card	93,041	92,484	60,964	60,640
Purchase of consumer durables	33	32	19	18
Constructions	1,415,112	1,439,746	1,060,750	1,034,438
Working capital	6,176,582	6,094,034	3,923,687	3,896,560
Others	653,315	729,159	242,991	234,041
Gross impaired loans, advances and financing	<u>11,657,658</u>	<u>11,055,380</u>	<u>7,725,173</u>	<u>7,180,389</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Malaysia	5,935,371	5,754,507	4,325,264	4,246,493
Singapore	2,098,081	1,587,853	2,079,992	1,570,036
Indonesia	2,032,074	1,993,758	-	-
Labuan Offshore	207,056	209,957	207,056	209,957
Hong Kong SAR	992,020	1,031,921	992,020	1,031,921
United States of America	624	633	-	-
People's Republic of China	1,650	5,878	1,650	5,878
Vietnam	81,482	82,976	78,930	80,394
United Kingdom	1,309	-	1,309	-
Brunei	25,448	21,888	25,448	21,888
Cambodia	50,292	95,619	-	-
Bahrain	5,529	5,608	5,529	5,608
Philippines	147,673	185,823	-	-
Thailand	32,784	31,887	-	-
Others	46,265	47,072	7,975	8,214
Gross impaired loans, advances and financing	<u>11,657,658</u>	<u>11,055,380</u>	<u>7,725,173</u>	<u>7,180,389</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Individual Allowance				
At 1 January 2017/2016	3,764,929	2,259,910	2,493,534	1,422,090
Allowance made	298,781	2,390,222	220,167	1,592,007
Amount written back	(83,729)	(115,272)	(38,251)	(80,690)
Amount written-off	(51,607)	(858,279)	(42,670)	(510,376)
Transferred to collective allowance	(5,199)	(30,057)	(3,127)	(18,990)
Exchange differences	(19,110)	118,405	(10,526)	89,493
At 31 March 2017/31 December 2016	<u>3,904,065</u>	<u>3,764,929</u>	<u>2,619,127</u>	<u>2,493,534</u>

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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 (cont'd.):**

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Collective Allowance				
At 1 January 2017/2016	4,195,879	3,899,141	2,844,507	2,627,341
Allowance made	386,867	1,100,315	243,581	522,087
Amount written back	(142)	(30,762)	-	-
Amount written-off	(192,025)	(834,868)	(74,140)	(346,521)
Transferred from individual allowance	5,199	30,057	3,127	18,990
Exchange differences	2,755	31,996	7,495	22,610
At 31 March 2017/31 December 2016	<u>4,398,533</u>	<u>4,195,879</u>	<u>3,024,570</u>	<u>2,844,507</u>
As a percentage of total loans, less individual allowance (including regulatory reserve)	<u>1.55%</u>	<u>1.19%*</u>	<u>1.75%</u>	<u>1.20%*</u>

* The local banking institutions in the Group are in compliance with Revised Policy Document on Classification and Impairment Provisions for Loans/Financing issued by Bank Negara Malaysia ("BNM") on 6 April 2015.

(x) Included in the Bank's loans/financing to financial institutions is financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM17,121.7 million (31 December 2016: RM17,767.7 million). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to MIB whereas the business venture is managed solely by MIB as an entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

A12. Reinsurance/Retakaful Assets and Other Insurance Receivables

	Note	Group	
		31 March 2017 RM'000	31 December 2016 RM'000
Reinsurance/retakaful assets	(i)	3,725,974	3,692,581
Other insurance receivables	(ii)	580,952	447,015
		<u>4,306,926</u>	<u>4,139,596</u>

	Group	
	31 March 2017 RM'000	31 December 2016 RM'000
(i) Reinsurance/retakaful assets		
Reinsurers' share of:	3,416,520	3,400,731
Life insurance contract liabilities	26,846	25,767
General insurance contract liabilities	3,389,674	3,374,964
Retakaful operators' share of:	309,454	291,850
Family takaful certificate liabilities	55,476	49,677
General takaful certificate liabilities	253,978	242,173
	<u>3,725,974</u>	<u>3,692,581</u>

	Group	
	31 March 2017 RM'000	31 December 2016 RM'000
(ii) Other insurance receivables		
Due premium including agents/brokers and co-insurers balances	468,550	330,061
Due from reinsurers and cedants/retakaful operators	130,391	135,981
	<u>598,941</u>	<u>466,042</u>
Allowance for impairment losses	(17,989)	(19,027)
	<u>580,952</u>	<u>447,015</u>

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A13. Other Assets

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
	Other debtors	8,839,743	6,304,018	7,584,346
Amount due from brokers and clients	3,190,760	2,452,894	-	-
Prepayments and deposits	1,459,799	1,407,933	402,301	491,926
Tax recoverable	64,670	113,850	-	-
Foreclosed properties	280,052	246,865	34,450	34,430
	13,835,024	10,525,560	8,021,097	5,603,512

A14. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
	Fixed deposits and negotiable instruments of deposits			
- One year or less	269,327,761	280,377,560	168,016,253	178,035,292
- More than one year	10,035,100	11,231,648	8,132,915	10,029,739
	279,362,861	291,609,208	176,149,168	188,065,031
Money market deposits	15,378,981	15,200,225	15,378,981	15,200,225
Savings deposits	72,118,415	68,143,180	47,057,417	44,203,976
Demand deposits	109,555,875	110,571,307	83,716,227	84,409,063
Structured deposits*	5,236,580	4,309,375	5,235,676	4,308,457
	481,652,712	489,833,295	327,537,469	336,186,752

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

(ii) By type of customer

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
	Business enterprises	218,888,923	226,255,380	159,485,917
Individuals	207,620,739	207,420,163	146,098,630	149,109,542
Government and statutory bodies	25,572,968	26,486,227	9,292,581	9,051,804
Others	29,570,082	29,671,525	12,660,341	14,844,133
	481,652,712	489,833,295	327,537,469	336,186,752

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
	Within six months	221,286,054	234,901,381	137,119,805
Six months to one year	48,041,707	45,476,179	30,896,448	36,580,188
One year to three years	9,210,060	10,183,159	8,063,565	9,963,861
Three years to five years	825,040	1,048,489	69,350	65,878
	279,362,861	291,609,208	176,149,168	188,065,031

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A15. Deposits and Placements from Financial Institutions

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Licensed banks	37,741,295	27,340,841	37,283,643	28,044,586
Licensed finance companies	540,089	112,341	540,089	112,341
Licensed investment banks	158,747	42,146	158,747	42,146
Other financial institutions	4,134,708	3,359,365	2,379,405	1,657,637
	42,574,839	30,854,693	40,361,884	29,856,710

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
One year or less	39,620,572	28,086,419	38,793,981	28,385,549
More than one year	2,954,267	2,768,274	1,567,903	1,471,161
	42,574,839	30,854,693	40,361,884	29,856,710

A16. Financial Liabilities at Fair Value Through Profit or Loss

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Structured deposits	1,938,103	1,560,054	951,470	657,963
Borrowings				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	1,436,694	1,444,465	1,436,694	1,444,465
- RM	642,352	582,711	642,352	582,711
	2,079,046	2,027,176	2,079,046	2,027,176
Total financial liabilities at fair value through profit or loss	4,017,149	3,587,230	3,030,516	2,685,139

The Group and the Bank have designated certain structured deposits and borrowings at fair value through profit or loss ("FVTPL"). This designation is permitted under MFRS 139 - *Financial Instruments: Recognition and Measurement* as it significantly reduces accounting mismatch. These instruments are managed by the Group and the Bank on the basis of its fair value and include terms that have substantive derivative characteristics.

The carrying amount of both structured deposits and borrowings designated at fair value through profit or loss of the Group and of the Bank as at 31 March 2017 were RM4,228,733,000 and RM3,226,778,000 respectively (31 December 2016: RM3,792,621,000 and RM2,875,461,000). The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

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A17. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
(i) Borrowings				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- PHP	16	35	-	-
- IDR	751,717	741,714	-	-
	<u>751,733</u>	<u>741,749</u>	<u>-</u>	<u>-</u>
- More than one year				
Denominated in:				
- PHP	148	171	-	-
- IDR	2,295,352	2,348,667	-	-
	<u>2,295,500</u>	<u>2,348,838</u>	<u>-</u>	<u>-</u>
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	82,833	83,251	-	-
	<u>82,833</u>	<u>83,251</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>3,130,066</u>	<u>3,173,838</u>	<u>-</u>	<u>-</u>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	5,877,234	5,380,539	5,652,737	5,148,693
- SGD	1,935,394	994,982	-	-
- THB	1,148,406	824,493	-	-
- HKD	517,282	285,567	429,829	216,923
- IDR	371,315	362,598	-	-
- PHP	-	33,536	-	-
- INR	13,646	13,240	-	-
- EURO	-	466	-	-
- RM	1,221,100	517,000	1,221,100	517,000
	<u>11,084,377</u>	<u>8,412,421</u>	<u>7,303,666</u>	<u>5,882,616</u>
- More than one year				
Denominated in:				
- USD	4,821,070	5,607,500	4,821,070	5,607,500
- JPY	2,330	2,424	-	-
- IDR	232,351	233,562	-	-
	<u>5,055,751</u>	<u>5,843,486</u>	<u>4,821,070</u>	<u>5,607,500</u>
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	589,118	2,361,664	589,118	2,361,664
- HKD	26,807	433,498	26,807	433,498
- SGD	160,966	156,039	160,966	156,039
- JPY	2,619,351	2,539,458	2,619,351	2,539,458
- AUD	829	808	829	808
- CNH	22,663	16,207	22,663	16,207
- RM	876,064	834,625	876,064	834,625
	<u>4,295,798</u>	<u>6,342,299</u>	<u>4,295,798</u>	<u>6,342,299</u>

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A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables

Group	Note	31 March 2017 RM'000	31 December 2016 RM'000
Insurance/takaful contract liabilities	(i)	23,977,099	23,513,212
Other insurance payables	(ii)	526,898	435,507
		24,503,997	23,948,719

(i) Insurance/takaful contract liabilities

	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
At 31 March 2017			
Life insurance/family takaful	18,022,688	(82,322)	17,940,366
General insurance/general takaful	5,954,411	(3,643,652)	2,310,759
	23,977,099	(3,725,974)	20,251,125
At 31 December 2016			
Life insurance/family takaful	17,642,499	(75,444)	17,567,055
General insurance/general takaful	5,870,713	(3,617,137)	2,253,576
	23,513,212	(3,692,581)	19,820,631

(ii) Other insurance payables

	31 March 2017 RM'000	31 December 2016 RM'000
Due to agents and intermediaries	68,188	61,822
Due to reinsurers and cedants	381,739	313,648
Due to retakaful operators	76,971	60,037
	526,898	435,507

A19. Other Liabilities

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Due to brokers and clients	5,377,796	4,044,200	-	-
Deposits, other creditors and accruals	10,973,227	8,336,837	10,200,867	8,154,734
Defined benefit pension plans	567,509	552,462	-	-
Provisions for commitments and contingencies	35,507	35,507	35,507	35,507
Finance lease liabilities	9,668	9,925	-	-
	16,963,707	12,978,931	10,236,374	8,190,241

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A20. Other Reserves

The breakdown and movement of other reserves are as follows:

<===== Non-Distributable =====>						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2017	13,557	8,147	-	(54,360)	(443,684)	(476,340)
Other comprehensive income/(loss)	-	-	-	719	(20,762)	(20,043)
Defined benefit plan actuarial gain	-	-	-	719	-	719
Net loss on net investment hedge	-	-	-	-	(20,762)	(20,762)
Total comprehensive income/(loss) for the period	-	-	-	719	(20,762)	(20,043)
At 31 March 2017	13,557	8,147	-	(53,641)	(464,446)	(496,383)

<===== Non-Distributable =====>						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2016	13,557	11,836	34,456	(52,111)	(463,724)	(455,986)
Other comprehensive income/(loss)	-	11	-	(407)	146,460	146,064
Defined benefit plan actuarial loss	-	-	-	(475)	-	(475)
Net gain on net investment hedge	-	-	-	-	147,447	147,447
Net loss on cash flow hedge	-	-	-	-	(987)	(987)
Net gain on revaluation reserve	-	11	-	-	-	11
Share of associates' reserve	-	-	-	68	-	68
Total comprehensive income/(loss) for the period	-	11	-	(407)	146,460	146,064
At 31 March 2016	13,557	11,847	34,456	(52,518)	(317,264)	(309,922)

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A21. Interest Income

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Loans, advances and financing	4,188,061	4,101,161	4,188,061	4,101,161
Money at call and deposits and placements with financial institutions	172,425	217,985	172,425	217,985
Financial assets purchased under resale agreements	24,304	16,634	24,304	16,634
Financial assets at FVTPL	214,779	178,993	214,779	178,993
Financial investments available-for-sale	692,537	654,970	692,537	654,970
Financial investments held-to-maturity	142,587	130,935	142,587	130,935
	5,434,693	5,300,678	5,434,693	5,300,678
(Amortisation of premiums) /accretion of discounts, net	(6,597)	741	(6,597)	741
	5,428,096	5,301,419	5,428,096	5,301,419

Bank	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Loans, advances and financing	2,924,112	2,907,600	2,924,112	2,907,600
Money at call and deposits and placements with financial institutions	198,927	198,949	198,927	198,949
Financial assets purchased under resale agreements	6,592	1,564	6,592	1,564
Financial assets at FVTPL	60,252	51,682	60,252	51,682
Financial investments available-for-sale	584,690	566,982	584,690	566,982
Financial investments held-to-maturity	133,574	135,920	133,574	135,920
	3,908,147	3,862,697	3,908,147	3,862,697
Accretion of discounts, net	4,397	16,166	4,397	16,166
	3,912,544	3,878,863	3,912,544	3,878,863

Included in interest income for the three-month financial period ended 31 March 2017 was interest on impaired assets amounting to approximately RM72,131,000 (31 March 2016: RM79,832,000) for the Group and RM57,828,000 (31 March 2016: RM56,779,000) for the Bank.

A22. Interest Expense

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Deposits and placements from financial institutions	134,606	133,487	134,606	133,487
Deposits from customers	1,667,240	1,761,361	1,667,240	1,761,361
Floating rate certificates of deposits	3,212	6,866	3,212	6,866
Loans sold to Cagamas	9,215	9,075	9,215	9,075
Obligations on financial assets sold under repurchase agreement	22,657	2,048	22,657	2,048
Borrowings	270,469	202,311	270,469	202,311
Subordinated notes	180,762	203,567	180,762	203,567
Subordinated bonds	8,442	8,468	8,442	8,468
Capital securities	96,890	95,804	96,890	95,804
	2,393,493	2,422,987	2,393,493	2,422,987

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A22. Interest Expense (cont'd.)

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Bank				
Deposits and placements from financial institutions	130,766	122,181	130,766	122,181
Deposits from customers	1,197,683	1,281,323	1,197,683	1,281,323
Floating rate certificates of deposits	3,212	6,866	3,212	6,866
Loans sold to Cagamas	9,215	9,075	9,215	9,075
Obligations on financial assets sold under repurchase agreement	22,657	2,048	22,657	2,048
Borrowings	159,530	107,250	159,530	107,250
Subordinated notes	134,692	166,693	134,692	166,693
Capital securities	97,201	96,959	97,201	96,959
	1,754,956	1,792,395	1,754,956	1,792,395

A23. Net Earned Insurance Premiums

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Group				
Gross earned premiums	1,480,433	1,471,881	1,480,433	1,471,881
Premiums ceded to reinsurers	(226,553)	(303,279)	(226,553)	(303,279)
	1,253,880	1,168,602	1,253,880	1,168,602

A24. Dividends from Subsidiaries and Associates

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Bank				
Gross dividend income from:				
Subsidiaries	-	77,206	-	77,206
Associates	910	-	910	-
	910	77,206	910	77,206

A25. Other Operating Income

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Group				
(a) Fee income:				
Commission	306,209	298,128	306,209	298,128
Service charges and fees	323,680	393,315	323,680	393,315
Underwriting fees	25,446	6,682	25,446	6,682
Brokerage income	150,423	147,595	150,423	147,595
Fees on loans, advances and financing	54,088	54,962	54,088	54,962
	859,846	900,682	859,846	900,682
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	31,270	67,737	31,270	67,737
Net gain on disposal of financial investments available-for-sale	182,927	141,775	182,927	141,775
Net gain on redemption of financial investments held-to-maturity	170	8,287	170	8,287
Net loss on liquidation of subsidiary	(2,008)	-	(2,008)	-
	212,359	217,799	212,359	217,799

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A25. Other Operating Income (cont'd.)

Group (cont'd.)	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
(c) Gross dividend income from: Financial investments portfolio	20,090	17,036	20,090	17,036
(d) Unrealised gain/(loss) on revaluation of: Financial assets at FVTPL - Designated upon initial recognition - Held-for-trading Financial liabilities at FVTPL Derivatives	11,915 194,309 7,821 (76,449) 137,596	134,634 (15,132) 1,233 342,470 463,205	11,915 194,309 7,821 (76,449) 137,596	134,634 (15,132) 1,233 342,470 463,205
(e) Other income: Foreign exchange gain/(loss), net Realised gain on derivatives Rental income Gain on disposal of property, plant and equipment Loss/(gain) on disposal of foreclosed properties Others	76,204 57,591 10,070 3,616 (132) 52,900 200,249	(31,500) 38,188 11,192 28,509 94 45,379 91,862	76,204 57,591 10,070 3,616 (132) 52,900 200,249	(31,500) 38,188 11,192 28,509 94 45,379 91,862
Total other operating income	1,430,140	1,690,584	1,430,140	1,690,584
Bank	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
(a) Fee income: Commission Service charges and fees Underwriting fees Fees on loans, advances and financing	266,014 259,729 5,357 29,477 560,577	233,865 247,431 6,134 28,215 515,645	266,014 259,729 5,357 29,477 560,577	233,865 247,431 6,134 28,215 515,645
(b) Investment income: Net gain on disposal of financial assets at FVTPL Net gain on disposal of financial investments available-for-sale Net gain on redemption of financial investments held-to-maturity	24,137 29,596 170 53,903	36,947 101,347 8,287 146,581	24,137 29,596 170 53,903	36,947 101,347 8,287 146,581
(c) Gross dividend income from: Financial investments portfolio	-	1,011	-	1,011
(d) Unrealised gain on revaluation of: Financial assets at FVTPL - Held-for-trading Financial liabilities at FVTPL Derivatives	18,182 7,821 15,303 41,306	27,561 1,233 325,946 354,740	18,182 7,821 15,303 41,306	27,561 1,233 325,946 354,740
(e) Other income: Foreign exchange gain, net Realised gain on derivatives Rental income Gain/(loss) on disposal of property, plant and equipment Others	12,678 51,629 7,681 3,252 7,963 83,203	147,597 24,625 8,109 (35) 9,001 189,297	12,678 51,629 7,681 3,252 7,963 83,203	147,597 24,625 8,109 (35) 9,001 189,297
Total other operating income	738,989	1,207,274	738,989	1,207,274

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

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Gross benefits and claims paid	1,019,240	1,129,918	1,019,240	1,129,918
Claims ceded to reinsurers	(79,678)	(181,195)	(79,678)	(181,195)
Gross change to contract liabilities	250,157	221,352	250,157	221,352
Change in contract liabilities ceded to reinsurers	103,685	40,791	103,685	40,791
Net insurance benefits and claims incurred	1,293,404	1,210,866	1,293,404	1,210,866
Net fee and commission expenses	53,002	50,362	53,002	50,362
Change in expense liabilities	15,231	38,689	15,231	38,689
Taxation of life and takaful fund	16,792	23,873	16,792	23,873
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	85,025	112,924	85,025	112,924
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	1,378,429	1,323,790	1,378,429	1,323,790

A27. Overhead Expenses

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,151,077	1,056,794	1,151,077	1,056,794
Social security cost	11,173	9,583	11,173	9,583
Pension costs - defined contribution plan	128,730	117,950	128,730	117,950
ESS expenses	5,612	10,459	5,612	10,459
Other staff related expenses	210,403	219,359	210,403	219,359
	1,506,995	1,414,145	1,506,995	1,414,145
(b) Establishment costs				
Depreciation of property, plant and equipment	95,838	94,049	95,838	94,049
Amortisation of intangible assets	71,611	70,888	71,611	70,888
Rental of leasehold land and premises	95,449	89,527	95,449	89,527
Repairs and maintenance of property, plant and equipment	41,555	42,831	41,555	42,831
Information technology expenses	165,795	167,038	165,795	167,038
Fair value adjustments on investments properties	29	12	29	12
Others	12,028	11,534	12,028	11,534
	482,305	475,879	482,305	475,879
(c) Marketing expenses				
Advertisement and publicity	67,317	72,445	67,317	72,445
Others	67,991	67,553	67,991	67,553
	135,308	139,998	135,308	139,998

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A27. Overhead Expenses (cont'd.)

Group (cont'd.)	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
(d) Administration and general expenses				
Fees and brokerage	249,426	212,601	249,426	212,601
Administrative expenses	165,226	171,092	165,226	171,092
General expenses	263,633	195,349	263,633	195,349
Others	1,151	11,135	1,151	11,135
	679,436	590,177	679,436	590,177
Total overhead expenses	2,804,044	2,620,199	2,804,044	2,620,199
Cost to income ratio ("CIR")¹	50.3%	48.4%	50.3%	48.4%

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

Bank	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	709,208	620,753	709,208	620,753
Social security cost	5,146	4,154	5,146	4,154
Pension costs - defined contribution plan	101,474	89,017	101,474	89,017
ESS expenses	3,698	7,654	3,698	7,654
Other staff related expenses	117,401	135,220	117,401	135,220
	936,927	856,798	936,927	856,798
(b) Establishment costs				
Depreciation of property, plant and equipment	47,841	46,519	47,841	46,519
Amortisation of intangible assets	26,480	32,514	26,480	32,514
Rental of leasehold land and premises	38,657	37,095	38,657	37,095
Repairs and maintenance of property, plant and equipment	22,126	23,605	22,126	23,605
Information technology expenses	198,424	201,993	198,424	201,993
Others	2,095	2,059	2,095	2,059
	335,623	343,785	335,623	343,785
(c) Marketing expenses				
Advertisement and publicity	36,466	40,629	36,466	40,629
Others	59,514	61,154	59,514	61,154
	95,980	101,783	95,980	101,783
(d) Administration and general expenses				
Fees and brokerage	142,803	130,168	142,803	130,168
Administrative expenses	70,409	78,228	70,409	78,228
General expenses	83,721	73,662	83,721	73,662
Others	5,762	9,951	5,762	9,951
	302,695	292,009	302,695	292,009
(e) Overhead expenses allocated to subsidiaries	(285,771)	(239,942)	(285,771)	(239,942)
Total overhead expenses	1,385,454	1,354,433	1,385,454	1,354,433
Cost to income ratio ("CIR")²	47.8%	40.2%	47.8%	40.2%

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

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

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made	386,867	775,184	386,867	775,184
- collective allowance written back	(142)	(4,152)	(142)	(4,152)
- individual allowance made	298,781	228,428	298,781	228,428
- individual allowance written back	(83,729)	(65,951)	(83,729)	(65,951)
Bad debts and financing written-off	21,841	24,275	21,841	24,275
Bad debts and financing recovered	(83,540)	(95,127)	(83,540)	(95,127)
Allowances for impairment losses on other debts	2,431	2,412	2,431	2,412
	542,509	865,069	542,509	865,069

Bank	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made, net	243,581	605,651	243,581	605,651
- individual allowance made	220,167	180,299	220,167	180,299
- individual allowance written back	(38,251)	(43,052)	(38,251)	(43,052)
Bad debts and financing written-off	13,321	14,175	13,321	14,175
Bad debts and financing recovered	(41,769)	(58,995)	(41,769)	(58,995)
Writeback of impairment losses on other debts	(126)	(173)	(126)	(173)
	396,923	697,905	396,923	697,905

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

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Financial investments AFS				
- Allowance made	1,063	19,242	1,063	19,242
- Amount written back in respect of recoveries	(813)	(5,897)	(813)	(5,897)
Net	250	13,345	250	13,345

Bank	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Financial investments AFS				
- Allowance made	-	26	-	26
- Amount written back in respect of recoveries	(690)	(655)	(690)	(655)
Net	(690)	(629)	(690)	(629)

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A30. Segment Information

By business segments

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

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

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

(i) Consumer Banking

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

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

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

(iii) Business Banking

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

(b) Group Global Banking ("GB")

(i) Group Corporate Banking and Global Markets

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

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

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

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

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

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

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

(iii) Group Asset Management

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

(c) Group Insurance and Takaful

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

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

	<===== Business Segments =====>						Total RM'000
	<===== Group Global Banking =====>						
Three Months Ended 31 March 2017	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS							
- External	2,520,260	1,253,886	80,607	1,582	239,599	153,162	4,249,096
- Inter-segment	-	-	(5,431)	(3,597)	14,524	(5,496)	-
	2,520,260	1,253,886	75,176	(2,015)	254,123	147,666	4,249,096
Net interest income and income from IBS operations	2,520,260	1,253,886	75,176	(2,015)	254,123	147,666	4,249,096
Net earned insurance premiums	-	-	-	-	1,253,880	-	1,253,880
Other operating income	771,402	646,227	276,906	68,578	261,463	(594,436)	1,430,140
Total operating income	3,291,662	1,900,113	352,082	66,563	1,769,466	(446,770)	6,933,116
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(1,423,998)	45,569	(1,378,429)
Net operating income	3,291,662	1,900,113	352,082	66,563	345,468	(401,201)	5,554,687
Overhead expenses	(1,815,652)	(493,162)	(288,368)	(39,880)	(166,982)	-	(2,804,044)
Operating profit/(loss) before impairment losses	1,476,010	1,406,951	63,714	26,683	178,486	(401,201)	2,750,643
Allowances for impairment losses on loans, advances, financing and other debts, net	(269,799)	(269,731)	(1,700)	(540)	(739)	-	(542,509)
Writeback of/(allowances for) impairment losses on financial investments, net	-	813	-	-	(1,063)	-	(250)
Operating profit/(loss)	1,206,211	1,138,033	62,014	26,143	176,684	(401,201)	2,207,884
Share of profits in associates and joint ventures	-	39,342	1,844	-	-	-	41,186
Profit/(loss) before taxation and zakat	1,206,211	1,177,375	63,858	26,143	176,684	(401,201)	2,249,070
Taxation and zakat							(503,966)
Profit after taxation and zakat							1,745,104
Non-controlling interests							(42,307)
Profit for the period - attributable to equity holders of the Bank							1,702,797
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(60,597)	(17,100)	(13,861)	(233)	(4,047)	-	(95,838)
Amortisation of intangible assets	(44,932)	(12,064)	(11,146)	(118)	(3,351)	-	(71,611)

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

	<===== Business Segments =====>							
	<===== Group Global Banking =====>						Head Office and Others RM'000	Total RM'000
Three Months Ended 31 March 2016	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000			
Net interest income and income from IBS								
- External	2,306,331	1,141,351	73,635	1,847	219,589	113,619	3,856,372	
- Inter-segment	-	-	(2,295)	(3,326)	16,509	(10,888)	-	
	<u>2,306,331</u>	<u>1,141,351</u>	<u>71,340</u>	<u>(1,479)</u>	<u>236,098</u>	<u>102,731</u>	<u>3,856,372</u>	
Net interest income and income from IBS operations	2,306,331	1,141,351	71,340	(1,479)	236,098	102,731	3,856,372	
Net earned insurance premiums	-	-	-	-	1,168,602	-	1,168,602	
Other operating income	712,653	850,468	304,530	2,852	253,245	(433,164)	1,690,584	
Total operating income	<u>3,018,984</u>	<u>1,991,819</u>	<u>375,870</u>	<u>1,373</u>	<u>1,657,945</u>	<u>(330,433)</u>	<u>6,715,558</u>	
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(1,365,844)	42,054	(1,323,790)	
Net operating income	<u>3,018,984</u>	<u>1,991,819</u>	<u>375,870</u>	<u>1,373</u>	<u>292,101</u>	<u>(288,379)</u>	<u>5,391,768</u>	
Overhead expenses	(1,707,621)	(452,655)	(275,728)	(26,036)	(158,159)	-	(2,620,199)	
Operating profit/(loss) before impairment losses	<u>1,311,363</u>	<u>1,539,164</u>	<u>100,142</u>	<u>(24,663)</u>	<u>133,942</u>	<u>(288,379)</u>	<u>2,771,569</u>	
Allowances for impairment losses on loans, advances, financing and other debts, net	(316,083)	(545,186)	(1,917)	-	(1,883)	-	(865,069)	
Writeback of/(allowances for) impairment losses on financial investments, net	-	934	(1,581)	4,795	(17,493)	-	(13,345)	
Operating profit/(loss)	<u>995,280</u>	<u>994,912</u>	<u>96,644</u>	<u>(19,868)</u>	<u>114,566</u>	<u>(288,379)</u>	<u>1,893,155</u>	
Share of profits in associates and joint ventures	-	38,184	6	-	-	-	38,190	
Profit/(loss) before taxation and zakat	<u>995,280</u>	<u>1,033,096</u>	<u>96,650</u>	<u>(19,868)</u>	<u>114,566</u>	<u>(288,379)</u>	<u>1,931,345</u>	
Taxation and zakat							(480,444)	
Profit after taxation and zakat							<u>1,450,901</u>	
Non-controlling interests							(24,150)	
Profit for the period - attributable to equity holders of the Bank							<u>1,426,751</u>	
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(60,513)	(15,965)	(13,477)	(240)	(3,854)	-	(94,049)	
Amortisation of intangible assets	(46,317)	(11,055)	(11,178)	(59)	(2,279)	-	(70,888)	

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A31. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the financial year ended 31 December 2016.

A32. Subsequent Events

There were no material events subsequent to the reporting date, other than as disclosed in Note A8(ii) and B6.

A33. Changes in the Composition of the Group

There were no significant changes to the composition of the Group during the first quarter ended 31 March 2017.

A34. Commitments and Contingencies

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

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

Group	As at 31 March 2017			As at 31 December 2016		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	10,499,075	10,699,020	6,117,792	12,656,766	11,637,132	6,773,719
Certain transaction-related contingent items	19,808,902	9,876,995	6,713,371	20,138,714	9,865,761	6,526,837
Short-term self-liquidating trade-related contingencies	6,866,344	1,173,171	893,617	6,332,853	1,206,287	806,417
Obligations under underwriting agreements	-	-	-	65,885	-	-
	37,174,321	21,749,186	13,724,780	39,194,218	22,709,180	14,106,973
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	106,768,944	18,934,651	11,155,937	104,587,826	17,427,734	9,875,783
- Maturity exceeding one year	41,326,193	30,269,081	16,828,374	40,215,328	29,185,348	14,299,675
	148,095,137	49,203,732	27,984,311	144,803,154	46,613,082	24,175,458
Miscellaneous commitments and contingencies	12,097,651	123,013	101,983	9,567,119	85,577	4,084
Total credit-related commitments and contingencies	197,367,109	71,075,931	41,811,074	193,564,491	69,407,839	38,286,515
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	324,282,399	3,828,860	1,528,202	225,896,876	4,022,354	1,714,681
- One year to less than five years	28,173,720	2,194,443	1,533,331	25,804,447	2,706,778	1,715,007
- Five years and above	5,487,302	978,725	749,932	5,914,955	1,045,414	680,700
	357,943,421	7,002,028	3,811,465	257,616,278	7,774,546	4,110,388
Interest rate related contracts:						
- Less than one year	108,845,482	557,118	243,761	98,606,680	446,302	235,998
- One year to less than five years	163,845,481	2,914,890	1,485,034	144,934,350	2,615,144	1,163,462
- Five years and above	55,558,330	1,619,180	1,076,378	60,944,220	1,371,891	1,008,054
	328,249,293	5,091,188	2,805,173	304,485,250	4,433,337	2,407,514

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A34. Commitments and Contingencies (cont'd.)

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

Group (cont'd.)	As at 31 March 2017			As at 31 December 2016		
	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>Derivative financial instruments</u> <u>(cont'd.)</u>						
Equity and commodity related contracts:						
- Less than one year	7,755,782	48,611	28,641	7,708,321	43,124	21,111
- One year to less than five years	3,631,268	-	-	3,030,606	-	-
- Five years and above	33,663	-	-	33,663	-	-
	11,420,713	48,611	28,641	10,772,590	43,124	21,111
Total treasury-related commitments and contingencies	697,613,427	12,141,827	6,645,279	572,874,118	12,251,007	6,539,013
Total commitments and contingencies	894,980,536	83,217,758	48,456,353	766,438,609	81,658,846	44,825,528
Bank						
	As at 31 March 2017			As at 31 December 2016		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	8,280,349	9,250,736	4,830,486	10,494,313	10,133,153	5,276,902
Certain transaction-related contingent items	16,632,517	8,701,903	5,486,135	17,336,804	8,226,900	5,175,883
Short-term self-liquidating trade-related contingencies	6,323,674	997,458	727,618	5,767,014	1,029,670	644,283
	31,236,540	18,950,097	11,044,239	33,598,131	19,389,723	11,097,068
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	82,053,942	10,818,733	6,008,616	80,959,286	11,248,739	6,198,408
- Maturity exceeding one year	32,798,236	25,941,648	14,516,233	31,500,386	25,583,666	12,464,323
	114,852,178	36,760,381	20,524,849	112,459,672	36,832,405	18,662,731
Miscellaneous commitments and contingencies	9,264,435	123,013	101,983	8,007,674	85,577	4,084
Total credit-related commitments and contingencies	155,353,153	55,833,491	31,671,071	154,065,477	56,307,705	29,763,883
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	317,430,927	3,696,137	1,468,049	221,711,497	3,860,533	1,657,761
- One year to less than five years	29,257,395	2,160,834	1,523,154	26,688,364	2,669,793	1,703,282
- Five years and above	5,487,302	870,619	707,500	5,914,955	944,436	639,275
	352,175,624	6,727,590	3,698,703	254,314,816	7,474,762	4,000,318

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A34. Commitments and Contingencies (cont'd.)

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

	As at 31 March 2017			As at 31 December 2016		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
Bank (cont'd.)						
<u>Derivative financial instruments</u>						
<u>(cont'd.)</u>						
Interest rate related contracts:						
- Less than one year	108,270,596	233,231	136,798	97,180,404	296,982	169,061
- One year to less than five years	162,561,380	2,442,383	1,153,529	145,209,928	2,279,530	931,515
- Five years and above	57,354,829	1,632,007	1,017,032	60,944,220	1,376,823	945,673
	328,186,805	4,307,621	2,307,359	303,334,552	3,953,335	2,046,249
Equity and commodity related contracts:						
- Less than one year	5,750,909	48,611	28,641	6,387,247	43,124	21,111
- One year to less than five years	3,629,441	-	-	3,027,432	-	-
	9,380,350	48,611	28,641	9,414,679	43,124	21,111
Total treasury-related commitments and contingencies	689,742,779	11,083,822	6,034,703	567,064,047	11,471,221	6,067,678
Total commitments and contingencies	845,095,932	66,917,313	37,705,774	721,129,524	67,778,926	35,831,561

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

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 31 March 2017, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM6,507.8 million (31 December 2016: RM8,311.7 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

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A34. Commitments and Contingencies (cont'd.)

- (ii) There have been no changes since the end of the previous financial year in respect of the following:
- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
 - (b) the risk management policies in place for mitigating and controlling the risks associated with these derivative financial contracts; and
 - (c) the related accounting policies.

A35. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 13 October 2015 issued Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Conventional banks and Islamic banks respectively. The policy documents come into effect on 1 January 2016. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

Common Equity Tier 1 (CET1)	Tier 1 Capital Ratio	Total Capital Ratio
4.5%*	6.0%	8.0%

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

- (ii) Total RWA is calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) both issued by BNM on 2 March 2017 for Conventional banks and Islamic banks respectively.

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

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

(b) Compliance and application of capital adequacy ratios

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 13 October 2015 and 2 March 2017 respectively. The total RWA are computed based on the following approaches:

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

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

- (i) For Maybank Islamic Berhad, the computation of capital adequacy ratios are based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 13 October 2015 and 2 March 2017 respectively. The total RWA are computed based on the following approaches:

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

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

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A35. Capital Adequacy (cont'd.)

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

(ii) For Maybank Investment Bank Berhad, the computation of capital adequacy ratios are based on BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 13 October 2015 and 2 March 2017 respectively. The total RWA are computed based on the following approaches:

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

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

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

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

The minimum regulatory capital adequacy requirement for PT Bank Maybank Indonesia Tbk is 10% - 11% of total RWA.

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

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

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

During the Annual General Meeting held on 6 April 2017, a final dividend in respect of the financial year ended 31 December 2016 of 32 sen single-tier dividend per ordinary share, which consists of a cash portion of 10 sen and an electable portion of 22 sen per ordinary share was approved by the shareholders.

In arriving the capital adequacy ratios for the financial period ended 31 March 2017, the final dividend has not been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
CET1 Capital Ratio	13.375%	13.990%	13.951%	15.881%
Tier 1 Capital Ratio	15.036%	15.664%	16.324%	18.232%
Total Capital Ratio	18.855%	19.293%	19.112%	19.432%

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A35. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
CET1 Capital				
Share capital	39,079,689	10,193,200	39,079,689	10,193,200
Share premium	-	28,878,703	-	28,878,703
Retained profits ¹	9,073,010	10,482,202	3,083,712	4,514,094
Other reserves ¹	16,773,824	15,048,174	15,438,918	13,605,920
Qualifying non-controlling interests	129,456	112,513	-	-
Less: Shares held-in-trust	(125,309)	(125,309)	(125,309)	(125,309)
CET1 Capital before regulatory adjustments	<u>64,930,670</u>	<u>64,589,483</u>	<u>57,477,010</u>	<u>57,066,608</u>
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	<u>(13,449,708)</u>	<u>(11,482,463)</u>	<u>(20,352,765)</u>	<u>(14,648,641)</u>
Deferred tax assets	(717,526)	(874,988)	(220,552)	(358,687)
Goodwill	(6,333,338)	(6,317,009)	(81,015)	(81,015)
Other intangibles	(920,422)	(955,441)	(451,113)	(449,034)
Regulatory reserve	(2,454,788)	(1,057,997)	(2,081,476)	(660,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	<u>(3,023,634)</u>	<u>(2,277,028)</u>	<u>(17,518,609)</u>	<u>(13,099,105)</u>
Total CET1 Capital	<u>51,480,962</u>	<u>53,107,020</u>	<u>37,124,245</u>	<u>42,417,967</u>
Additional Tier 1 Capital				
Capital securities	6,314,347	6,279,948	6,314,347	6,279,948
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	78,668	73,556	-	-
Total Tier 1 Capital	<u>57,873,977</u>	<u>59,460,524</u>	<u>43,438,592</u>	<u>48,697,915</u>
Tier 2 Capital				
Subordinated obligations	12,881,807	13,077,127	12,881,807	13,077,127
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	508,608	473,100	-	-
Collective allowance ²	400,500	408,984	110,614	120,467
Surplus of total eligible provision over total expected loss	1,666,951	1,333,468	1,221,540	1,194,370
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	<u>(755,908)</u>	<u>(1,518,018)</u>	<u>(6,793,222)</u>	<u>(11,186,221)</u>
Total Tier 2 Capital	<u>14,701,958</u>	<u>13,774,661</u>	<u>7,420,739</u>	<u>3,205,743</u>
Total Capital	<u>72,575,935</u>	<u>73,235,185</u>	<u>50,859,331</u>	<u>51,903,658</u>

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

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

³ For the Bank, the regulatory adjustment includes cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000 and (iii) Maybank Agro Fund Sdn. Bhd. of RM10,845,000, as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes carrying amount of associates and investment in insurance and takaful entities.

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

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

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A35. Capital Adequacy (cont'd.)

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk
<u>At 31 March 2017</u>			
CET1 Capital Ratio	13.566%	28.662%	-
Tier 1 Capital Ratio	13.566%	28.662%	-
Total Capital Ratio	17.975%	28.692%	16.955%
<u>At 31 December 2016</u>			
CET1 Capital Ratio	13.992%	33.010%	-
Tier 1 Capital Ratio	13.992%	33.010%	-
Total Capital Ratio	18.553%	33.010%	16.772%

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A35. Capital Adequacy (cont'd.)

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

At 31 March 2017

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000
Standardised Approach exposure	53,284,426	27,493,999	8,017,792	704,683	36,565,833
Internal Ratings-Based Approach exposure after scaling factor	<u>277,825,179</u>	<u>203,590,079</u>	<u>66,064,328</u>	-	-
Total RWA for credit risk	331,109,605	231,084,078	74,082,120	704,683	36,565,833
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(16,992,675)	-	-
Total RWA for market risk	15,911,031	13,076,385	1,258,354	233,139	369,785
Total RWA for operational risk	37,887,085	21,945,150	5,901,809	832,400	5,556,452
Total RWA	<u>384,907,720</u>	<u>266,105,613</u>	<u>64,249,608</u>	<u>1,770,222</u>	<u>42,492,071</u>

At 31 December 2016

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000
Standardised Approach exposure	52,450,074	28,712,714	7,151,955	519,660	37,487,141
Internal Ratings-Based Approach exposure after scaling factor	<u>277,055,512</u>	<u>205,446,192</u>	<u>64,702,050</u>	-	-
Total RWA for credit risk	329,505,586	234,158,906	71,854,005	519,660	37,487,141
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(16,426,406)	-	-
Total RWA for market risk	12,875,985	11,148,492	882,544	162,713	562,342
Total RWA for operational risk	37,218,327	21,797,628	5,691,742	823,413	5,286,446
Total RWA	<u>379,599,898</u>	<u>267,105,026</u>	<u>62,001,885</u>	<u>1,505,786</u>	<u>43,335,929</u>

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

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A36. 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 31 March 2017</u>	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000	RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	47,090,520	554,159	(292,535)	40,237,029	380,480	(270,314)
- One year to three years	1,400,709	26,963	(55,173)	1,400,709	26,963	(55,173)
- More than three years	95,648	2,111	-	95,648	2,111	-
	<u>48,586,877</u>	<u>583,233</u>	<u>(347,708)</u>	<u>41,733,386</u>	<u>409,554</u>	<u>(325,487)</u>
Currency swaps:						
- Less than one year	256,067,499	984,554	(1,457,706)	256,452,591	1,133,035	(1,431,251)
- One year to three years	1,792,324	30,781	(736)	1,792,324	30,781	(736)
- More than three years	7,563	-	(60)	7,563	-	(60)
	<u>257,867,386</u>	<u>1,015,335</u>	<u>(1,458,502)</u>	<u>258,252,478</u>	<u>1,163,816</u>	<u>(1,432,047)</u>
Currency spots:						
- Less than one year	4,199,466	5,077	(3,020)	4,513,861	5,588	(3,329)
Currency options:						
- Less than one year	7,025,646	31,312	(31,507)	7,025,646	31,312	(31,507)
- One year to three years	10,293	16	(946)	10,293	16	(946)
	<u>7,035,939</u>	<u>31,328</u>	<u>(32,453)</u>	<u>7,035,939</u>	<u>31,328</u>	<u>(32,453)</u>
Cross currency interest rate swaps:						
- Less than one year	8,471,733	403,793	(527,973)	7,774,265	350,908	(497,565)
- One year to three years	14,105,054	833,673	(1,096,590)	15,421,019	985,355	(1,244,370)
- More than three years	13,942,707	872,227	(880,007)	13,710,418	865,846	(863,748)
	<u>36,519,494</u>	<u>2,109,693</u>	<u>(2,504,570)</u>	<u>36,905,702</u>	<u>2,202,109</u>	<u>(2,605,683)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	100,492,496	90,810	(98,087)	101,058,965	90,447	(97,066)
- One year to three years	102,875,738	676,054	(654,951)	103,404,868	675,983	(654,278)
- More than three years	102,399,801	1,476,855	(1,625,618)	102,916,927	1,521,823	(1,627,198)
	<u>305,768,035</u>	<u>2,243,719</u>	<u>(2,378,656)</u>	<u>307,380,760</u>	<u>2,288,253</u>	<u>(2,378,542)</u>
Interest rate futures:						
- Less than one year	7,490,244	3,132	(7,162)	6,848,889	3,120	(7,113)
- One year to three years	2,764,410	261	(577)	1,592,280	194	(526)
	<u>10,254,654</u>	<u>3,393</u>	<u>(7,739)</u>	<u>8,441,169</u>	<u>3,314</u>	<u>(7,639)</u>
Interest rate options:						
- Less than one year	340,630	254	-	340,630	254	-
- One year to three years	1,629,111	1,819	(2,086)	1,629,111	1,819	(2,086)
- More than three years	8,695,341	94,759	(211,227)	9,665,341	118,022	(211,227)
	<u>10,665,082</u>	<u>96,832</u>	<u>(213,313)</u>	<u>11,635,082</u>	<u>120,095</u>	<u>(213,313)</u>

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A36. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 31 March 2017 (cont'd.)	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000	RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	9,830	26	(51)	-	-	-
- More than three years	33,663	1,973	-	-	-	-
	<u>43,493</u>	<u>1,999</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	286,515	11,292	(24,878)	106,951	1,935	(874)
- One year to three years	1,827	1,827	-	-	-	-
	<u>288,342</u>	<u>13,119</u>	<u>(24,878)</u>	<u>106,951</u>	<u>1,935</u>	<u>(874)</u>
Equity swaps:						
- Less than one year	1,960,018	183,912	(95,258)	144,535	4,447	(5,906)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	4,892,121	352,808	(360,388)	4,892,121	352,808	(360,388)
- One year to three years	2,880,536	239,148	(243,850)	2,880,536	239,148	(243,850)
	<u>7,772,657</u>	<u>591,956</u>	<u>(604,238)</u>	<u>7,772,657</u>	<u>591,956</u>	<u>(604,238)</u>
Commodity swaps:						
- Less than one year	607,302	45,513	(45,240)	607,302	45,513	(45,240)
- One year to three years	497,498	25,142	(24,556)	497,498	25,142	(24,556)
- More than three years	251,407	7,176	(6,625)	251,407	7,176	(6,625)
	<u>1,356,207</u>	<u>77,831</u>	<u>(76,421)</u>	<u>1,356,207</u>	<u>77,831</u>	<u>(76,421)</u>
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	1,427,539	-	(204,990)	1,427,539	-	(204,990)
- One year to three years	1,712,050	47,868	(137,001)	1,712,050	47,868	(137,001)
- More than three years	594,668	17,599	(6,068)	594,668	17,599	(6,068)
	<u>3,734,257</u>	<u>65,467</u>	<u>(348,059)</u>	<u>3,734,257</u>	<u>65,467</u>	<u>(348,059)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	522,115	-	(328)	22,115	-	(189)
- One year to three years	685,565	2,597	(764)	353,840	1,587	(764)
- More than three years	353,840	15,188	(999)	353,840	15,188	(999)
	<u>1,561,520</u>	<u>17,785</u>	<u>(2,091)</u>	<u>729,795</u>	<u>16,775</u>	<u>(1,952)</u>
Netting effects under MFRS 132 Amendments						
	-	(532,854)	532,854	-	(532,854)	532,854
Total	<u>697,613,427</u>	<u>6,507,825</u>	<u>(7,564,103)</u>	<u>689,742,779</u>	<u>6,449,614</u>	<u>(7,503,089)</u>

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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2016	Principal Amount RM'000	Group <---- Fair Value ---->		Principal Amount RM'000	Bank <---- Fair Value ---->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	36,297,307	1,041,107	(390,038)	30,177,674	740,114	(340,842)
- One year to three years	1,614,408	43,098	(61,139)	1,614,408	43,098	(61,139)
- More than three years	109,540	2,533	(2,388)	109,540	2,533	(2,388)
	<u>38,021,255</u>	<u>1,086,738</u>	<u>(453,565)</u>	<u>31,901,622</u>	<u>785,745</u>	<u>(404,369)</u>
Currency swaps:						
- Less than one year	170,207,992	2,498,234	(2,492,608)	172,616,102	2,743,381	(2,483,234)
- One year to three years	548,551	38,012	(342)	548,551	38,012	(342)
	<u>170,756,543</u>	<u>2,536,246</u>	<u>(2,492,950)</u>	<u>173,164,653</u>	<u>2,781,393</u>	<u>(2,483,576)</u>
Currency spots:						
- Less than one year	2,154,112	2,058	(1,017)	2,186,968	2,081	(1,022)
Currency options:						
- Less than one year	6,409,635	85,298	(63,946)	6,409,635	85,298	(63,946)
- One year to three years	13,808	73	(1,043)	13,808	73	(1,043)
	<u>6,423,443</u>	<u>85,371</u>	<u>(64,989)</u>	<u>6,423,443</u>	<u>85,371</u>	<u>(64,989)</u>
Cross currency interest rate swaps:						
- Less than one year	9,037,284	395,630	(778,333)	8,530,572	378,013	(746,253)
- One year to three years	13,831,249	970,326	(1,315,263)	14,958,939	1,122,190	(1,438,413)
- More than three years	13,349,911	1,073,245	(1,007,515)	13,106,138	1,068,280	(996,509)
	<u>36,218,444</u>	<u>2,439,201</u>	<u>(3,101,111)</u>	<u>36,595,649</u>	<u>2,568,483</u>	<u>(3,181,175)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	93,180,752	87,030	(87,075)	93,310,856	86,231	(86,044)
- One year to three years	63,070,554	214,879	(206,497)	63,833,150	214,775	(205,977)
- More than three years	128,356,609	1,873,499	(1,912,682)	128,644,612	1,868,107	(1,912,702)
	<u>284,607,915</u>	<u>2,175,408</u>	<u>(2,206,254)</u>	<u>285,788,618</u>	<u>2,169,113</u>	<u>(2,204,723)</u>
Interest rate futures:						
- Less than one year	4,658,638	938	(876)	3,602,258	882	(811)
- One year to three years	3,905,590	1,925	(1,755)	2,557,020	1,786	(1,620)
	<u>8,564,228</u>	<u>2,863</u>	<u>(2,631)</u>	<u>6,159,278</u>	<u>2,668</u>	<u>(2,431)</u>
Interest rate options:						
- Less than one year	200,000	121	-	200,000	121	-
- One year to three years	1,450,906	1,063	(1,756)	1,450,906	1,063	(1,756)
- More than three years	8,332,291	93,015	(233,144)	9,242,290	115,325	(233,144)
	<u>9,983,197</u>	<u>94,199</u>	<u>(234,900)</u>	<u>10,893,196</u>	<u>116,509</u>	<u>(234,900)</u>

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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2016 (cont'd.)	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	119,070	-	(69)	-	-	-
- More than three years	33,663	1,636	-	-	-	-
	<u>152,733</u>	<u>1,636</u>	<u>(69)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	622,453	33,908	(36,471)	92,332	1,234	(1,234)
- One year to three years	19,274	2,081	(112)	16,100	1,173	(112)
	<u>641,727</u>	<u>35,989</u>	<u>(36,583)</u>	<u>108,432</u>	<u>2,407</u>	<u>(1,346)</u>
Equity swaps:						
- Less than one year	817,228	55,596	(13,305)	145,345	11,456	(3,372)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	5,449,862	343,678	(356,263)	5,449,862	343,678	(356,263)
- One year to three years	2,417,900	139,392	(139,392)	2,417,900	139,392	(139,392)
	<u>7,867,762</u>	<u>483,070</u>	<u>(495,655)</u>	<u>7,867,762</u>	<u>483,070</u>	<u>(495,655)</u>
Commodity swaps:						
- Less than one year	699,708	67,338	(67,075)	699,708	67,338	(67,075)
- One year to three years	330,200	15,903	(15,430)	330,200	15,903	(15,430)
- More than three years	263,232	6,056	(5,479)	263,232	6,056	(5,479)
	<u>1,293,140</u>	<u>89,297</u>	<u>(87,984)</u>	<u>1,293,140</u>	<u>89,297</u>	<u>(87,984)</u>
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	1,790,546	8,803	(267,187)	1,790,546	8,803	(267,187)
- One year to three years	1,659,207	19,513	(179,446)	1,659,207	19,513	(179,446)
- More than three years	592,728	8,440	(12,918)	592,728	8,440	(12,918)
	<u>4,042,481</u>	<u>36,756</u>	<u>(459,551)</u>	<u>4,042,481</u>	<u>36,756</u>	<u>(459,551)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	567,290	453	(1,814)	67,290	453	(1,446)
- One year to three years	560,750	3,204	(962)	224,300	2,498	(962)
- More than three years	201,870	13,902	(5,004)	201,870	13,902	(5,004)
	<u>1,329,910</u>	<u>17,559</u>	<u>(7,780)</u>	<u>493,460</u>	<u>16,853</u>	<u>(7,412)</u>
Netting effects under MFRS 132 Amendments						
	-	(830,284)	830,284	-	(830,284)	830,284
Total	<u>572,874,118</u>	<u>8,311,703</u>	<u>(8,828,060)</u>	<u>567,064,047</u>	<u>8,320,918</u>	<u>(8,802,221)</u>

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A37. Fair Value Measurements of Financial Instruments

Fair value hierarchy

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

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

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

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

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

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

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

The following tables show the Group's and the Bank's financial assets and financial liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 31 March 2017 and 31 December 2016.

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 March 2017				
Financial assets measured at fair value:				
Financial assets held-for-trading	3,033,290	13,010,888	551	16,044,729
Money market instruments	-	5,000,810	-	5,000,810
Quoted securities	3,033,290	-	-	3,033,290
Unquoted securities	-	8,010,078	551	8,010,629
Financial assets designated at fair value through profit or loss	330,823	12,425,110	80,709	12,836,642
Money market instruments	-	801,594	-	801,594
Quoted securities	330,823	-	-	330,823
Unquoted securities	-	11,623,516	80,709	11,704,225
Financial investments available-for-sale	3,004,039	99,070,317	768,059	102,842,415
Money market instruments	-	54,132,798	-	54,132,798
Quoted securities	3,004,039	-	-	3,004,039
Unquoted securities	-	44,937,519	768,059	45,705,578
Derivative assets	20	5,897,150	610,655	6,507,825
Foreign exchange related contracts	-	3,810,133	-	3,810,133
Interest rate related contracts	-	2,361,729	-	2,361,729
Equity and commodity related contracts	20	258,142	610,655	868,817
Netting effects under MFRS 132 Amendments	-	(532,854)	-	(532,854)
	6,368,172	130,403,465	1,459,974	138,231,611

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

Group (cont'd.) At 31 March 2017	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss	-	4,017,149	-	4,017,149
Structured deposits	-	1,938,103	-	1,938,103
Borrowings	-	2,079,046	-	2,079,046
Derivative liabilities	7,916	6,934,311	621,876	7,564,103
Foreign exchange related contracts	-	4,694,312	-	4,694,312
Interest rate related contracts	-	2,601,799	-	2,601,799
Equity and commodity related contracts	7,916	171,054	621,876	800,846
Netting effects under MFRS 132 Amendments	-	(532,854)	-	(532,854)
	<u>7,916</u>	<u>10,951,460</u>	<u>621,876</u>	<u>11,581,252</u>
Financial assets measured at fair value:				
Group At 31 December 2016	<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 held-for-trading	2,131,113	8,455,256	-	10,586,369
Money market instruments	-	3,260,295	-	3,260,295
Quoted securities	2,131,113	-	-	2,131,113
Unquoted securities	-	5,194,961	-	5,194,961
Financial assets designated at fair value through profit or loss	288,130	12,540,737	80,814	12,909,681
Money market instruments	-	800,354	-	800,354
Quoted securities	288,130	-	-	288,130
Unquoted securities	-	11,740,383	80,814	11,821,197
Financial investments available-for-sale	2,484,627	89,132,601	767,606	92,384,834
Money market instruments	-	46,308,676	-	46,308,676
Quoted securities	2,484,627	-	-	2,484,627
Unquoted securities	-	42,823,925	767,606	43,591,531
Derivative assets	-	7,826,227	485,476	8,311,703
Foreign exchange related contracts	-	6,186,370	-	6,186,370
Interest rate related contracts	-	2,290,029	-	2,290,029
Equity and commodity related contracts	-	180,112	485,476	665,588
Netting effects under MFRS 132 Amendments	-	(830,284)	-	(830,284)
	<u>4,903,870</u>	<u>117,954,821</u>	<u>1,333,896</u>	<u>124,192,587</u>

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

Group (cont'd.) At 31 December 2016	Valuation technique using			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss				
Structured deposits	-	3,587,230	-	3,587,230
Borrowings	-	1,560,054	-	1,560,054
	-	2,027,176	-	2,027,176
Derivative liabilities				
Foreign exchange related contracts	5,041	8,326,018	497,001	8,828,060
Interest rate related contracts	-	6,573,183	-	6,573,183
Equity and commodity related contracts	-	2,451,565	-	2,451,565
Netting effects under MFRS 132 Amendments	5,041	131,554	497,001	633,596
	-	(830,284)	-	(830,284)
	<u>5,041</u>	<u>11,913,248</u>	<u>497,001</u>	<u>12,415,290</u>

Bank At 31 March 2017	Valuation technique using			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading				
Money market instruments	152,646	12,138,810	-	12,291,456
Quoted securities	-	4,216,692	-	4,216,692
Unquoted securities	152,646	-	-	152,646
	-	7,922,118	-	7,922,118
Financial investments available-for-sale				
Money market instruments	153,412	81,792,628	494,954	82,440,994
Quoted securities	-	44,247,106	-	44,247,106
Unquoted securities	153,412	-	-	153,412
	-	37,545,522	494,954	38,040,476
Derivative assets				
Foreign exchange related contracts	-	5,838,959	610,655	6,449,614
Interest rate related contracts	-	3,877,862	-	3,877,862
Equity and commodity related contracts	-	2,428,437	-	2,428,437
Netting effects under MFRS 132 Amendments	-	65,514	610,655	676,169
	-	(532,854)	-	(532,854)
	<u>306,058</u>	<u>99,770,397</u>	<u>1,105,609</u>	<u>101,182,064</u>

Financial liabilities measured at fair value:

Financial liabilities designated at fair value through profit or loss				
Structured deposits	-	3,030,516	-	3,030,516
Borrowings	-	951,470	-	951,470
	-	2,079,046	-	2,079,046
Derivative liabilities				
Foreign exchange related contracts	-	6,881,213	621,876	7,503,089
Interest rate related contracts	-	4,747,058	-	4,747,058
Equity and commodity related contracts	-	2,601,446	-	2,601,446
Netting effects under MFRS 132 Amendments	-	65,563	621,876	687,439
	-	(532,854)	-	(532,854)
	<u>-</u>	<u>9,911,729</u>	<u>621,876</u>	<u>10,533,605</u>

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

Bank At 31 December 2016	<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	145,247	7,835,067	-	7,980,314
Money market instruments	-	2,574,879	-	2,574,879
Quoted securities	145,247	-	-	145,247
Unquoted securities	-	5,260,188	-	5,260,188
Financial investments available-for-sale	142,240	74,266,457	495,504	74,904,201
Money market instruments	-	38,465,604	-	38,465,604
Quoted securities	142,240	-	-	142,240
Unquoted securities	-	35,800,853	495,504	36,296,357
Derivative assets	-	7,835,442	485,476	8,320,918
Foreign exchange related contracts	-	6,259,829	-	6,259,829
Interest rate related contracts	-	2,305,143	-	2,305,143
Equity and commodity related contracts	-	100,754	485,476	586,230
Netting effects under MFRS132 Amendments	-	(830,284)	-	(830,284)
	287,487	89,936,966	980,980	91,205,433
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss	-	2,685,139	-	2,685,139
Structured deposits	-	657,963	-	657,963
Borrowings	-	2,027,176	-	2,027,176
Derivative liabilities	-	8,305,220	497,001	8,802,221
Foreign exchange related contracts	-	6,594,682	-	6,594,682
Interest rate related contracts	-	2,449,466	-	2,449,466
Equity and commodity related contracts	-	91,356	497,001	588,357
Netting effects under MFRS132 Amendments	-	(830,284)	-	(830,284)
	-	10,990,359	497,001	11,487,360

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 brokers.

Financial liabilities designated at fair value through profit or loss

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

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Group	At 1 January 2017 RM'000	Other gains/(losses) recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases/ Issuances RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 March 2017 RM'000
Financial assets held-for-trading											
Unquoted securities	-	-	-	-	551	-	-	-	-	-	551
	-	-	-	-	551	-	-	-	-	-	551
Financial assets designated at fair value through profit or loss											
Unquoted securities	80,814	81	9	-	-	(195)	-	-	-	-	80,709
	80,814	81	9	-	-	(195)	-	-	-	-	80,709
Financial investments available-for-sale											
Unquoted securities	767,606	99	-	(307)	2,068	(262)	-	(1,115)	-	(30)	768,059
	767,606	99	-	(307)	2,068	(262)	-	(1,115)	-	(30)	768,059
Derivative assets											
Equity and commodity related contracts	485,476	23,492	65,515	-	102,878	-	(66,706)	-	-	-	610,655
	485,476	23,492	65,515	-	102,878	-	(66,706)	-	-	-	610,655
Total Level 3 financial assets	1,333,896	23,672	65,524	(307)	105,497	(457)	(66,706)	(1,115)	-	(30)	1,459,974
Derivative liabilities											
Equity and commodity related contracts	(497,001)	25,396	(65,379)	-	(105,575)	-	20,683	-	-	-	(621,876)
	(497,001)	25,396	(65,379)	-	(105,575)	-	20,683	-	-	-	(621,876)
Total Level 3 financial liabilities	(497,001)	25,396	(65,379)	-	(105,575)	-	20,683	-	-	-	(621,876)
Total net Level 3 financial assets/ (liabilities)	836,895	49,068	145	(307)	(78)	(457)	(46,023)	(1,115)	-	(30)	838,098

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

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

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Group	At 1 January 2016 RM'000	Other gains/(losses) recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases/ Issuances RM'000	Sales RM'000	Settlements^ RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2016 RM'000
Financial assets designated at fair value through profit or loss											
Unquoted securities	81,454	373	425	-	-	(1,438)	-	-	-	-	80,814
	81,454	373	425	-	-	(1,438)	-	-	-	-	80,814
Financial investments available-for-sale											
Unquoted securities	576,527	655,862	-	7,189	15,869	(11,126)	(668,492)	(55,260)	251,336	(4,299)	767,606
	576,527	655,862	-	7,189	15,869	(11,126)	(668,492)	(55,260)	251,336	(4,299)	767,606
Derivative assets											
Interest rate related contracts	-	(1,073)	1,073	-	653	(653)	-	-	-	-	-
Equity and commodity related contracts	8,304	(7,364)	273,153	-	211,383	-	-	-	-	-	485,476
	8,304	(8,437)	274,226	-	212,036	(653)	-	-	-	-	485,476
Total Level 3 financial assets	666,285	647,798	274,651	7,189	227,905	(13,217)	(668,492)	(55,260)	251,336	(4,299)	1,333,896
Derivative liabilities											
Interest rate related contracts	(61,943)	(59,178)	1,787	-	-	54,454	64,880	-	-	-	-
Equity and commodity related contracts	(8,016)	4,896	(269,912)	-	(223,969)	-	-	-	-	-	(497,001)
	(69,959)	(54,282)	(268,125)	-	(223,969)	54,454	64,880	-	-	-	(497,001)
Total Level 3 financial liabilities	(69,959)	(54,282)	(268,125)	-	(223,969)	54,454	64,880	-	-	-	(497,001)
Total net Level 3 financial assets/ (liabilities)	596,326	593,516	6,526	7,189	3,936	41,237	(603,612)	(55,260)	251,336	(4,299)	836,895

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

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

^ The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2016 was mainly comprised of disposal of unquoted shares of RM625.2 million.

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Bank	At 1 January	Other gains/(losses) recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains/(losses) recognised in other comprehensive income	Purchases/ Issuances	Sales	Settlements	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 31 March
At 31 March 2017	2017	statements*	statements#	income	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale											
Unquoted securities	495,503	-	-	(319)	-	-	-	(230)	-	-	494,954
	495,503	-	-	(319)	-	-	-	(230)	-	-	494,954
Derivative assets											
Equity and commodity related contracts	485,476	23,492	65,515	-	102,878	-	(66,706)	-	-	-	610,655
	485,476	23,492	65,515	-	102,878	-	(66,706)	-	-	-	610,655
Total Level 3 financial assets	980,979	23,492	65,515	(319)	102,878	-	(66,706)	(230)	-	-	1,105,609
Derivative liabilities											
Equity and commodity related contracts	(497,001)	25,396	(65,379)	-	(105,575)	-	20,683	-	-	-	(621,876)
	(497,001)	25,396	(65,379)	-	(105,575)	-	20,683	-	-	-	(621,876)
Total Level 3 financial liabilities	(497,001)	25,396	(65,379)	-	(105,575)	-	20,683	-	-	-	(621,876)
Total net Level 3 financial assets/ (liabilities)	483,978	48,888	136	(319)	(2,697)	-	(46,023)	(230)	-	-	483,733

* Included within 'Other operating income' and 'Allowances for Impairment Losses on Financial Investments'.

Included within 'Other operating income'.

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Bank	At 1 January	Other gains/(losses) recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains/(losses) recognised in comprehensive income	Purchases/ Issuances	Sales	Settlements^	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 31 December
At 31 December 2016	2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale											
Unquoted securities	363,677	655,361	-	6,612	-	(9,190)	(668,492)	(59,975)	211,809	(4,299)	495,503
	363,677	655,361	-	6,612	-	(9,190)	(668,492)	(59,975)	211,809	(4,299)	495,503
Derivative assets											
Interest rate related contracts	-	(1,073)	1,073	-	-	-	-	-	-	-	-
Equity and commodity related contracts	8,304	(7,364)	273,153	-	211,383	-	-	-	-	-	485,476
	8,304	(8,437)	274,226	-	211,383	-	-	-	-	-	485,476
Total Level 3 financial assets	371,981	646,924	274,226	6,612	211,383	(9,190)	(668,492)	(59,975)	211,809	(4,299)	980,979
Derivative liabilities											
Interest rate related contracts	(18,548)	2,303	1,787	-	-	-	14,458	-	-	-	-
Equity and commodity related contracts	(8,016)	4,896	(269,912)	-	(223,969)	-	-	-	-	-	(497,001)
	(26,564)	7,199	(268,125)	-	(223,969)	-	14,458	-	-	-	(497,001)
Total Level 3 financial liabilities	(26,564)	7,199	(268,125)	-	(223,969)	-	14,458	-	-	-	(497,001)
Total net Level 3 financial assets/ (liabilities)	345,417	654,123	6,101	6,612	(12,586)	(9,190)	(654,034)	(59,975)	211,809	(4,299)	483,978

* Included within 'Other operating income' and 'Allowances for Impairment Losses on Financial Investments'.

Included within 'Other operating income'.

^ The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2016 was mainly comprised of disposal of unquoted shares of RM625.2 million.

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 3 months financial period ended 31 March 2017.

Movements in Level 3 financial instruments measured at fair value

During the 3 months financial period ended 31 March 2017, the Group has transferred certain financial investments available-for-sale out from Level 3 due to the market for some instruments became more liquid, which led to a change in the method used to determine its fair value. Prior to the transfer, the fair value of the financial instruments was determined using unobservable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these financial instruments have been valued using quoted price in the exchange.

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A38. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business

Pursuant to Paragraph 10.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 January 2015, 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 First Quarter Ended 31 March 2017

Group Three-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
	Interest income	94,711	92,614	98,118	85,951	18,992	17,277	47,740	45,629	259,561
Interest expense	-	-	-	-	-	-	(8,447)	(8,468)	(8,447)	(8,468)
Net interest income	94,711	92,614	98,118	85,951	18,992	17,277	39,293	37,161	251,114	233,003
Net earned insurance premiums	413,934	379,356	309,620	301,483	263,520	260,429	266,806	227,334	1,253,880	1,168,602
Other operating income	172,617	100,938	49,540	100,186	1,756	5,426	35,858	41,051	259,771	247,601
Total operating income	681,262	572,908	457,278	487,620	284,268	283,132	341,957	305,546	1,764,765	1,649,206
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(644,465)	(525,420)	(450,819)	(474,708)	(285,363)	(279,778)	(43,351)	(85,937)	(1,423,998)	(1,365,843)
Net operating income	36,797	47,488	6,459	12,912	(1,095)	3,354	298,606	219,609	340,767	283,363
Overhead expenses	(36,467)	(40,992)	(5,869)	(6,526)	(6)	(218)	(123,974)	(113,000)	(166,316)	(160,736)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	330	6,496	590	6,386	(1,101)	3,136	174,632	106,609	174,451	122,627
Allowances for impairment losses on financial investments, net	(293)	(300)	(270)	451	1,133	(3,114)	(1,309)	1,080	(739)	(1,883)
Operating profit	(37)	(6,196)	(320)	(6,837)	(32)	(22)	(675)	(4,439)	(1,064)	(17,494)
Share of profits in associates	-	-	-	-	-	-	172,648	103,250	172,648	103,250
Profit before taxation and zakat	-	-	-	-	-	-	172,648	103,250	172,648	103,250
Taxation and zakat	-	-	-	-	-	-	(59,579)	(30,169)	(59,579)	(30,169)
Profit for the period	-	-	-	-	-	-	113,069	73,081	113,069	73,081

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A38. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)

Pursuant to Paragraph 10.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 January 2015, 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 31 March 2017

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	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	81,815	146,731	69,610	71,062	67,262	70,496	136,779	171,474	355,466	459,763
Deposits and placements with financial institutions	793,486	1,018,841	606,922	582,234	262,592	370,618	832,009	714,028	2,495,009	2,685,721
Financial assets at fair value through profit or loss	8,034,664	7,973,163	5,685,612	5,760,444	-	-	77,984	-	13,798,260	13,733,607
Financial investments available-for-sale	1,373,952	859,714	3,147,590	2,966,503	1,518,687	1,404,077	4,258,951	4,226,756	10,299,180	9,457,050
Loans, advances and financing	231,136	234,497	-	-	-	-	75,615	95,231	306,751	329,728
Derivative assets	2,682	1,636	-	-	-	-	825	-	3,507	1,636
Reinsurance/retakaful assets and other insurance receivables	70,277	63,130	181,429	158,155	331,182	283,102	3,724,038	3,635,209	4,306,926	4,139,596
Other assets	148,400	77,845	56,349	23,592	4,379	2,445	178,242	195,115	387,370	298,997
Investment properties	668,286	658,541	-	-	-	-	96,315	96,329	764,601	754,870
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	87,209	87,736	-	-	-	-	67,925	67,950	155,134	155,686
Intangible assets	24,982	24,090	-	-	-	-	44,167	43,390	69,149	67,480
Deferred tax assets	6,453	8,130	2,385	3,302	5,550	7,948	13,038	15,659	27,426	35,039
TOTAL ASSETS	11,523,342	11,154,054	9,749,897	9,565,292	2,189,652	2,138,686	9,506,040	9,261,293	32,968,931	32,119,325
LIABILITIES										
Derivative liabilities	53,400	57,014	-	-	-	-	-	208	53,400	57,222
Insurance/takaful contract liabilities and other insurance payables	8,615,592	8,461,829	9,436,186	9,226,725	1,835,928	1,752,648	4,616,291	4,507,517	24,503,997	23,948,719
Other liabilities #	2,823,605	2,596,402	310,328	334,616	352,875	384,876	(1,833,959)	(1,763,681)	1,652,849	1,552,213
Provision for taxation and zakat	(9,883)	2,506	(872)	134	-	-	14,709	42,270	3,954	44,910
Deferred tax liabilities	40,628	36,303	4,255	3,817	849	1,162	581,072	564,633	626,804	605,915
Borrowings	-	-	-	-	-	-	163	-	163	-
Subordinated obligations	-	-	-	-	-	-	809,341	811,309	809,341	811,309
TOTAL LIABILITIES	11,523,342	11,154,054	9,749,897	9,565,292	2,189,652	2,138,686	4,187,617	4,162,256	27,650,508	27,020,288
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	5,066,418	4,847,032	5,066,418	4,847,032
	-	-	-	-	-	-	5,318,423	5,099,037	5,318,423	5,099,037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,523,342	11,154,054	9,749,897	9,565,292	2,189,652	2,138,686	9,506,040	9,261,293	32,968,931	32,119,325

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

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A39. The Operations of Islamic Banking Scheme

A39a. Unaudited Income Statements for the First Quarter Ended 31 March 2017

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income derived from investment of depositors' funds	1,603,487	1,485,289	1,603,487	1,485,289
Income derived from investment of investment account funds	412,362	317,903	412,362	317,903
Income derived from investment of Islamic Banking Funds	132,460	85,106	132,460	85,106
Allowances for impairment losses on financing and advances	(50,915)	(35,094)	(50,915)	(35,094)
Total distributable income	2,097,394	1,853,204	2,097,394	1,853,204
Profit distributed to depositors	(880,820)	(843,400)	(880,820)	(843,400)
Profit distributed to investment account holders	(262,733)	(207,385)	(262,733)	(207,385)
Total net income	953,841	802,419	953,841	802,419
Finance cost	(29,178)	(33,942)	(29,178)	(33,942)
Overhead expenses	(365,118)	(301,205)	(365,118)	(301,205)
Profit before taxation and zakat	559,545	467,272	559,545	467,272
Taxation	(100,635)	(102,804)	(100,635)	(102,804)
Zakat	(3,789)	(3,616)	(3,789)	(3,616)
Profit for the period	455,121	360,852	455,121	360,852

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

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income derived from investment of depositors' funds	1,603,487	1,485,289	1,603,487	1,485,289
Income derived from investment of investment account funds	412,362	317,903	412,362	317,903
Income derived from investment of Islamic Banking Funds	132,460	85,106	132,460	85,106
Total income before allowances for impairment losses on financing and advances and overhead expenses	2,148,309	1,888,298	2,148,309	1,888,298
Profit distributed to depositors	(880,820)	(843,400)	(880,820)	(843,400)
Profit distributed to investment account holders	(262,733)	(207,385)	(262,733)	(207,385)
	1,004,756	837,513	1,004,756	837,513
Finance cost	(29,178)	(33,942)	(29,178)	(33,942)
Net of intercompany income and expenses	238,915	174,369	238,915	174,369
Income from Islamic Banking Scheme	1,214,493	977,940	1,214,493	977,940

A39b. Unaudited Statements of Comprehensive Income for the First Quarter Ended 31 March 2017

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit for the period	455,121	360,852	455,121	360,852
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Defined benefit plan actuarial gain	929	336	929	336
Income tax effect	(232)	(84)	(232)	(84)
	697	252	697	252
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on foreign exchange translation	(48,597)	(259,822)	(48,597)	(259,822)
Net gain on financial investments available-for-sale	16,837	127,327	16,837	127,327
Income tax effect	(4,035)	(31,952)	(4,035)	(31,952)
	(35,795)	(164,447)	(35,795)	(164,447)
Other comprehensive loss for the period, net of tax	(35,098)	(164,195)	(35,098)	(164,195)
Total comprehensive income for the period	420,023	196,657	420,023	196,657

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39c. Unaudited Statement of Financial Position as at 31 March 2017

<u>Group</u>	Note	31 March 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds		11,597,725	15,552,945
Deposits and placements with financial institutions		703,492	654,194
Financial investments portfolio		11,579,161	9,181,991
Financing and advances	A39e	149,217,506	148,710,892
Derivative assets		449,992	515,554
Other assets		5,012,844	4,959,989
Statutory deposit with central banks		2,672,000	3,070,000
Property, plant and equipment		1,335	2,566
Intangible assets		1,234	614
Deferred tax assets		42,669	21,012
Total Assets		181,277,958	182,669,757
LIABILITIES			
Deposits from customers	A39f	107,549,403	106,842,961
Investment accounts of customers	A39g	31,714,614	31,544,587
Deposits and placements from financial institutions		27,200,566	30,346,297
Financial liabilities at fair value through profit or loss	A39h	986,633	902,091
Bills and acceptances payable		15,443	53,220
Derivatives liabilities		484,955	535,161
Other liabilities		704,690	388,615
Provision for taxation and zakat		130,795	98,561
Term funding		49,731	-
Subordinated sukuk	A39i	2,540,089	2,534,496
Total Liabilities		171,376,919	173,245,989
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		5,794,359	595,076
Share premium		-	5,200,228
Retained profits		3,367,692	2,881,471
Other reserves		738,988	746,993
		9,901,039	9,423,768
Total Liabilities and Islamic Banking Capital Funds		181,277,958	182,669,757
COMMITMENTS AND CONTINGENCIES			
		56,817,562	52,097,394

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the First Quarter Ended 31 March 2017

<u>Group</u>	←----- Non-distributable ----->										
	Islamic Banking Funds RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2017	595,076	5,200,228	409,672	393,700	(55,264)	(2,897)	1,697	-	85	2,881,471	9,423,768
Profit for the period	-	-	-	-	-	-	-	-	-	455,121	455,121
Other comprehensive income/(loss)	-	-	-	-	12,802	(48,597)	-	-	697	-	(35,098)
Net loss on foreign exchange translation	-	-	-	-	-	(48,597)	-	-	-	-	(48,597)
Net gain on financial investments available-for-sale	-	-	-	-	12,802	-	-	-	-	-	12,802
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	697	-	697
Total comprehensive income/ (loss) for the period	-	-	-	-	12,802	(48,597)	-	-	697	455,121	420,023
Transfer (to)/from conventional banking operations	(945)	-	-	-	-	51,093	-	-	-	7,100	57,248
Transfer from regulatory reserve	-	-	-	(24,000)	-	-	-	-	-	24,000	-
Transfer to share capital [#]	5,200,228	(5,200,228)	-	-	-	-	-	-	-	-	-
At 31 March 2017	5,794,359	-	409,672	369,700	(42,462)	(401)	1,697	-	782	3,367,692	9,901,039

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

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

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the First Quarter Ended 31 March 2017 (cont'd.)

<u>Group</u>	←----- Non-distributable -----→										Total RM'000
	Islamic Banking Funds RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	
At 1 January 2016	1,194,821	4,658,233	409,672	430,249	(104,493)	(3,719)	1,697	34,456	(190)	2,728,172	9,348,898
Profit for the period	-	-	-	-	-	-	-	-	-	360,852	360,852
Other comprehensive income/(loss)	-	-	-	-	95,375	(259,822)	-	-	252	-	(164,195)
Net loss on foreign exchange translation	-	-	-	-	-	(259,822)	-	-	-	-	(259,822)
Net gain on financial investments available-for-sale	-	-	-	-	95,375	-	-	-	-	-	95,375
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	252	-	252
Total comprehensive income/ (loss) for the period	-	-	-	-	95,375	(259,822)	-	-	252	360,852	196,657
Transfer (to)/from conventional banking operations	(721,611)	-	-	-	-	263,350	-	-	-	(5,553)	(463,814)
Transfer from regulatory reserve	-	-	-	(58,950)	-	-	-	-	-	58,950	-
At 31 March 2016	473,210	4,658,233	409,672	371,299	(9,118)	(191)	1,697	34,456	62	3,142,421	9,081,741

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

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39e. Financing and Advances

Group	Bai[^]	Murabahah	Musyarakah	Al-Ijarah	Ijarah	Istisna'	Others	Total
As at 31 March 2017	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing
				Thumma				and
				RM'000				Advances
								RM'000
Cashline	-	4,954,632	-	-	-	159	-	4,954,791
Term financing								
- Housing financing	18,697,805	60,396,668	2,519,553	-	-	-	-	81,614,026
- Syndicated financing	-	795,840	-	-	-	-	-	795,840
- Hire purchase receivables	-	-	-	36,501,102	-	-	-	36,501,102
- Other term financing	25,554,966	70,807,242	1,303,533	-	119,879	147,596	55,399	97,988,615
Bills receivables	-	187	-	-	-	-	-	187
Trust receipts	-	147,959	-	-	-	-	-	147,959
Claims on customers under acceptance credits	-	4,624,289	-	-	-	-	-	4,624,289
Staff financing	710,275	1,393,381	10,680	152,596	-	-	44,862	2,311,794
Credit card receivables	-	-	-	-	-	-	823,392	823,392
Revolving credit	-	15,925,367	-	-	-	-	-	15,925,367
	44,963,046	159,045,565	3,833,766	36,653,698	119,879	147,755	923,653	245,687,362
Unearned income								(94,925,472)
Gross financing and advances ^{^^}								150,761,890
Allowances for impaired financing and advances:								
- Individual allowance								(743,531)
- Collective allowance								(800,853)
Net financing and advances								149,217,506

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

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

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39e. Financing and Advances (cont'd.)

Group	Bai[^]	Murabahah	Musyarakah	Al-Ijarah Thumma	Ijarah	Istisna'	Others	Total Financing and Advances
As at 31 December 2016	RM'000	RM'000	RM'000	Al-Bai (AITAB) RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	4,844,236	-	-	-	157	-	4,844,393
Term financing								
- Housing financing	19,101,421	59,662,500	2,563,623	-	-	-	-	81,327,544
- Syndicated financing	-	824,763	-	-	-	-	-	824,763
- Hire purchase receivables	-	-	-	36,148,172	-	-	-	36,148,172
- Other term financing	27,852,633	69,777,874	1,339,766	-	118,178	148,079	54,879	99,291,409
Bills receivables	-	793	-	-	-	-	379	1,172
Trust receipts	-	153,310	-	-	-	-	-	153,310
Claims on customers under acceptance credits	-	4,838,297	-	-	-	-	-	4,838,297
Staff financing	737,996	1,372,550	10,546	150,323	-	-	47,788	2,319,203
Credit card receivables	-	-	-	-	-	-	825,661	825,661
Revolving credit	-	16,596,086	-	-	-	-	-	16,596,086
	<u>47,692,050</u>	<u>158,070,409</u>	<u>3,913,935</u>	<u>36,298,495</u>	<u>118,178</u>	<u>148,236</u>	<u>928,707</u>	<u>247,170,010</u>
Unearned income								(96,954,485)
Gross financing and advances ^{^^}								<u>150,215,525</u>
Allowances for impaired financing and advances:								
- Individual allowance								(746,215)
- Collective allowance								(758,418)
Net financing and advances								<u>148,710,892</u>

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

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

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39e. Financing and Advances (cont'd.)

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

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
Gross impaired financing at 1 January 2017/2016	1,667,994	1,065,972
Newly impaired	348,988	1,470,216
Reclassified as non-impaired	(121,652)	(415,007)
Amount recovered	(87,771)	(237,721)
Amount written-off	(29,340)	(215,466)
Gross impaired financing at 31 March 2017/31 December 2016	<u>1,778,219</u>	<u>1,667,994</u>
Gross impaired financing at 31 March 2017/31 December 2016 (excluding financing funded by RPSIA and IA)	1,683,502	1,586,303
Less: Individual allowance	(743,531)	(746,215)
Net impaired financing at 31 March 2017/31 December 2016	<u>939,971</u>	<u>840,088</u>
<u>Calculation of ratio of net impaired financing :</u>		
Gross financing and advances (excluding financing funded by RPSIA and IA)	101,965,211	100,940,476
Less: Individual allowance	(743,531)	(746,215)
Net financing and advances	<u>101,221,680</u>	<u>100,194,261</u>
Net impaired financing as a percentage of net financing and advances	<u>0.93%</u>	<u>0.84%</u>

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

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
<u>Individual allowance</u>		
At 1 January 2017/2016	746,215	356,555
Allowance made *	37,360	522,127
Amount written back in respect of recoveries	(34,399)	(22,583)
Amount written-off	(2,932)	(121,604)
Transferred to collective allowance	(2,042)	(3,406)
Exchange differences	(671)	15,126
At 31 March 2017/31 December 2016	<u>743,531</u>	<u>746,215</u>
<u>Collective allowance</u>		
At 1 January 2017/2016	758,418	755,997
Allowance made *	66,831	104,376
Amount written-off	(26,407)	(105,591)
Transferred from individual allowance	2,042	3,406
Exchange differences	(31)	230
At 31 March 2017/31 December 2016	<u>800,853</u>	<u>758,418</u>
As a percentage of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)	<u>1.20%</u>	<u>1.20%</u>

* As at 31 March 2017, the gross exposure of the financing funded by RPSIA was RM17,082.0 million (31 December 2016: RM17,730.5 million). The individual allowance and collective allowance relating to these financing amounting to RM126.1 million and RM43.7 million respectively (31 December 2016: RM126.7 million and RM52.0 million respectively) are recognised in the Group's conventional banking operations.

The gross exposure of the financing funded by IA as at 31 March 2017 was RM31,714.6 million (31 December 2016: RM31,544.6 million). The individual allowance and collective allowance relating to financing funded by IA are not recognised in the financial statements of the Group, but is charged to and borne by the investors.

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39f. Deposits from Customers

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
Savings deposit		
Wadiah	14,653,864	13,498,387
Demand deposit		
Wadiah	17,819,204	17,403,516
Term deposit		
Murabahah	74,745,417	73,653,740
Qard	330,918	2,287,318
	<u>75,076,335</u>	<u>75,941,058</u>
Total deposits from customers	<u>107,549,403</u>	<u>106,842,961</u>

A39g. Investment Accounts of Customers

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

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
Business enterprises	13,306,219	13,040,863
Individuals	15,893,097	16,197,049
Government and statutory bodies	317,177	460,216
Others	2,198,121	1,846,459
	<u>31,714,614</u>	<u>31,544,587</u>

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

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
Unrestricted investment account		
<u>Mudharabah</u>		
- without maturity	8,592,968	7,564,114
- with maturity		
Due within six months	13,703,204	15,045,407
Six months to one year	9,411,830	8,929,760
One year to three years	4,205	3,513
Three years to five years	2,407	1,793
	<u>23,121,646</u>	<u>23,980,473</u>
Total investment accounts of customers	<u>31,714,614</u>	<u>31,544,587</u>

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A39. The Operations of Islamic Banking Scheme (cont'd.)

A39g. Investment Accounts of Customers (cont'd.)

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

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
Unrestricted Investment		
Retail financing	29,738,075	27,913,126
Non-retail financing	1,976,539	3,631,461
Total Investment	<u>31,714,614</u>	<u>31,544,587</u>

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

	<u>Investment account holder</u>	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 March 2017		
Investment accounts of customers	<u>66</u>	<u>3.24</u>
As at 31 December 2016		
Investment accounts of customers	<u>63</u>	<u>3.17</u>

A39h. Financial Liabilities at Fair Value Through Profit or Loss

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
Structured deposits	<u>986,633</u>	<u>902,091</u>

The Group has designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 - *Financial Instruments: Recognition and Measurement* as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of its fair value and include terms that have substantive derivative characteristics.

The carrying amount of structured deposits designated at fair value through profit or loss of the Group as at 31 March 2017 was RM1,001,955,000 (31 December 2016: RM917,160,000). The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A39i. Subordinated Sukuk

<u>Group</u>	31 March 2017 RM'000	31 December 2016 RM'000
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,534,356	1,516,788
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,005,733	1,017,708
	<u>2,540,089</u>	<u>2,534,496</u>

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

B1. Performance Review

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

The Group posted profit after tax attributable to equity holders of RM1,702.8 million for the three-month financial period ended 31 March 2017, an increase of RM276.0 million or 19.3% compared to the previous corresponding three-month financial period ended 31 March 2016.

The Group's net interest income and Islamic Banking income for the three-month financial period ended 31 March 2017 increased by RM392.7 million or 10.2% to RM4,249.1 million compared to the previous corresponding three-month financial period ended 31 March 2016.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM85.3 million to RM1,253.9 million for the three-month financial period ended 31 March 2017 compared to the previous corresponding three-month financial period ended 31 March 2016.

Other operating income of the Group for the three-month financial period ended 31 March 2017 was RM1,430.1 million, a decrease of RM260.4 million or 15.4% from RM1,690.6 million in the previous corresponding three-month financial period ended 31 March 2016. The decrease was due to lower unrealised mark-to-market gain on revaluation of financial assets and liabilities at FVTPL and derivatives of RM137.6 million compared to unrealised mark-to-market gain on revaluation of financial assets and liabilities at FVTPL and derivatives of RM463.2 million in the previous corresponding three-month financial period ended 31 March 2016. The decrease was, however, mitigated by foreign exchange gain of RM76.2 million compared to foreign exchange loss of RM31.5 million in the previous corresponding three-month financial period ended 31 March 2016.

The Group's overhead expenses for the three-month financial period ended 31 March 2017 recorded an increase of RM183.8 million or 7.0% to RM2,804.0 million compared to the previous corresponding three-month financial period ended 31 March 2016. The increase in overhead expenses was mainly due to higher personnel expenses of RM92.9 million and administration and general expenses of RM89.3 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM322.6 million to RM542.5 million for the three-month financial period ended 31 March 2017. The decrease was mainly due to lower collective allowance ("CA") made during the three-month financial period ended 31 March 2017. The Group's CA ratio (including Regulatory Reserve) was 1.55% as at 31 March 2017 compared to 1.19% as at 31 December 2016.

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B1. Performance Review (cont'd.)

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

The Group's profit before taxation for the three-month financial period ended 31 March 2017 compared to the previous corresponding three-month financial period ended 31 March 2016 is further segmented based on the operating segments of the Group as follows:

Group Community Financial Services ("Group CFS")

Group CFS's profit before taxation increased by RM210.9 million or 21.2% to RM1,206.2 million for the three-month financial period ended 31 March 2017 from RM995.3 million for the previous corresponding three-month financial period ended 31 March 2016. The increase was mainly due to higher net interest income and income from IBS of RM213.9 million, higher other operating income of RM58.7 million and lower allowance for impairment losses on loans, advances, financing and other debts of RM46.3 million. The increase was, however, offset by higher overhead expenses of RM108.0 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation increased by RM144.3 million or 14.0% to RM1,177.4 million for the three-month financial period ended 31 March 2017 from RM1,033.1 million for the previous corresponding three-month financial period ended 31 March 2016. The increase was mainly due to lower allowance for impairment losses on loans, advances, financing and other debts of RM275.5 million and higher net interest income and income from IBS of RM112.5 million. The increase was, however offset by lower other operating income of RM204.2 million and higher overhead expenses of RM40.5 million.

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

Group Investment Banking's profit before taxation decreased by RM32.8 million or 33.9% to RM63.9 million for the three-month financial period ended 31 March 2017 from RM96.7 million for the previous corresponding three-month financial period ended 31 March 2016. The decrease was mainly driven by lower other operating income of RM27.6 million and higher overhead expenses of RM12.6 million.

c) Group Asset Management

Group Asset Management's profit before taxation of RM26.1 million for the three-month financial period ended 31 March 2017 from loss before taxation of RM19.9 million for the previous corresponding three-month financial period ended 31 March 2016. The increase was mainly due to higher other operating income of RM65.7 million. The increase was, however, offset by higher overhead expenses of RM13.8 million and lower writeback of impairment losses on financial investments of RM4.8 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation increased by RM62.1 million or 54.2% to RM176.7 million for the three-month financial period ended 31 March 2017 from RM114.6 million for the previous corresponding three-month financial period ended 31 March 2016. The increase was contributed mainly by higher net earned insurance premiums of RM85.3 million, lower allowance for impairment losses on financial investments of RM16.4 million, higher net interest income of RM18.0 million and higher other operating income of RM8.2 million. The increase was, however, offset by higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM58.2 million and higher overhead expenses of RM8.8 million.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders in this quarter ended 31 March 2017 decreased by RM657.8 million or 27.9% to RM1,702.8 million against the preceding quarter ended 31 December 2016.

The Group's net interest income for the quarter ended 31 March 2017 increased by RM123.2 million to RM3,034.6 million against the preceding quarter of RM2,911.4 million. Income from Islamic Banking Scheme operations increased by RM49.1 million to RM1,214.5 million for the quarter ended 31 March 2017 compared to RM1,165.4 million in the preceding quarter ended 31 December 2016.

The Group's net earned insurance premiums for the quarter ended 31 March 2017 increased by RM61.4 million to RM1,253.9 million compared to RM1,192.5 million in the preceding quarter ended 31 December 2016.

Other operating income of the Group for the quarter ended 31 March 2017 increased by RM36.1 million to RM1,430.1 million compared to RM1,394.0 million in the preceding quarter ended 31 December 2016. The increase was mainly due to unrealised mark-to-market gain on revaluation of financial assets at FVTPL of RM206.2 million and unrealised mark-to-market loss on revaluation of derivatives of RM76.4 million compared to unrealised mark-to-market loss on revaluation of financial assets at FVTPL of RM372.8 million and derivatives of RM570.5 million in the preceding quarter ended 31 December 2016. The increase was, however, offset by lower gain on disposal of financial investments available-for-sale of RM424.6 million, lower unrealised mark-to-market gain on revaluation of financial liabilities at FVTPL of RM259.5 million and lower foreign exchange gain of RM231.8 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund increased by RM783.1 million to RM1,378.4 million for the quarter ended 31 March 2017 compared to RM595.3 million in the preceding quarter ended 31 December 2016. The increase was mainly due to higher net insurance benefits and claims incurred of RM719.4 million.

The Group posted an increase of RM170.6 million in overhead expenses to RM2,804.0 million for the quarter ended 31 March 2017 compared to RM2,633.4 million in the preceding quarter ended 31 December 2016. The increase was mainly due to higher personnel expenses of RM152.9 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts decreased by RM73.2 million to RM542.5 million in the quarter ended 31 March 2017 compared to RM615.7 million in the preceding quarter ended 31 December 2016. The decrease was mainly due to lower net individual allowance made of RM635.6 million offset by higher net collective allowance made of RM379.3 million and lower bad debts and financing recovered of RM164.3 million.

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B3. Prospects

Global real GDP growth is forecasted to expand at +3.4% in 2017 (2016: +3.1%), from improved growth in the US (2017E: +2.3%; 2016: +1.6%) and India (2017: +7.3%; 2016: +6.8%), sustained growth in Europe (2017E: +1.6%) and Japan (2017E: +1.0%), as well as recoveries in markets like Brazil and Russia.

Meanwhile, the ASEAN-6 countries could chart relatively faster growth in 2017 at 4.9% (2016: +4.6%) supported by the recovery in external demand coupled with sustained momentum in domestic demand. Maybank Group's home markets are expected to perform better in 2017, with Singapore forecasted to grow at +3.0% (2016: +2.0%), Malaysia expected to expand by +5.1% (2016: +4.2%) and Indonesia to remain resilient at +5.1% (2016: +5.0%).

Malaysia's real GDP growth in 2017 will be underpinned by sustained consumer spending, stronger growth in public and private investments, rebound in Government consumption expenditure and firmer export growth. Growth in public and private investments will be driven by the rollout of existing and new major infrastructure and investment projects. The OPR is also expected to remain unchanged at 3.00% in 2017 to support domestic demand. Maybank Malaysia's loans growth is expected to be slightly ahead of GDP growth in 2017, by focusing on pockets of opportunities within the consumer segment, retail SME and corporate lending.

Singapore's GDP growth is expected to improve to 3.0% in 2017 on the back of improved global economic and world trade growth, better performance in the services sector, and stronger cross-border project financing opportunities within ASEAN. In addition, the budget for fiscal year 2017 is slightly expansionary given the smaller budget surplus, with higher expenditure and targeted measures for SMEs and public infrastructure. As such, Maybank Singapore's loan growth will mainly be driven by retail SME and consumer financing with an upside to corporate lending, should trade flows recover. Maybank Singapore will also look to build on its wealth management services, expand on its Islamic offerings by providing alternative financing solutions to customers and deepen cross-sell across key customer segments. Another area of focus will be the expansion of internet and mobile banking solutions in an effort to enhance customers' digital experiences.

Indonesia's economy is expected to remain resilient with GDP growth to be sustained at 5.1% for 2017, driven by consumer, business and government spending from accelerated infrastructure projects and other capital expenditures. Bank Indonesia's seven-day reverse repurchase rate is expected to remain at 4.75% to support the growth of the financial sector and domestic economy. A key growth driver for Maybank Indonesia in 2017 would be to expand its fee income streams through bancassurance, structured products and e-channel transactions. Maybank Indonesia will also focus on improving its cross sell of products and services, sharpen margins for higher yielding net interest margin products within its retail and business banking segments while targeting corporate lending growth among top-tier clients.

At Maybank Group, key strategic priorities for 2017 would be to strengthen our revenue drivers by focusing on pockets of opportunities across the various segments in consumer and corporate lending and capturing regional opportunities through our Maybank Kim Eng, Etiqa and Maybank Islamic franchises. We will leverage on our multi-channel digital capabilities, expand product segments, increase productivity, and drive regional cross-selling synergies, while keeping customer needs at the forefront.

Against the backdrop of selective growth in the market, Maybank Group will maintain its approach of proactively managing asset quality. The Group will continue to emphasise on its capital strength, ahead of accounting changes that will be adopted on 1st January 2018.

Barring any unforeseen circumstances, the Group expects its financial performance for 2017 to be satisfactory given the ongoing challenging global environment. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") of 10%-11% and Group Loans Growth of 6%-7%.

B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the first quarter ended 31 March 2017.

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B5. Taxation and Zakat

The analysis of the tax expense for the first quarter ended 31 March 2017 are as follows:

<u>Group</u>	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Malaysian income tax	377,147	272,664	377,147	272,664
Foreign income tax	88,752	30,102	88,752	30,102
	465,899	302,766	465,899	302,766
Over provision in respect of prior period:				
Malaysian income tax	-	(1,308)	-	(1,308)
Foreign income tax	(7,083)	(4,893)	(7,083)	(4,893)
	458,816	296,565	458,816	296,565
Deferred tax				
- Relating to origination and reversal of temporary differences	39,381	179,021	39,381	179,021
	39,381	179,021	39,381	179,021
Tax expense for the financial period	498,197	475,586	498,197	475,586
Zakat	5,769	4,858	5,769	4,858
	503,966	480,444	503,966	480,444

The Group's effective tax rate for the first quarter ended 31 March 2017 was lower than the statutory tax rate due to certain income not subject to tax.

<u>Bank</u>	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Malaysian income tax	196,828	180,121	196,828	180,121
Foreign income tax	534	828	534	828
	197,362	180,949	197,362	180,949
(Over)/Under provision in respect of prior period:				
Foreign income tax	(6,277)	27	(6,277)	27
	191,085	180,976	191,085	180,976
Deferred tax				
- Relating to origination and reversal of temporary differences	76,236	122,396	76,236	122,396
	76,236	122,396	76,236	122,396
Tax expense for the financial period	267,321	303,372	267,321	303,372

The Bank's effective tax rate for the first quarter ended 31 March 2017 is 24%.

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

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B6. Status of Corporate Proposals Announced but Not Completed

Proposed disposal of PT Bank Maybank Indonesia TBK's ("Maybank Indonesia") entire equity interest in PT Wahana Ottomitra Multiartha ("WOM Finance")

On 12 January 2017, Malayan Banking Berhad ("Maybank") announced that Maybank Indonesia, a subsidiary of Maybank, entered into a conditional shares purchase agreement ("CSPA") with PT Reliance Capital Management ("RCM") for the proposed disposal of Maybank Indonesia's entire equity interest of 68.55% in WOM Finance to RCM ("Proposed Disposal").

RCM is a limited liability company incorporated under Indonesian Law and has subsidiaries that provide financial services, including financial services in investment (securities and asset management), protection (general, health, life, and sharia insurance) and financing (multi-finance, banking, and venture capital).

The Proposed Disposal involves the sale of Maybank Indonesia's entire equity interest in WOM Finance to RCM for a total cash consideration of approximately Rupiah 673.77 billion (equivalent to approximately RM229.08 million based on the exchange rate of Rupiah 1 = RM0.00034 as at 11 January 2017), plus the difference between the book value of WOM Finance as set out in the audited accounts of WOM Finance for the financial year ended 31 December 2016 and the financial year ended 31 December 2015 in proportion to Maybank Indonesia's 68.55% equity interest in WOM Finance. The completion of the Proposed Disposal is expected to occur by the first quarter of 2017, upon the conditions precedent of the seller and buyer being fulfilled as prescribed in the CSPA.

On 4 May 2017, Maybank announced that the Proposed Disposal has been terminated as of 3 May 2017, as certain conditions precedent to the CSPA which were scheduled to be satisfied by 30 April 2017 have not been fulfilled. With the termination of the Proposed Disposal, WOM Finance will continue to be a subsidiary of Maybank Indonesia.

The Proposed Disposal and its termination are not expected to have any material effect on the earnings per share and net assets per share of the Maybank group for the financial year ending 31 December 2017.

None of the directors and/or major shareholders of Maybank and/or persons connected with them have any interest, direct or indirect, in the Proposed Disposal.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposal

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

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

Please refer to Note A14, A15, A16, A17 and A39g.

B9. Derivative Financial Instruments

Please refer to Note A36.

B10. Changes in Material Litigation

There was no material litigation during the first quarter ended 31 March 2017.

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B11. Disclosure of Realised and Unrealised Retained Profits

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.

	31 March 2017 RM'000	31 December 2016 RM'000
Retained profits of the Group:		
- Realised	14,242,647	14,411,665
- Unrealised	52,048	(430,569)
- in respect of deferred tax recognised in the income statement	(75,171)	(3,369)
- in respect of other items of income and expense	127,219	(427,200)
	14,294,695	13,981,096
Share of retained profits from associates and joint ventures:		
- Realised	593,455	553,180
- Unrealised	-	-
	593,455	553,180
Consolidation adjustments	(185,848)	(125,581)
Total Group's retained profits	14,702,302	14,408,695

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B12. Dividend

No interim dividend has been recommended during the first quarter ended 31 March 2017.

B13. Earnings Per Share ("EPS")

Basic EPS

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,702,797	1,426,751	1,702,797	1,426,751
Weighted average number of ordinary shares in issue ('000)	10,179,040	9,748,034	10,179,040	9,748,034
Basic earnings per share	16.73 sen	14.64 sen	16.73 sen	14.64 sen

Diluted EPS

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

In the diluted EPS calculation, it was assumed that certain number of ordinary shares under the ESS relating to the RSU are vested and awarded to employees through issuance of additional ordinary shares. A calculation is done to determine the number of ordinary shares that could have been issued at fair value (determined as the average price of the Bank's ordinary shares during the quarter/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted and the number of ordinary shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's ordinary shares as at 31 March 2017 and 31 March 2016). This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the quarter/period.

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,702,797	1,426,751	1,702,797	1,426,751
Weighted average number of ordinary shares in issue ('000)	10,179,040	9,748,034	10,179,040	9,748,034
Effects of dilution ('000)	166	131	1,522	800
Adjusted weighted average number of ordinary shares in issue ('000)	10,179,206	9,748,165	10,180,562	9,748,834
Diluted earnings per share	16.73 sen	14.64 sen	16.73 sen	14.64 sen

By Order of the Board

Wan Marzimin Wan Muhammad
LS0009924
Company Secretary
25 May 2017