

Leading Asia



ANNUAL REPORT 2015
FINANCIAL STATEMENTS



Delivering Our
**ASEAN VISION
TOGETHER**

RM6.84 billion

Profit Attributable to Equity Holders
of the Bank

RM708.3 billion

Total Assets

12.78%

Common Equity Tier 1 Capital Ratio

Delivering Our ASEAN Vision Together

2010

Initiated our Vision
to become
A Regional Financial
Services Leader

2011

Acquisition of Kim Eng
Holdings Ltd.

2012

Expansion in China with the
set-up of Beijing branch
and local incorporation of
Maybank Cambodia

2013-2014

Network expansion in
Indonesia and the
Philippines

Delivering Our ASEAN Vision Together

In 2010, we set our vision on becoming a regional financial services leader by 2015. Over the five years, our assets have doubled to RM708 billion and we are now a Top 5 Financial Services Group in ASEAN serving our customers across all 10 ASEAN countries. Our customers have been together with us throughout this journey driven by our mission of Humanising Financial Services. Now we are excited to begin the next phase with our Maybank²⁰²⁰ strategy of Advancing Asia's Ambitions With You.

In this report we feature several of our people who have contributed towards our vision and are now taking Maybank forward with Maybank²⁰²⁰.

2015

Set-up of Kunming branch
in China and the launch of
Myanmar operations

2015

Maybank is a
Top 5 Bank in
ASEAN with
presence in 10
ASEAN countries

2016-2020

**Maybank²⁰²⁰
Vision**

Advancing Asia's
Ambitions
With You

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BASEL II PILLAR 3

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Highlights of 2015

RM6.84 billion

Net Profit

Net profit rose 1.8% to RM6.84 billion and ROE was 12.2%, within the Group's revised ROE target of 12% to 13%. Net operating income rose 14.6% due to strong growth from net fund and net fee based income but revenue growth was offset by higher provisioning cost.

54.0 sen

Dividend per Share

Dividend per share of 54.0 sen translates to a dividend payout ratio of 76.3%, above our dividend payout ratio policy of 40% to 60%. Maintained a high dividend yield of 6.4% for FY2015.

5-Year

Strategic Objectives Completed

FY2015 marked the final year of our 5-year Strategic Objectives transformation journey. As the Maybank Group expanded its footprint to all 10 ASEAN countries, our net profit has risen 79% since FY2010 or at a compounded annual growth rate of 11.2%. For our next five-year journey, the Group has introduced the Maybank²⁰²⁰ plan.

12.78%

Common Equity Tier 1 Ratio

Strong capital position as Common Equity Tier 1 ratio (in accordance with BNM's Capital Adequacy Framework) increased 103 bps from 31 December 2014, providing sufficient capacity to pursue business growth. Total Capital Ratio also improved 150 bps to 17.74% as at 31 December 2015.

48.2%

Cost to Income Ratio

Cost to Income ratio was maintained below internal threshold of 50% for the fifth consecutive year. Net operating income growth of 14.6% exceeded overhead expenses growth of 12.9%, leading to a positive JAW position.

Maybank Indonesia

Rebranding of Indonesian Subsidiary

PT Bank Internasional Indonesia Tbk was rebranded as PT Bank Maybank Indonesia Tbk. The introduction of its new corporate identity reflects the Maybank brand, which has been again recognised as the Brand of the Year at the World Branding Awards.

19.0%

Growth in Maybank2u Transaction Value

Maybank's internet banking portal in Malaysia, Maybank2u, saw its transaction value grow 19.0%. Maybank2u continued to lead the internet banking market with a 42.9% market share.

50.8%

Islamic Financing to Total Malaysia Loans

Islamic financing now constitutes more than half of our total Malaysia loans portfolio, as our Islamic First strategy has enabled us to cement our position as the largest Islamic bank in Malaysia by asset size.

Maybank's PNG Operations Sale Completed

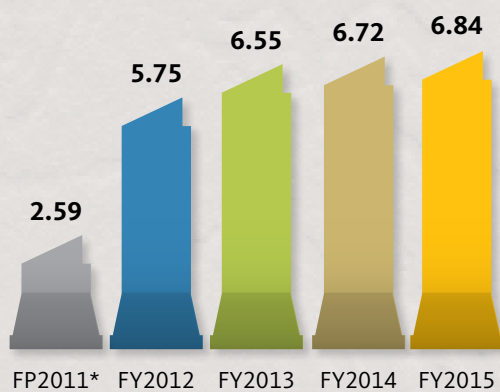
The sale of Maybank's entire equity interest in Maybank (PNG) Ltd and Mayban Property (PNG) Ltd was completed on 30 September 2015, signifying Maybank's effort to optimise use of capital and resources as part of its strategy to focus on the ASEAN region.

Note: Net profit is equivalent to Profit attributable to equity holders of the Bank as stated in the audited financial statements.

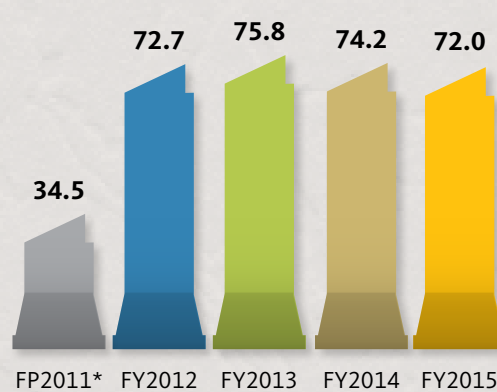
Highlights of 2015

Financial Highlights

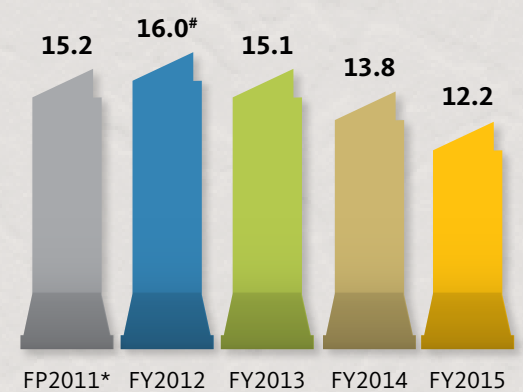
Net Profit
RM6.84 billion



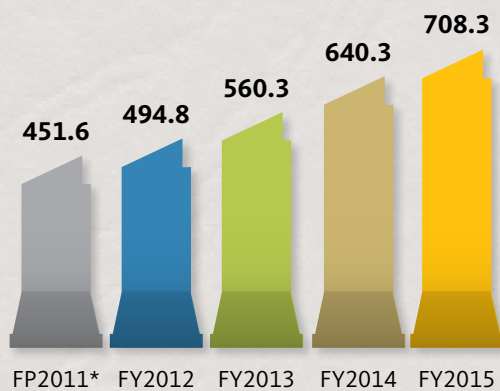
Earnings Per Share
72.0 sen



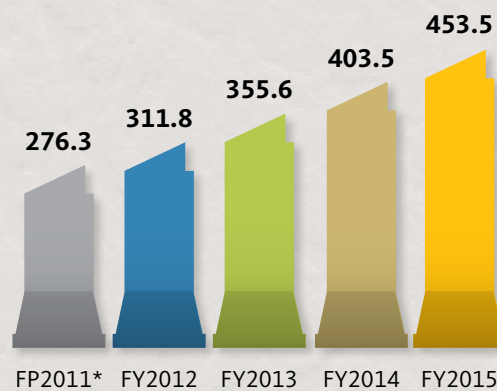
Return on Equity
12.2%



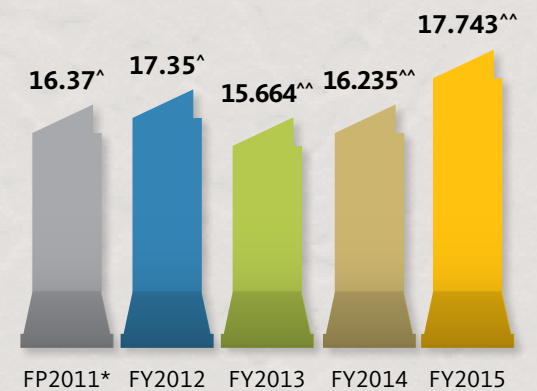
Total Assets
RM708.3 billion



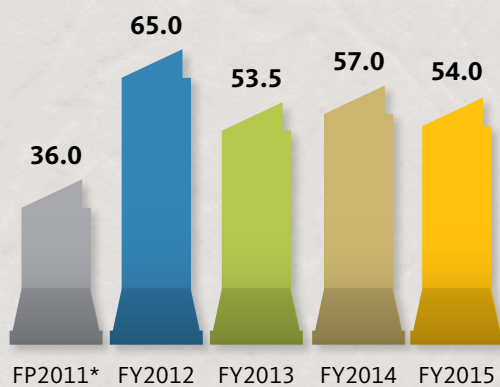
Loans, Advances and Financing
RM453.5 billion



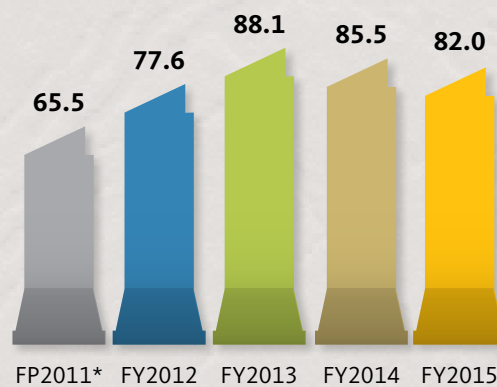
Total Capital Ratio
17.743%^{^^}



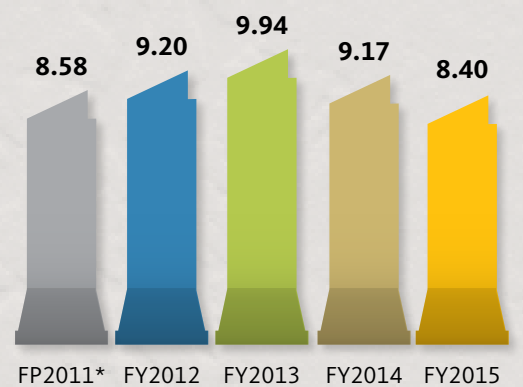
Dividend Per Share
54.0 sen



Market Capitalisation
RM82.0 billion



Share Price
RM8.40



* Refers to 6-months financial period ended 31 December 2011 due to the change of financial year end from 30 June to 31 December

[#] Computed based on weighted reallocation of additional RM3.66 billion capital raised in October 2012

[^] RWCR and assuming full reinvestment of Dividend Reinvestment Plan

^{^^} Total Capital Ratio (TCR) is computed in accordance with Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia on 28 November 2012

Five-Year Group Financial Summary

	Group				
	FP 31 Dec	FY 31 Dec			
	2011 ¹	2012	2013	2014	2015
OPERATING RESULT (RM' million)²					
Operating revenue	12,892	31,227	33,251	35,712	40,556
Operating profit	3,497	7,744	8,730	8,948	8,940
Profit before taxation and zakat	3,571	7,896	8,870	9,112	9,152
Profit attributable to equity holders of the Bank	2,587	5,746	6,552	6,716	6,836
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)²					
Total assets	451,632	494,757	560,319	640,300	708,345
Financial investments portfolio ³	84,669	92,820	107,672	115,911	122,166
Loans, advances and financing	276,253	311,825	355,618	403,513	453,493
Total liabilities	415,747	450,942	512,576	585,559	644,831
Deposits from customers	314,692	347,156	395,611	439,569	478,151
Investment accounts of customers	-	-	-	-	17,658
Commitments and contingencies	369,792	379,695	433,829	551,960	719,695
Paid-up capital	7,639	8,440	8,862	9,319	9,762
Shareholders' equity	34,337	42,095	45,997	52,975	61,695
SHARE INFORMATION²					
Per share (sen)					
Basic earnings	34.5	72.7	75.8	74.2	72.0
Diluted earnings	34.5	72.7	75.7	74.1	72.0
Gross dividend	36.0	65.0	53.5	57.0	54.0
Net assets (sen)	449.5	498.8	519.0	568.5	632.0
Share price as at 31 Dec (RM)	8.58	9.20	9.94	9.17	8.40
Market capitalisation (RM' million)	65,546	77,648	88,088	85,455	81,999
FINANCIAL RATIOS (%)²					
Profitability Ratios/Market Share					
Net interest margin on average interest-earning assets	2.5 ⁶	2.6	2.5	2.3	2.4
Net interest on average risk-weighted assets	4.0 ⁶	4.2	4.2	3.9	4.1
Net return on average shareholders' funds	15.2 ⁶	16.0 ⁷	15.1	13.8	12.2
Net return on average assets	1.2 ⁶	1.2	1.2	1.1	1.0
Net return on average risk-weighted assets	2.0 ⁶	2.1	2.2	2.0	1.9
Cost to income ratio ⁴	49.7	48.6	47.8	48.9	48.2
Domestic market share in:					
Loans, advances and financing	17.9	18.2	18.4	18.4	18.0
Deposits from customers - Savings Account	27.6	27.7	27.7	27.6	25.4
Deposits from customers - Current Account	19.5	20.2	20.4	21.1	19.9
CAPITAL ADEQUACY RATIOS (%)					
CET1 Capital Ratio	-	-	11.253	11.747	12.780
Tier 1 Capital Ratio	-	-	13.059	13.539	14.471
Total Capital Ratio	-	-	15.664	16.235	17.743
Core Capital Ratio ⁵ (after deducting proposed final dividend)	11.0 - 11.7	12.8 - 13.5	-	-	-
Risk-Weighted Capital Ratio ⁵ (after deducting proposed final dividend)	15.7 - 16.4	16.6 - 17.4	-	-	-
ASSET QUALITY RATIOS²					
Net impaired loans (%)	1.86	1.09	0.95	1.04	1.43
Loan loss coverage (%)	86.9	105.6	107.5	95.6	72.0
Net loans to deposit ratio (%) ⁸	87.8	89.8	89.9	91.8	91.5
Deposits to shareholders' fund (times) ⁹	9.2	8.2	8.6	8.3	7.8
VALUATIONS ON SHARE²					
Gross dividend yield (%)	4.2	7.1	5.4	6.2	6.4
Dividend payout ratio (%)	79.9	74.7	71.9	78.5	76.3
Price to earnings multiple (times)	24.9	12.7	13.1	12.4	11.7
Price to book multiple (times)	1.9	1.8	1.9	1.6	1.3

¹ The results consist of six months financial period ended 31 December 2011 due to the change of financial year end from 30 June to 31 December.

² Comparative figures for December 2012 were restated due to the changes in accounting policies.

³ Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

⁴ Cost to income ratio is computed using total cost over the net operating income. The total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk) and Maybank Kim Eng Holdings Limited.

⁵ The capital adequacy ratios for December 2012 and December 2011 present the two range of extreme possibilities, i.e.

(i) where the full electable portion is not reinvested; and

(ii) where the full electable portion is reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan.

⁶ Annualised.

⁷ Computed based on weighted reallocation of additional RM3.66 billion capital raised in October 2012.

⁸ Net loans to deposit ratio for December 2015 is computed using total deposits from customers and investment accounts of customers over net loans, advances and financing.

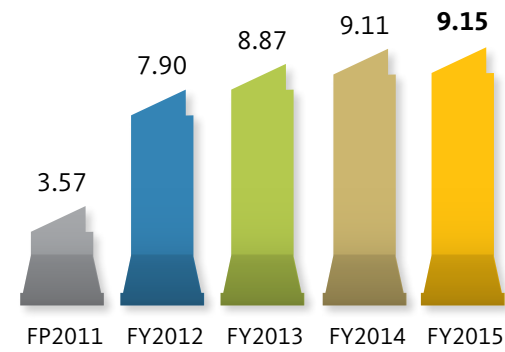
⁹ Deposits to shareholders' fund for December 2015 is including investment accounts of customers.

Five-Year Group Financial Summary

	Bank	
	FY 31 Dec	
	2014	2015
	20,507	23,112
	7,344	6,985
	7,344	6,985
	5,903	5,834
	452,559	492,391
	92,156	93,501
	264,524	287,057
	406,387	440,773
	306,939	330,627
	-	-
	519,486	679,351
	9,319	9,762
	46,173	51,618
	65.2	61.5
	65.2	61.5
	57.0	54.0
	495.5	528.8
	-	-
	-	-
	1.8	1.9
	2.9	3.2
	13.9	11.9
	1.4	1.2
	2.5	2.2
	40.6	42.5
	18.4	18.0
	27.6	25.4
	21.1	19.9
	16.275	15.781
	16.275	17.969
	16.275	17.969
	-	-
	-	-
	1.05	1.37
	103.0	75.0
	86.2	86.8
	6.6	6.4
	-	-
	-	-
	-	-
	-	-

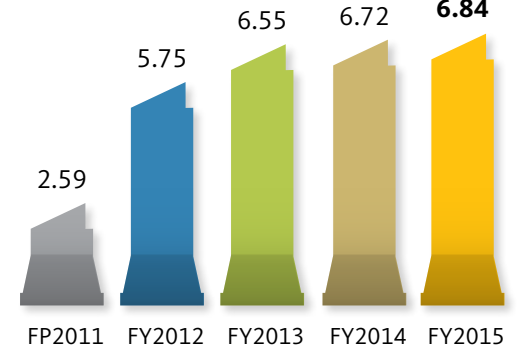
Profit Before Taxation and Zakat

RM9.15 billion



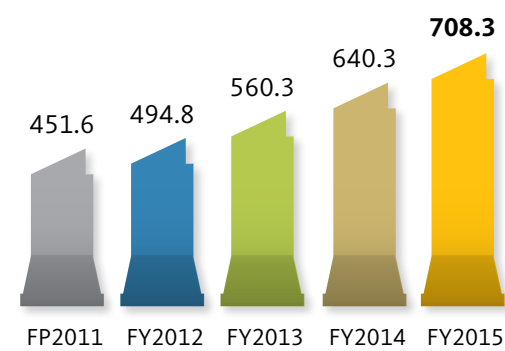
Profit Attributable to Equity Holders of the Bank

RM6.84 billion



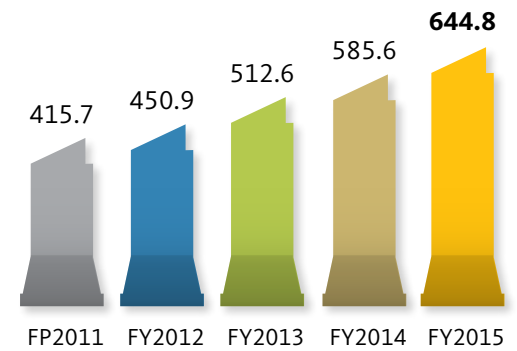
Total Assets

RM708.3 billion



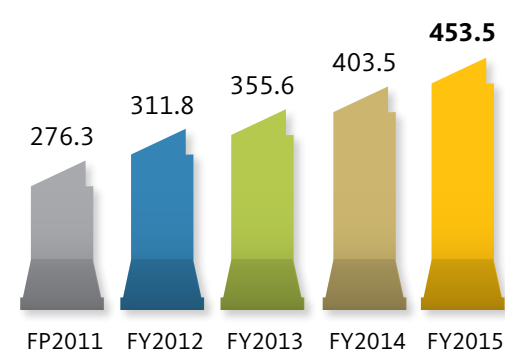
Total Liabilities

RM644.8 billion



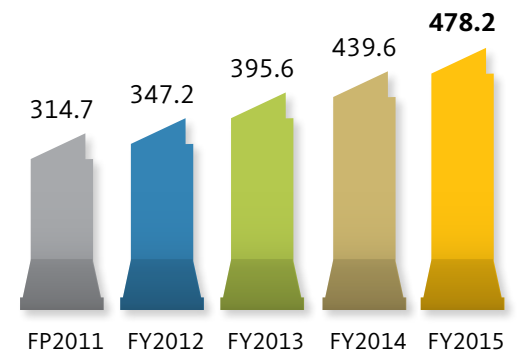
Loans, Advances and Financing

RM453.5 billion



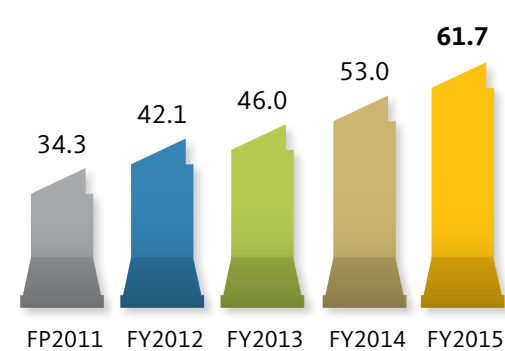
Deposits from Customers

RM478.2 billion



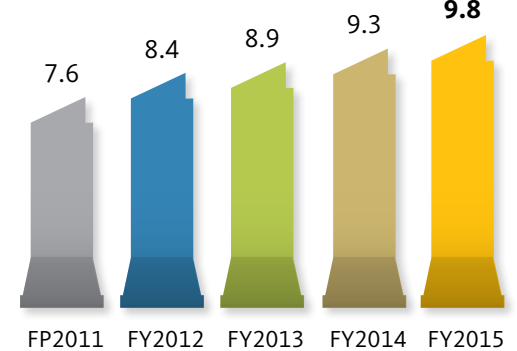
Shareholders' Equity

RM61.7 billion



Paid-up Capital

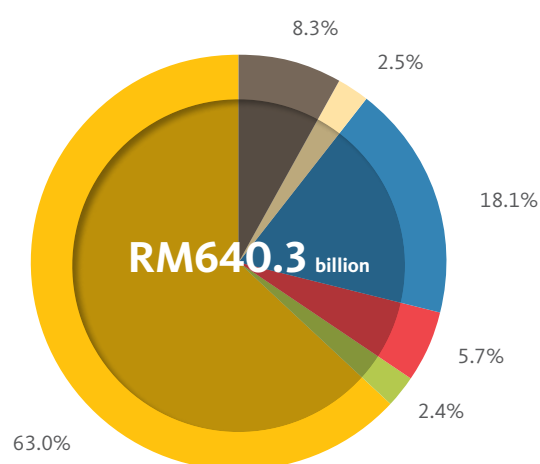
RM9.8 billion



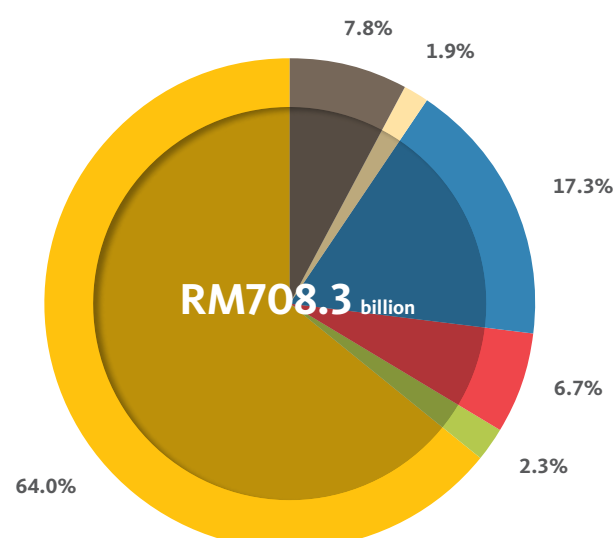
Simplified Group Statements of Financial Position

Total Assets

- Cash and short-term funds
- Deposits and placements with financial institutions
- Financial investments portfolio
- Loans, advances and financing
- Other assets
- Statutory deposits with central banks



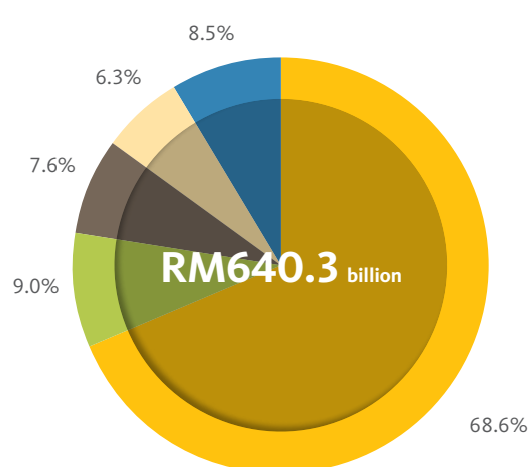
AS AT 31 DECEMBER 2014



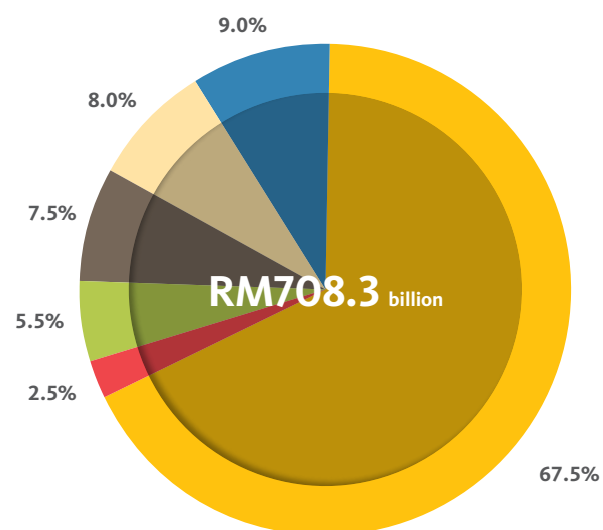
AS AT 31 DECEMBER 2015

Total Liabilities & Shareholders' Equity

- Deposits from customers
- Investment accounts of customers
- Deposits and placements from financial institutions
- Other liabilities
- Borrowings, subordinated obligations and capital securities
- Shareholders' equity



AS AT 31 DECEMBER 2014



AS AT 31 DECEMBER 2015

Group Quarterly Financial Performance

	FY 31 Dec 2015				
RM' million	Q1	Q2	Q3	Q4	YEAR
Operating revenue	9,184	8,936	11,384	11,052	40,556
Net interest income (including income from Islamic Banking Scheme operations)	3,538	3,647	3,981	3,887	15,053
Net earned insurance premiums	987	1,050	1,008	1,151	4,196
Other operating income	1,560	1,196	1,366	1,651	5,773
Total operating income	6,085	5,893	6,355	6,689	25,022
Operating profit	2,199	2,075	2,349	2,317	8,940
Profit before taxation and zakat	2,242	2,151	2,383	2,376	9,152
Profit attributable to equity holders of the Bank	1,700	1,585	1,899	1,652	6,836
Earnings per share (sen)	18.27	16.76	19.93	17.08	72.04
Dividend per share (sen)	-	24.00	-	30.00	54.00

	FY 31 Dec 2014				
RM' million	Q1	Q2	Q3	Q4	YEAR
Operating revenue	8,357	8,759	8,934	9,662	35,712
Net interest income (including income from Islamic Banking Scheme operations)	3,201	3,217	3,310	3,247	12,975
Net earned insurance premiums	922	1,029	968	1,027	3,946
Other operating income	1,232	1,365	1,396	1,547	5,540
Total operating income	5,356	5,611	5,673	5,821	22,461
Operating profit	2,171	2,210	2,181	2,386	8,948
Profit before taxation and zakat	2,208	2,247	2,226	2,431	9,112
Profit attributable to equity holders of the Bank	1,602	1,575	1,608	1,931	6,716
Earnings per share (sen)	18.09	17.47	17.62	20.75	74.15
Dividend per share (sen)	-	24.00	-	33.00	57.00

Key Interest Bearing Assets and Liabilities

	FY 31 Dec 2014			FY 31 Dec 2015		
	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million
Interest earning assets						
Loans, advances and financing	403,513	5.30	18,446	453,493	5.37	21,494
Cash and short-term funds & deposits and placements with financial institutions	68,959	2.13	960	69,266	2.24	981
Financial assets at fair value through profit or loss	23,705	4.30	801	17,223	4.75	643
Financial investments available-for-sale	82,631	4.14	2,698	90,262	3.50	2,707
Financial investments held-to-maturity	9,575	4.97	285	14,682	4.90	510
Interest bearing liabilities						
Deposits from customers	439,569	2.08	8,496	478,151	1.85	9,434
Investment accounts of customers	-	-	-	17,658	3.47	116
Deposits and placements from financial institutions	57,387	1.96	1,165	39,014	1.48	1,423
Borrowings	18,522	3.25	461	30,644	2.76	693
Subordinated obligations	15,640	4.16	701	20,252	4.23	818
Capital securities	5,902	5.73	384	6,049	6.01	380

Statement of Value Added

	FY 31 Dec 2014 RM'000	FY 31 Dec 2015 RM'000
Value Added		
Net interest income	9,703,703	11,114,145
Income from Islamic Banking Scheme operations	3,271,211	3,938,637
Net earned insurance premiums	3,946,068	4,196,699
Other operating income	5,540,439	5,772,867
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(3,930,819)	(3,784,427)
Overhead expenses excluding personnel expenses, depreciation and amortisation	(3,529,338)	(3,879,647)
Allowances for impairment losses on loans, advances, financing and other debts, net	(400,392)	(1,683,557)
Allowances for impairment losses on financial investments, net	(70,440)	(329,022)
Share of profits in associates and joint ventures	163,125	211,246
Value added available for distribution	14,693,557	15,556,941

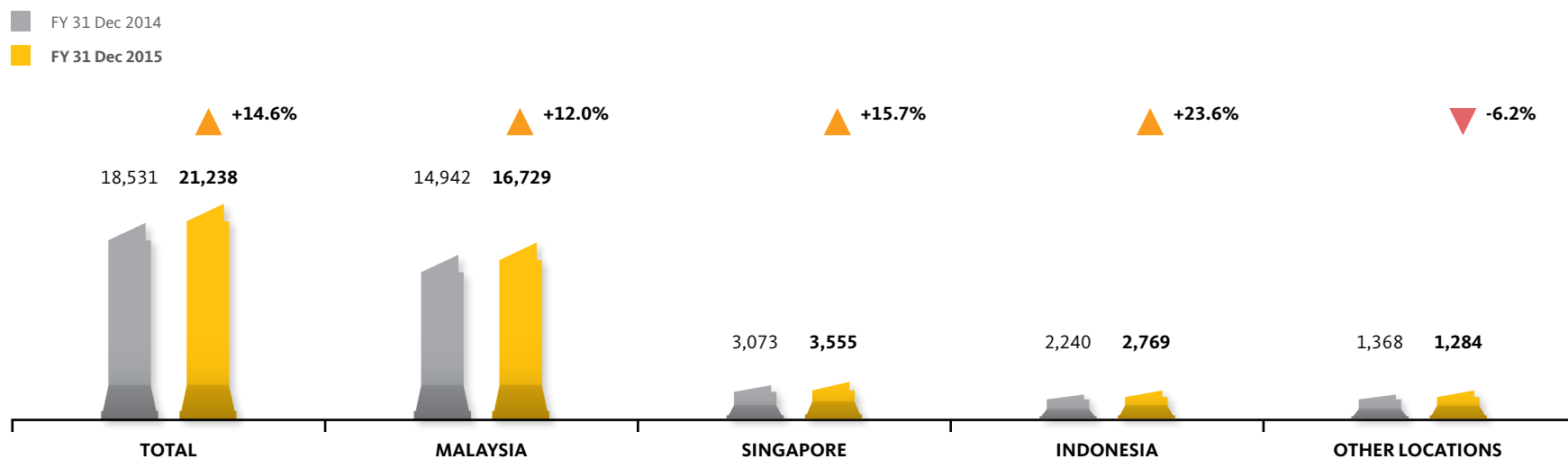
	FY 31 Dec 2014 RM'000	FY 31 Dec 2015 RM'000
Distribution of Value Added		
To employees:		
Personnel expenses	5,019,296	5,765,147
To the Government:		
Taxation	2,200,540	2,165,160
To providers of capital:		
Dividends paid to shareholders	4,939,066	5,358,939
Non-controlling interests	194,588	150,449
To reinvest to the Group:		
Depreciation and amortisation	562,678	640,246
Retained profits	1,777,389	1,477,000
Value added available for distribution	14,693,557	15,556,941

Segmental Information

Analysis by Geographical Location

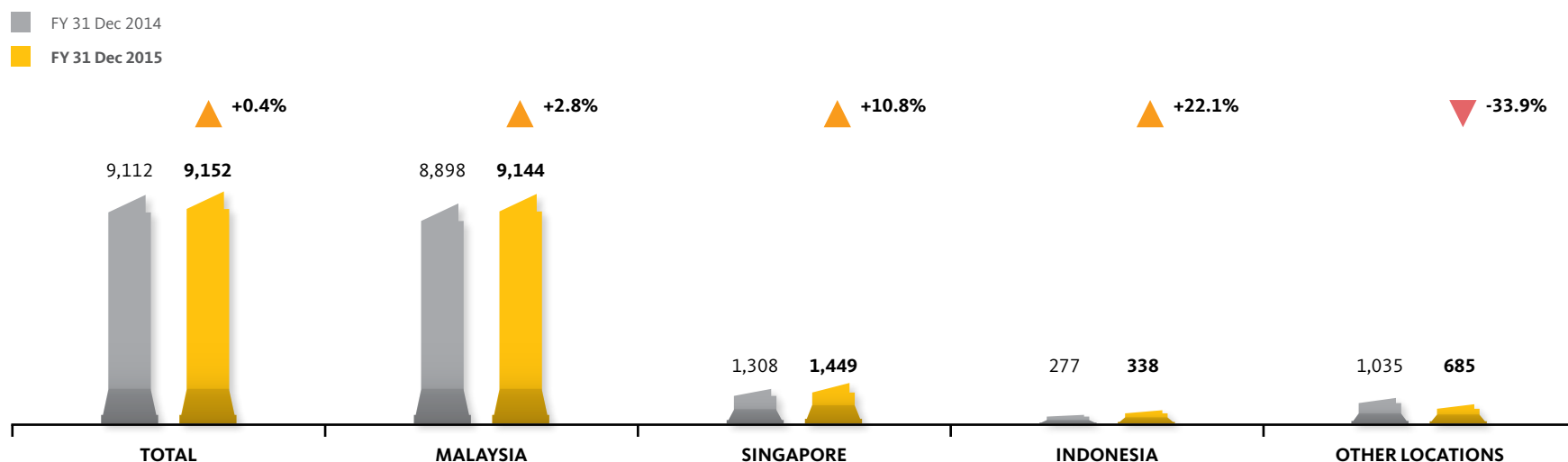
	Net operating income		Profit before taxation and zakat	
	FY 31 Dec 2014 RM'000	FY 31 Dec 2015 RM'000	FY 31 Dec 2014 RM'000	FY 31 Dec 2015 RM'000
Malaysia	14,941,392	16,728,707	8,898,151	9,144,397
Singapore	3,073,428	3,555,164	1,307,960	1,449,284
Indonesia	2,239,999	2,769,164	276,612	337,785
Other Locations	1,368,317	1,283,936	1,035,481	684,505
Elimination	(3,092,534)	(3,099,050)	(2,406,621)	(2,464,423)
	18,530,602	21,237,921	9,111,583	9,151,548

Net Operating Income (RM' million)



Note: Total net operating income includes inter-segment which are eliminated on consolidation of RM3,099 million for FY 31 December 2015 and RM3,092 million for FY 31 December 2014.

Profit Before Taxation and Zakat (RM' million)

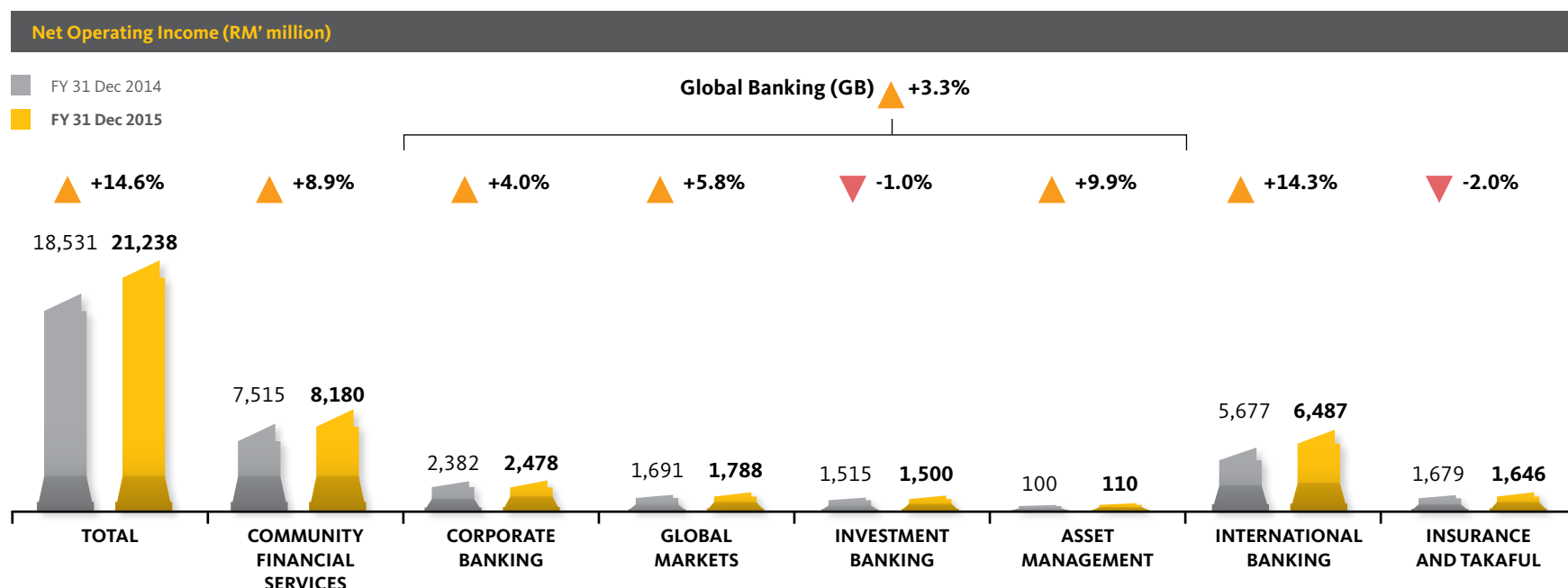


Note: Total profit before taxation and zakat includes inter-segment which are eliminated on consolidation of RM2,464 million for FY 31 December 2015 and RM2,406 million for FY 31 December 2014.

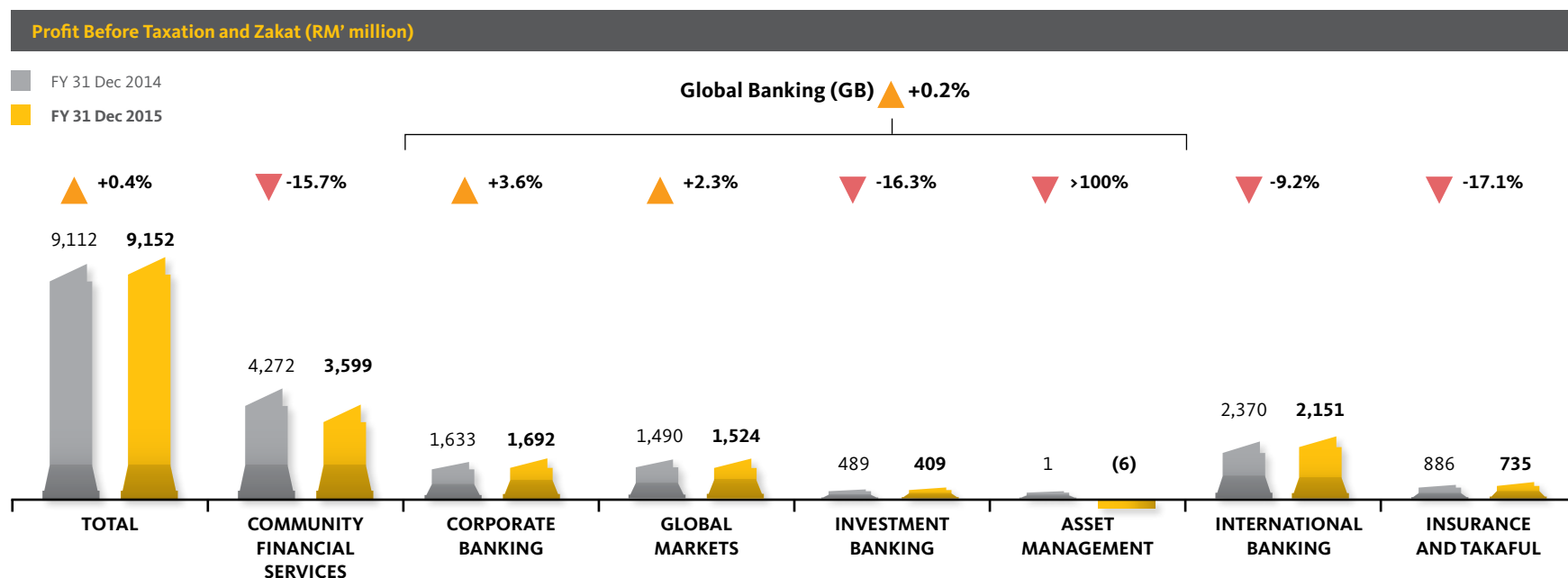
Segmental Information

Analysis by Activity

	Net operating income		Profit before taxation and zakat	
	FY 31 Dec 2014 RM'000	FY 31 Dec 2015 RM'000	FY 31 Dec 2014 RM'000	FY 31 Dec 2015 RM'000
Community Financial Services	7,515,148	8,180,355	4,271,546	3,599,466
Global Banking				
Corporate Banking	2,382,067	2,478,009	1,633,098	1,691,546
Global Markets	1,690,732	1,788,349	1,489,607	1,524,068
Investment Banking	1,515,299	1,500,304	489,154	409,402
Asset Management	100,240	110,183	760	(6,772)
International Banking	5,676,692	6,486,576	2,370,135	2,151,075
Insurance and Takaful	1,679,475	1,646,241	886,334	734,859
Head Office and Others	(2,029,051)	(952,096)	(2,029,051)	(952,096)
	18,530,602	21,237,921	9,111,583	9,151,548



Note: Total net operating income includes expenditures of Head Office & Others of RM952 million for FY 31 December 2015 and RM2,029 million for FY 31 December 2014.



Note: Total profit before taxation and zakat includes expenditures of Head Office & Others of RM952 million for FY 31 December 2015 and RM2,029 million for FY 31 December 2014.



FINANCIAL STATEMENTS

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Statement of Directors' Responsibility

in respect of the Audited Financial Statements for the Financial Year ended 31 December 2015

The directors are responsible for ensuring that the annual audited financial statements of the Group and of the Bank are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act, 1965, Bank Negara Malaysia's Guidelines and the Listing Requirements of Bursa Malaysia Securities Berhad.

The directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Bank are prepared with reasonable accuracy from the accounting records of the Group and of the Bank so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2015, and of their financial performance and cash flows for the financial year then ended.

In preparing the annual audited financial statements, the directors have:

- considered the applicable approved accounting standards in Malaysia;
- adopted and consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on a going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future.

The directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and of the Bank to prevent and detect fraud and other irregularities.

Analysis of Financial Statements

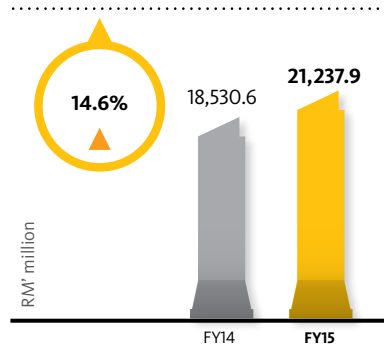
ANALYSIS OF THE INCOME STATEMENT

Maybank Group ("the Group") posted profit after taxation attributable to equity holders of the Bank of RM6.84 billion for the financial year ended 31 December 2015 ("FY2015"), an increase of 1.8% compared to the corresponding financial year ended 31 December 2014 ("FY2014"), aided by 14.6% growth in net operating income. Profit before taxation and zakat came in at RM9.15 billion for FY2015 (FY2014: RM9.11 billion).

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

FY2015: RM6.84 billion (FY2014: RM6.72 billion)

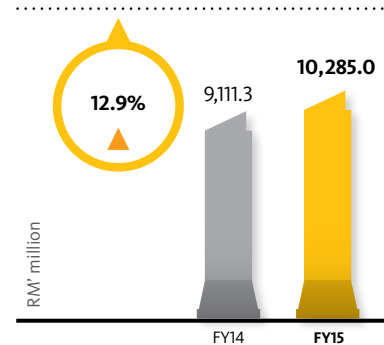
NET OPERATING INCOME



Increased in:-

- Net interest income ("NII") by RM1,410.4 million (+14.5%);
- Income from Islamic Banking Scheme operations by RM667.4 million (+20.4%);
- Other operating income by RM232.4 million (+4.2%); and
- Net insurance income by RM397.0 million, after netting off net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund.

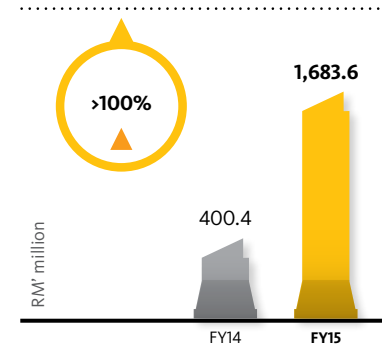
OVERHEAD EXPENSES



Increased in:-

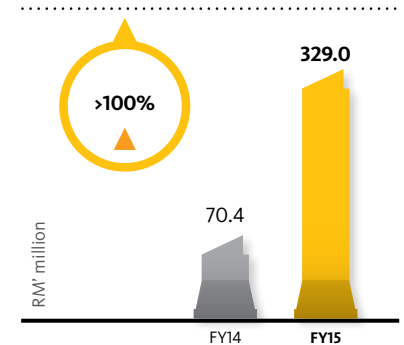
- Personnel expenses by RM745.9 million (+14.9%);
 - Establishments costs by RM134.8 million (+8.5%);
 - Marketing expenses by RM17.9 million (+3.0%); and
 - Administration and general expenses by RM275.2 million (+14.4%).
- The Group's cost to income ratio improved to 48.2% in FY2015 compared to 48.9% in FY2014.

ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES, FINANCING AND OTHER DEBTS, NET



Mainly due to higher net individual allowance made by RM1,134.3 million and lower bad debts recovered by RM395.1 million. These were mitigated by lower net collective allowance made by RM240.0 million.

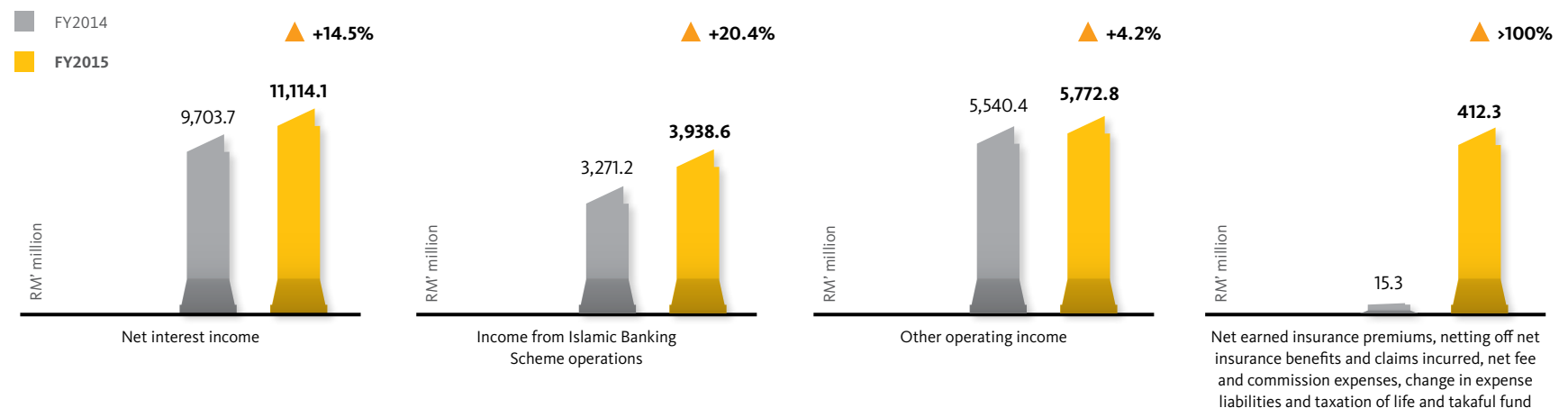
ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET



Mainly due to higher allowance for impairment losses on financial investment from insurance subsidiaries and lower recoveries compared to the corresponding FY2014.

NET OPERATING INCOME

The Group's net operating income in FY2015 grew by RM2,707.3 million or 14.6% to RM21,237.9 million which was supported by growth and stable performance across all business pillars.



Analysis of Financial Statements

NET INTEREST INCOME

With a stable net interest margin ("NIM") of 2.31% in FY2015 on balanced loans, advances and financing, and deposits growth strategy, NII grew by RM1,410.4 million or 14.5% to RM11,114.1 million from RM9.7 billion in FY2014.

RM' million	FY 31 Dec 2014	FY 31 Dec 2015	Variance	% Change
Interest income				
Loans, advances and financing	13,676.4	15,394.8	1,718.4	12.6
Money at call and deposits and placements with financial institutions	572.4	718.1	145.7	25.5
Financial investments portfolio	3,533.8	3,648.4	114.6	3.2
Other interest income	69.1	31.5	(37.6)	(54.4)
	17,851.7	19,792.8	1,941.1	10.9
Interest expense				
Deposits and placements from financial institutions	411.1	567.1	156.0	37.9
Deposits from customers	6,164.8	6,484.1	319.3	5.2
Borrowings, subordinated notes and bonds and capital securities	1,453.4	1,777.2	323.8	22.3
Other interest expense/(income)	118.7	(149.7)	(268.4)	(226.1)
	8,148.0	8,678.7	530.7	6.5
Net Interest Income	9,703.7	11,114.1	1,410.4	14.5

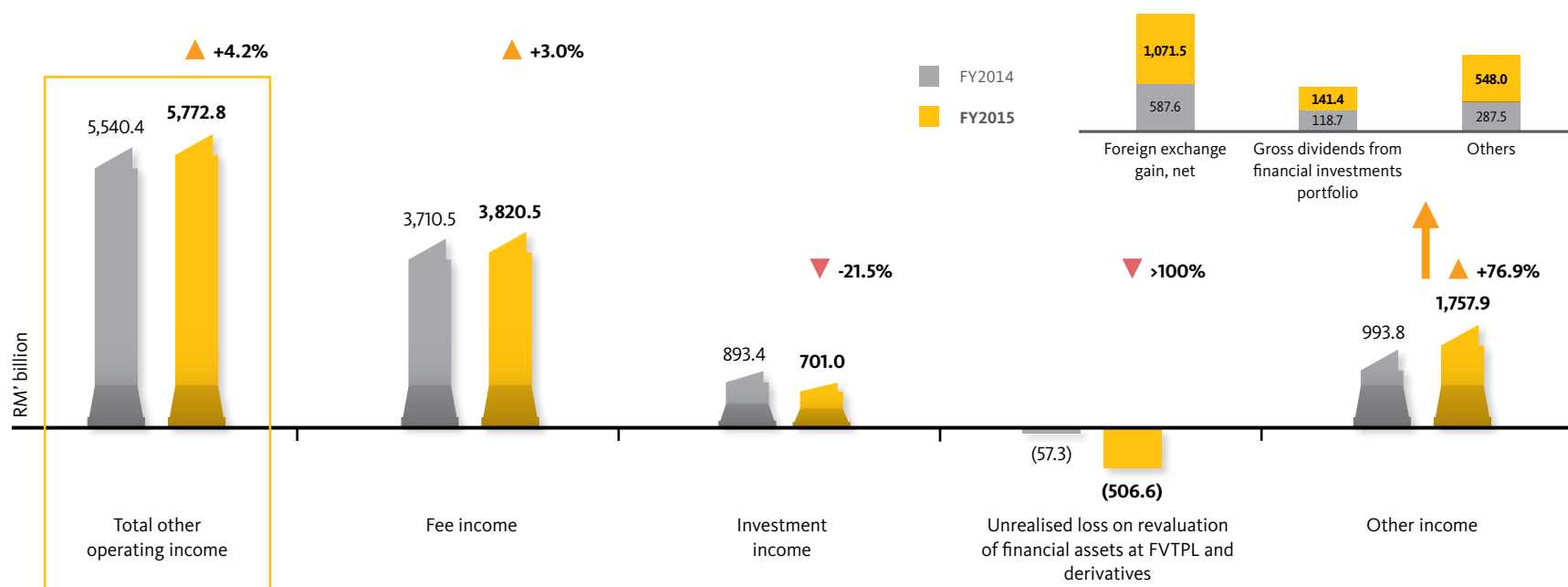
INCOME FROM ISLAMIC BANKING SCHEME OPERATIONS ("IBS")

The Group's income from IBS grew by RM667.4 million or 20.4% to RM3,938.6 million which were attributable to increase in net fund based income of RM518.6 million and fee based income of RM148.8 million. The growth was driven by the increase in financing and advances of RM22.7 billion or 20.7%.

The Group's Islamic fee based income increased by RM148.8 million which were attributable to higher foreign exchange gain by RM132.0 million and fee income by RM40.9 million. These were offset by unrealised loss on revaluation of financial assets and derivatives of RM3.9 million in FY2015, compared to a gain of RM21.9 million in FY2014.

OTHER OPERATING INCOME

Other operating income increased by RM232.4 million or 4.2% to RM5,772.8 million in FY2015, which represents 27.2% contribution to net operating income. The breakdown of other operating income are as follows:



Fee income increased by RM110.0 million or 3.0% to RM3,820.5 million in FY2015 attributable to higher commission by RM188.7 million and service charges and fees by RM78.9 million. These were offset by lower fees on loans, advances and financing by RM93.9 million, brokerage income by RM34.5 million and underwriting fees by RM29.3 million.

Investment income recorded lower contribution by RM192.5 million to RM701.0 million in FY2015, mainly due to decrease in net gain on disposal of financial investments available-for-sale and financial assets at FVTPL by RM305.9 million and RM49.3 million respectively but mitigated by gain on disposal of subsidiaries of RM189.0 million (disposal of Maybank (PNG) Limited and Mayban Property (PNG) Limited in FY2015).

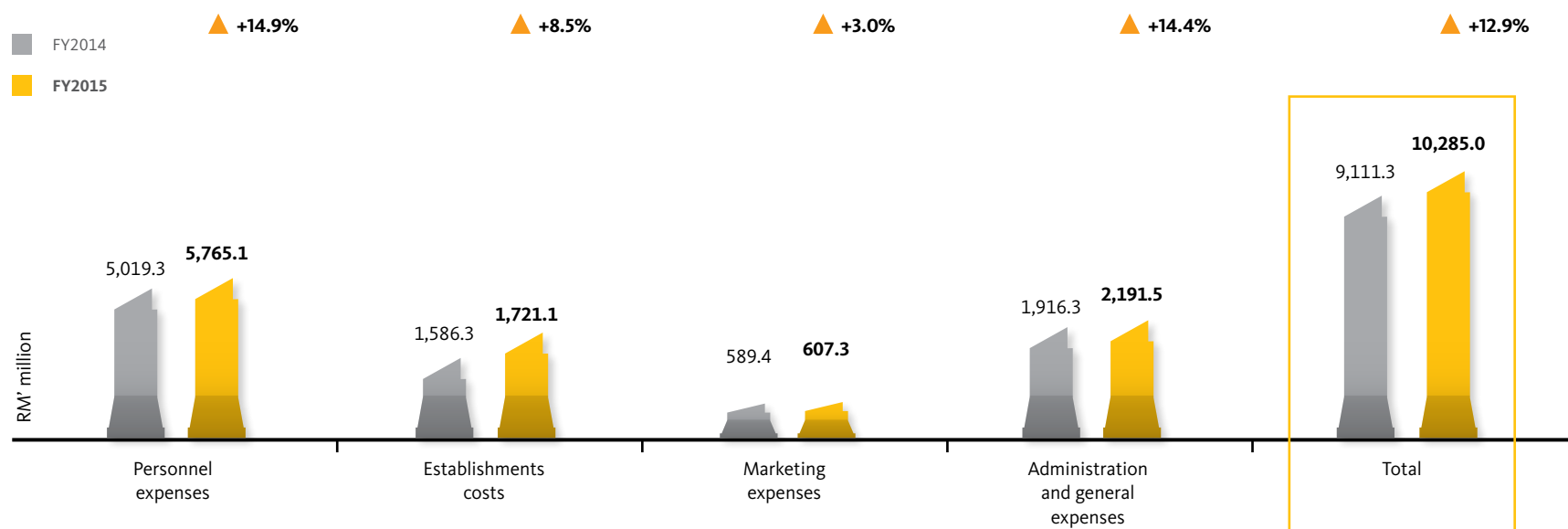
Unrealised loss on revaluation of financial assets at FVTPL and derivatives increased by RM449.3 million in FY2015 to RM506.6 million.

Foreign exchange gain, the primary item under other income registered an increase of RM483.9 million in FY2015.

Analysis of Financial Statements

OVERHEAD EXPENSES

The Group's overhead expenses increased by RM1,173.7 million or 12.9% to RM10,285.0 million in FY2015 from RM9,111.3 million in FY2014. The Group's cost to income ratio improved to 48.2% in FY2015 compared to 48.9% in FY2014. The Group has achieved a positive JAWs position as income growth of 14.6% outpaced overheads growth of 12.9%.



Personnel expenses increased by RM745.8 million to RM5,765.1 million in FY2015 and contributed 56.1% of the Group's total overhead expenses. This was attributable to increase in salaries, allowances and bonuses of RM537.5 million and pension costs of RM84.4 million.

Establishments costs grew by RM134.8 million to RM1,721.1 million in FY2015 attributable to increase in information technology expenses by RM114.1 million, depreciation of property, plant and equipments by RM43.5 million and amortisation of computer software by RM43.0 million. These were mitigated by gain on fair value adjustment on investment properties of RM101.9 million.

Marketing expenses increased by RM17.9 million to RM607.3 million in FY2015.

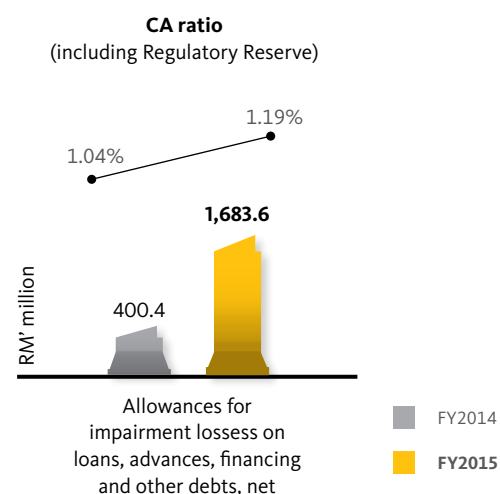
Administration and general expenses increased by RM275.2 million to RM2,191.5 million in FY2015.

ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES, FINANCING AND OTHER DEBTS, NET

The Group's allowance for impairment losses on loans, advances, financing and other debts, increased by RM1,283.2 million to RM1,683.6 million in FY2015. The increase was mainly due to higher net individual allowance ("IA") made by RM1,134.3 million and lower bad debts recovered by RM395.1 million, mitigated by lower net collective allowance ("CA") made of RM240.0 million. The Group's CA ratio (including Regulatory Reserve) was 1.19% as at 31 December 2015, compared to 1.04% as at 31 December 2014.

ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET

The Group posted an allowance for impairment losses on financial investments of RM329.0 million in FY2015, compared to RM70.4 million in FY2014.

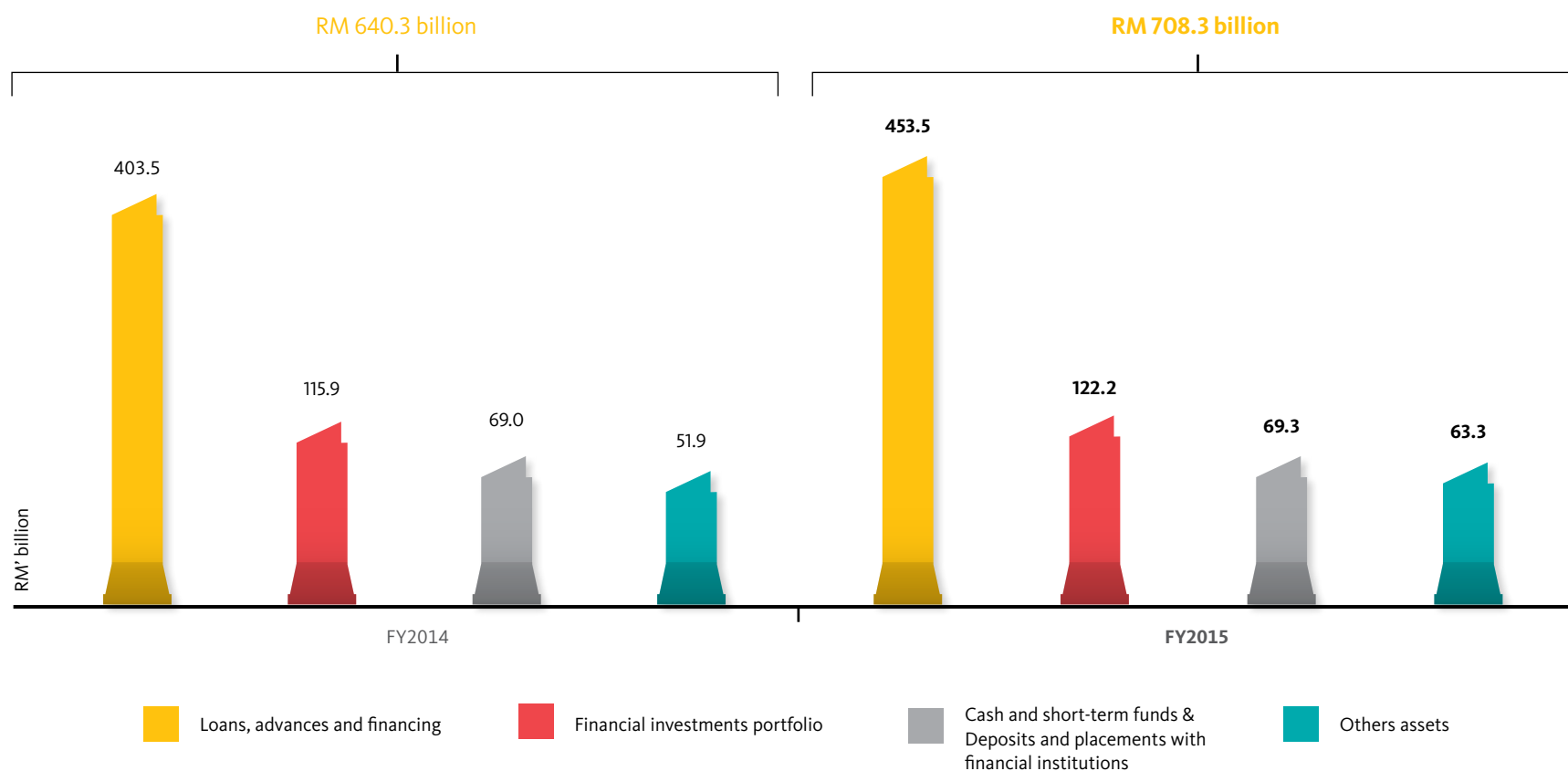


Analysis of Financial Statements

TOTAL ASSETS

The Group's total assets grew by RM68.0 billion or 10.6% as at 31 December 2015 to RM708.3 billion from RM640.3 billion as at 31 December 2014 attributable to strong loans growth (+12.4%) and financial investments portfolio (+5.4%).

As at 31 December 2015, loans, advances and financing remained as the largest component of the Group's total assets at 64.0%.



LOANS, ADVANCES AND FINANCING

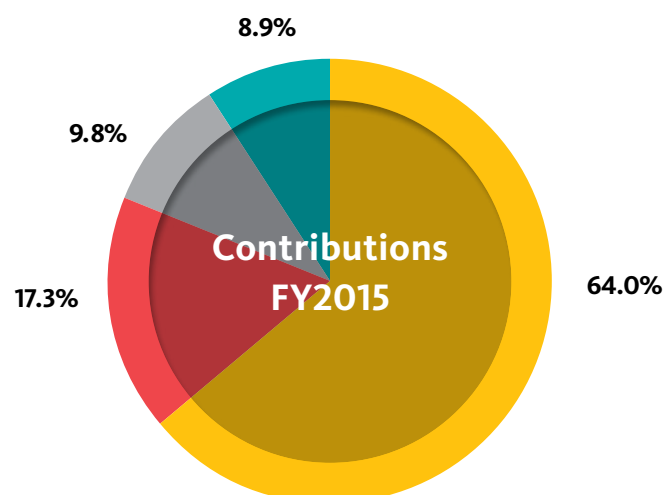
The Group's loans, advances and financing grew strongly by RM50.0 billion or 12.4% to RM453.5 billion as at 31 December 2015, supported by strength of retail franchise in home markets.

Asset quality was, however, impacted by the unstable global economic environment as well as the volatile commodity prices. The Group's net impaired loans ("NIL") ratio stood at 1.43% from 1.04% as at 31 December 2014.

FINANCIAL INVESTMENTS PORTFOLIO

The Group's financial investments portfolio increased by RM6.3 billion or 5.4% to RM122.2 billion from RM115.9 billion as at 31 December 2014 attributable to growth in the financial investments available-for-sale of RM7.6 billion and financial investments held-to-maturity by RM5.1 billion.

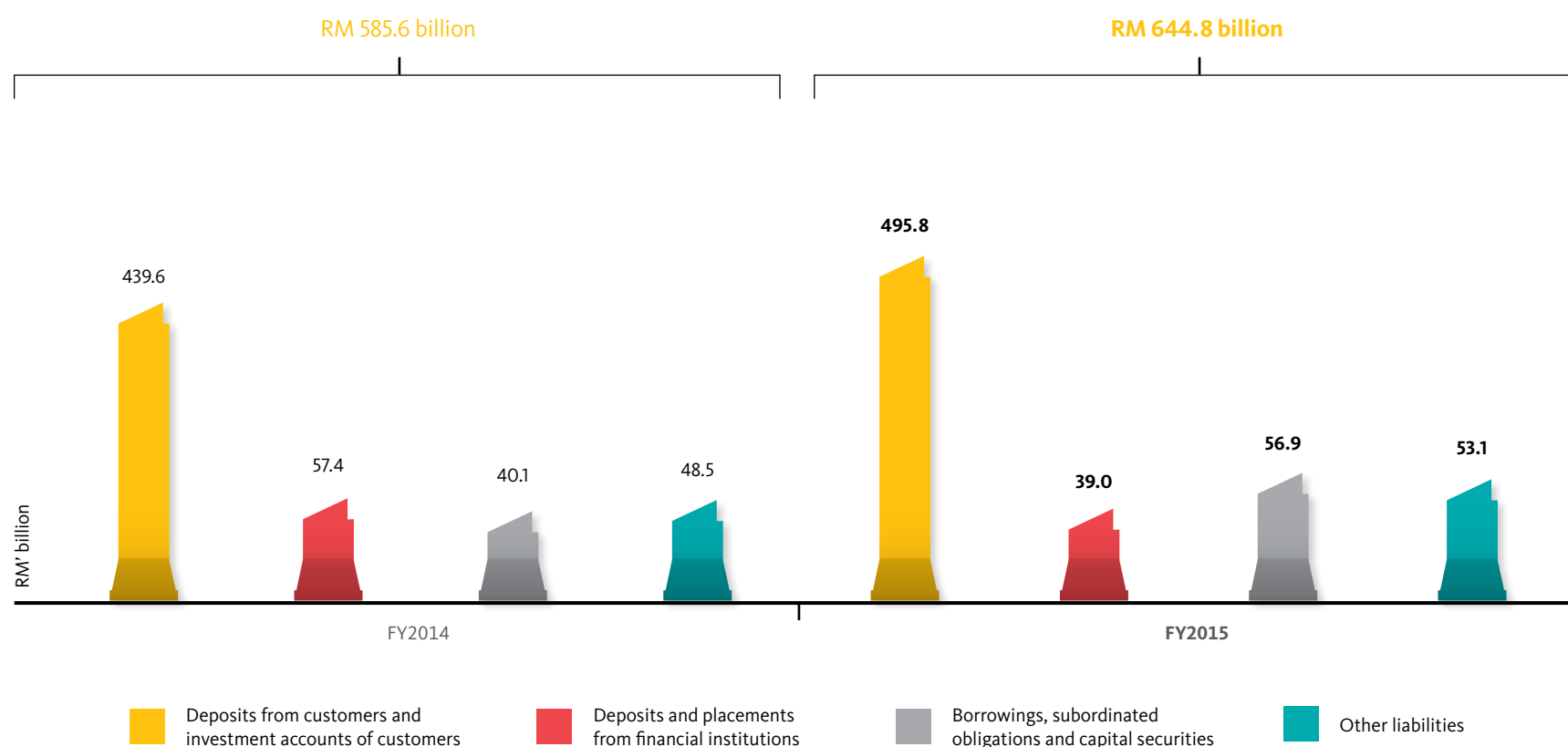
However, these were offset by a decreased of RM6.5 billion in the financial assets at fair value through profit or loss.



Analysis of Financial Statements

TOTAL LIABILITIES

The Group's total liabilities grew by RM59.2 billion or 10.1% as at 31 December 2015 to RM644.8 billion from RM585.6 billion as at 31 December 2014 attributable to the growth of deposits from customers (+8.8%), investment accounts of customers and borrowings, subordinated obligations and capital securities (+41.9%).



DEPOSITS FROM CUSTOMERS

In tandem with the loan growth, the Group's deposits from customers grew by RM38.6 billion (+8.8%) from RM439.6 billion, with the strongest growth coming from Malaysia and Indonesia operations of 5.0% and 12.8% respectively.

The Group registered an overall improvement in fixed deposits and negotiable instruments of deposits (+16.7%), saving deposits (+4.6%) and demand deposits (+3.8%).

Net loans to deposit ratio also remained at a comfortable level of 91.5% (including Investment Accounts of customers).

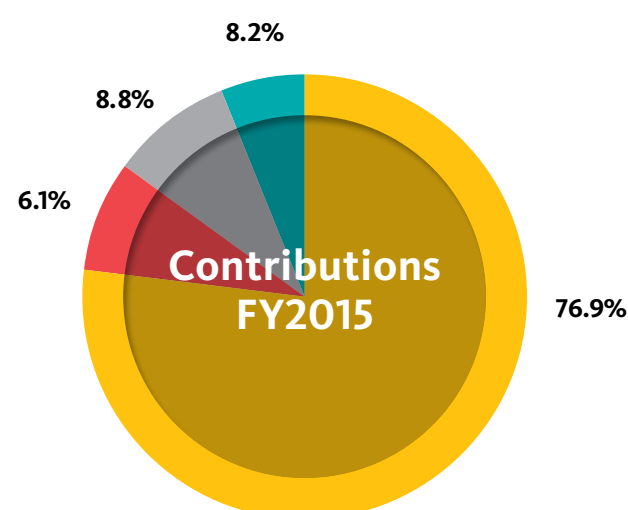
INVESTMENT ACCOUNTS OF CUSTOMERS

Maybank Islamic Berhad, a subsidiary of the Bank, introduced new non-principal guaranteed Mudharabah Investment Accounts products that comply with the requirements of the Guidelines on Investment Accounts (issued by Bank Negara Malaysia) to its customers.

The Mudharabah Investment Accounts is presented as a separate line in Consolidated Statements of Financial Position and named as Investment Accounts of Customers. As at 31 December 2015, Investment Accounts of Customers is RM17.7 billion.

BORROWINGS, SUBORDINATED OBLIGATIONS AND CAPITAL SECURITIES

The Group's borrowings, subordinated obligations and capital securities grew by RM16.8 billion or 41.9% as at 31 December 2015.



Directors' Report

The Board of Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of commercial banking and related financial services.

The subsidiaries of the Bank are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stockbroking, underwriting of general and life insurance, general and family takaful, trustee and nominee services and asset management. Further details of the subsidiaries are described in Note 62(a) to the financial statements.

There were no significant changes in these principal activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	9,151,548	6,984,535
Taxation and zakat	(2,165,160)	(1,150,248)
Profit for the financial year	6,986,388	5,834,287
Attributable to:		
Equity holders of the Bank	6,835,939	5,834,287
Non-controlling interests	150,449	-
	6,986,388	5,834,287

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those as disclosed in Notes 9, 10, 11, 24, 43 and 44 and the statements of changes in equity to the financial statements.

In the opinion of the Board of Directors, the results of the operations of the Group and of the Bank during the current financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Bank since 31 December 2014 (as disclosed in Note 49(c) to the financial statements) were as follows:

	RM'000
In respect of the financial year ended 31 December 2014 as reported in the directors' report of that year:	
Final dividend of 33 sen single-tier dividend consists of cash portion of 10 sen single-tier dividend per ordinary share and an electable portion of 23 sen per ordinary share, on 9,326,989,764 ordinary shares, approved on 7 April 2015 and paid on 26 May 2015.	3,077,907
In respect of the financial year ended 31 December 2015:	
A single-tier interim dividend of 24 sen consists of cash portion of 4 sen per ordinary share and an electable portion of 20 sen per ordinary share, on 9,539,292,368 ordinary shares, declared on 27 August 2015 and paid on 11 November 2015.	2,289,430
	5,367,337

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2015 of 30 sen single-tier dividend per ordinary share of RM1.00 each, amounting to a net dividend payable of RM2,928,525,398 (based on 9,761,751,327 ordinary shares of RM1.00 each in issue as at 31 December 2015) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 6 sen per ordinary share to be paid in cash amounting to RM585,705,080 and an electable portion of 24 sen per ordinary share amounting to RM2,342,820,318.

The electable portion can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan ("DRP") as disclosed in Note 31(b) to the financial statements and subject to the relevant regulatory approvals as well as shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year ended 31 December 2015 do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE SCHEME ("CESS")

The Maybank Group Employees' Share Scheme ("ESS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011. It is in force for a maximum period of seven (7) years from the effective date and is administered by the ESS Committee. The ESS consists of two (2) types of performance-based awards in the form of Employee Share Option Scheme ("ESOS") and Restricted Share Unit ("RSU").

The ESS Committee may, from time to time during the ESS period, make further RSU grants designated as Supplemental RSU ("SRSU") to a selected group of eligible employees to participate in the RSU award. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such SRSU grants may contain terms and conditions which may vary from earlier RSU grants made available to selected senior management.

The Maybank Group Cash-settled Performance-based Employees' Share Scheme ("CESS") is governed by the guidelines approved by the members of the ESS Committee on 15 June 2011.

The CESS comprises Cash-settled Performance-based Option Scheme ("CESOS") and Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") and is made available at the appropriate time to the eligible employees of overseas branches and subsidiaries of the Bank which include PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk), PT Bank Maybank Syariah Indonesia and Maybank Philippines Incorporated, subject to achievement of performance criteria set out by the Board of Directors and prevailing market practices in the respective countries.

Details on the key features of the ESS and CESS are disclosed in Note 31(c) to the financial statements.

Details of share options granted, vested and exercised under the ESS and CESS are as follows:

(a) ESOS Granted

Grant date	Number of share options '000	Original exercise price RM/option	Exercise period
23.6.2011 - ESOS First Grant	405,309*	8.82*	30.6.2011 - 22.6.2018
30.4.2012 - ESOS Second Grant	62,339*	8.83*	7.5.2012 - 22.6.2018
30.4.2013 - ESOS Third Grant	53,594*	9.61*	21.5.2013 - 22.6.2018
30.4.2014 - ESOS Fourth Grant	53,983*	9.91*	21.5.2014 - 22.6.2018
30.4.2015 - ESOS Fifth Grant	48,170*	9.35	21.5.2015 - 22.6.2018
30.9.2015 - ESOS Special Grant	992*	8.39	21.10.2015 - 22.6.2018

* The number of share options granted are based on the assumptions that the eligible employees met average performance targets.

* The ESS Committee approved the reduction of the ESOS exercise prices following the issuances of new ordinary shares of RM1.00 each pursuant to the implementation of DRP.

Directors' Report

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE SCHEME ("CESS") (CONT'D.)

(a) ESOS Granted (cont'd.)

The aggregate maximum allocation of ESOS to Chief Executive Officer and senior management of the Group and of the Bank shall not exceed 50% of the Maximum Allowable Scheme Shares. The actual allocation of share options to Chief Executive Officer and senior management is 20.8% as at 31 December 2015 (2014: 19.1%).

Following the issuance of new ordinary shares of RM1.00 each pursuant to the implementation of DRP, the revision to the exercise prices are as follows:

Grant date	Exercise price RM/option	Exercise period
23.6.2011 - ESOS First Grant	8.82	30.6.2011 - 28.12.2011
	8.78	29.12.2011 - 4.6.2012
	8.76	5.6.2012 - 28.10.2012
	8.75	29.10.2012 - 22.6.2018
30.4.2012 - ESOS Second Grant	8.83	7.5.2012 - 28.10.2012
	8.82	29.10.2012 - 22.6.2018
30.4.2013 - ESOS Third Grant	9.61	21.5.2013 - 27.6.2013
	9.59	28.6.2013 - 21.11.2013
	9.58	22.11.2013 - 24.6.2014
	9.56	25.6.2014 - 29.6.2015
	9.54	30.6.2015 - 22.6.2018
30.4.2014 - ESOS Fourth Grant	9.91	21.5.2014 - 24.6.2014
	9.88	25.6.2014 - 28.10.2014
	9.87	29.10.2014 - 29.6.2015
	9.84	30.6.2015 - 22.6.2018

During the financial year ended 31 December 2015, a total of 104,806,600 (2014: 74,253,200) under the ESOS First Grant, 10,813,000 (2014: 12,002,000) under the ESOS Second Grant, 9,197,600 (2014: 10,523,300) under the ESOS Third Grant, 10,692,000 (2014: 9,651,900) under the ESOS Fourth Grant, 11,439,300 under the ESOS Fifth Grant and 309,400 under the ESOS Special Grant had been vested to a selected group of eligible employees.

The movements of ESOS vested in relation to the ESOS First Grant are as follows:

ESOS First Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Adjustment ¹ '000	Vested '000	Exercised ² '000	Forfeited '000		
30.6.2011	26,866	-	-	(2,033)	(184)	24,649	24,649
30.4.2012	16,948	-	-	(959)	(103)	15,886	15,886
30.4.2013	41,541	-	-	(1,964)	(273)	39,304	39,304
30.4.2014	51,916	1	-	(2,473)	(514)	48,930	48,930
30.4.2015	-	-	69,855	(4,571)	(448)	64,836	64,836
30.9.2015	-	-	34,951	(2)	(85)	34,864	34,864
	137,271	1	104,806	(12,002)	(1,607)	228,469	228,469

¹ Adjustment relates to appeal cases approved during the financial year ended 31 December 2015.

² 61,300 of the share options which exercised in the previous financial year ended 31 December 2014 were issued and quoted in the Main Market of Bursa Malaysia Securities Berhad in the current financial year ended 31 December 2015.

Directors' Report

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE SCHEME ("CESS") (CONT'D.)

(a) ESOS Granted (cont'd.)

The movements of ESOS vested in relation to the ESOS Second Grant, ESOS Third Grant, ESOS Fourth Grant, ESOS Fifth Grant and ESOS Special Grant are as follows:

ESOS Second Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Adjustment ³ '000	Vested '000	Exercised ⁴ '000	Forfeited '000		
7.5.2012	2,492	1	-	(127)	(88)	2,278	2,278
30.4.2013	6,699	3	-	(372)	(238)	6,092	6,092
30.4.2014	8,324	-	-	(507)	(301)	7,516	7,516
30.4.2015	-	-	10,809	(770)	(267)	9,772	9,772
	17,515	4	10,809	(1,776)	(894)	25,658	25,658

³ Adjustment relates to appeal cases approved during the financial year ended 31 December 2015.

⁴ 3,500 of the share options which exercised in the previous financial year ended 31 December 2014 were issued and quoted in the Main Market of Bursa Malaysia Securities Berhad in the current financial year ended 31 December 2015.

ESOS Third Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Vested '000	Forfeited '000		
21.5.2013	6,617	-	(517)	6,100	6,100
30.4.2014	8,919	-	(778)	8,141	8,141
30.4.2015	-	9,198	(501)	8,697	8,697
	15,536	9,198	(1,796)	22,938	22,938

ESOS Fourth Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Adjustment ⁵ '000	Vested '000	Exercised '000	Forfeited '000		
21.5.2014	9,140	100	-	-	(702)	8,538	8,538
30.4.2015	-	-	10,592	- [^]	(472)	10,120	10,120
	9,140	100	10,592	-	(1,174)	18,658	18,658

⁵ Adjustment relates to change of staff grade approved during the financial year ended 31 December 2015.

[^] Denotes 100 of the share options exercised during the financial year ended 31 December 2015.

ESOS Fifth Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Vested '000	Forfeited '000		
21.5.2015	-	11,439	(316)	11,123	11,123

ESOS Special Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Vested '000	Forfeited '000		
21.10.2015	-	309	(11)	298	298

Directors' Report

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE SCHEME ("CESS") (CONT'D.)

(b) RSU Granted

The following table illustrates the number of, and movements in, RSU during the financial year ended 31 December 2015:

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Vesting date
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000		
23.6.2011 - RSU First Grant	4 ⁶	-	-	-	-	4	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2012 - RSU Second Grant	3,490	61 ⁷	-	(2,784)	(767)	-	
30.4.2013 - RSU Third Grant	4,150	25 ⁸	-	-	(235)	3,940	
30.4.2014 - RSU Fourth Grant	5,380	50 ⁸	-	-	(280)	5,150	
30.4.2015 - RSU Fifth Grant	-	-	6,610	-	(130)	6,480	
	13,024	136	6,610	(2,784)	(1,412)	15,574	

⁶ Pending transfer of RSU shares to deceased employee's next of kin.

⁷ Adjustment pursuant to DRP which vested during the financial year ended 31 December 2015.

⁸ Adjustment relates to change in employee grade approved during the financial year ended 31 December 2015.

During the financial year ended 31 December 2015, the RSU Second Grant amounting to 2,784,277 options (including DRP) had been vested and awarded to a selected group of eligible employees. The RSU First Grant amounting to 2,794,826 options (including DRP) had been vested and awarded to a selected group of eligible employees during the previous financial year ended 31 December 2014. The remaining grants have not been vested as at 31 December 2015.

(c) SRSU Granted

During the financial year ended 31 December 2015, a total of 20,000 SRSU (2014: 364,000) had been granted to a selected group of eligible employees and a total of 110,000 SRSU (2014: 299,533) had been vested as at 31 December 2015. The remaining grants have not been vested as at 31 December 2015.

The movements of SRSU granted and vested are as follows:

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000
		Granted '000	Vested '000	
3.12.2012	5	-	(5)	-
1.3.2013	15	-	(15)	-
26.3.2014	270	-	(90)	180
30.4.2014	34	-	-	34
15.7.2014	60	-	-	60
1.3.2015	-	20	-	20
	384	20	(110)	294

Directors' Report

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE SCHEME ("CESS") (CONT'D.)

(d) CESOS Granted

During the financial year ended 31 December 2015, a total of 286,500 (2014: 559,400) under the CESOS First Grant and a total of 749,600 under the CESOS Second Grant had been vested to a selected group of eligible employees in overseas branches.

In addition to the above, the Bank had also granted a total of 822,700 (2014: 591,300) under the CESOS First Grant, 780,000 (2014: 1,011,800) under the CESOS Second Grant, 518,700 (2014: 695,000) under the CESOS Third Grant, 581,800 (2014: 556,500) under the CESOS Fourth Grant and 773,200 under the CESOS Fifth Grant to a selected group of eligible employees.

The movements of CESOS granted and vested are as follows:

CESOS First Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	
30.4.2012	292	1 ⁹	-	(287)	(6)	-
30.4.2013	561	-	-	-	(43)	518
30.4.2014	551	-	-	-	(40)	511
30.4.2015	-	-	549	-	(25)	524
30.9.2015	-	-	273	-	(4)	269
	1,404	1	822	(287)	(118)	1,822

⁹ Adjustment relates to appeal cases approved by the ESS Committee during the financial year ended 31 December 2015.

CESOS Second Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year			Outstanding as at 31.12.2015 '000
		Granted '000	Vested and awarded '000	Forfeited '000	
23.2.2012	700	-	(670)	(30)	-
30.4.2012	82	-	(80)	(2)	-
30.4.2013	1,170	-	-	(300)	870
30.4.2014	1,000	-	-	(125)	875
30.4.2015	-	780	-	(42)	738
	2,952	780	(750)	(499)	2,483

CESOS Third Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000
		Granted '000	Forfeited '000	
30.4.2013	504	-	(123)	381
30.4.2014	633	-	(119)	514
30.4.2015	-	519	(32)	487
	1,137	519	(274)	1,382

CESOS Fourth Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year			Outstanding as at 31.12.2015 '000
		Adjustment '000	Granted '000	Forfeited '000	
30.4.2014	514	5 ¹⁰	-	(207)	312
30.4.2015	-	-	577	(146)	431
	514	5	577	(353)	743

¹⁰ Adjustment relates to appeal cases approved by the ESS Committee during the financial year ended 31 December 2015.

Directors' Report

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE SCHEME ("CESS") (CONT'D.)

(d) CESOS Granted (cont'd.)

The movements of CESOS granted and vested are as follows (cont'd.):

CESOS Fifth Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000
		Granted '000	Forfeited '000	
30.4.2015	-	773	(38)	735

Other than the first tranche and second tranche of CESOS First Grant and first tranche of CESOS Second Grant, the remaining CESOS granted have not been vested as at 31 December 2015.

(e) CRSU Granted

During the financial year ended 31 December 2015, a total of 238,000 CRSU (2014: 145,000) had been granted to eligible senior management of the Group and of the Bank.

During the financial year ended 31 December 2015, a total of 54,117 options (including DRP) had been vested under the CRSU Second Grant. The CRSU First Grant amounting to 16,160 options (including DRP) had been vested during the previous financial year ended 31 December 2014. The remaining grants have not been vested as at 31 December 2015.

The movements of CRSU granted and vested are as follows:

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Vesting date
		Adjustment ¹¹ '000	Granted '000	Vested and awarded '000	Forfeited '000		
30.4.2012 - CRSU Second Grant	95	1	-	(54)	(42)	-	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2013 - CRSU Third Grant	185	-	-	-	(90)	95	
30.4.2014 - CRSU Fourth Grant	145	-	-	-	(50)	95	
30.4.2015 - CRSU Fifth Grant	-	-	238	-	(30)	208	
	425	1	238	(54)	(212)	398	

¹¹ Adjustment pursuant to DRP which vested during the financial year ended 31 December 2015.

Directors' Report

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE SCHEME ("CESS") (CONT'D.)

The Bank has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted share options which have been vested to subscribe for less than 713,800 ordinary shares of RM1.00 each during the financial year ended 31 December 2015.

The names of option holders who were granted share options which have been vested to subscribe for at least 713,800 ordinary shares of RM1.00 each during the financial year ended 31 December 2015 are as follows:

Name	←----- Number of share options from ESOS ----->			
	Exercisable/ vested as at 1.1.2015 '000	Vested '000	Exercised '000	Exercisable/ vested as at 31.12.2015 '000
Datuk Abdul Farid bin Alias	901	600	-	1,501
John Chong Eng Chuan	825	375	-	1,200
Dr John Lee Hin Hock	674	375	-	1,049
Dato' Muzaffar bin Hisham	612	300	-	912
Datuk Lim Hong Tat	825	375	(425)	775
Sim Sio Hong	400	375	-	775
Hon Kah Cho	448	285	-	733
Dato' Mohd Hanif bin Suadi	483	231	-	714

The maximum number of ordinary shares of RM1.00 each in the Bank available under the ESS should not exceed 10% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme.

ISSUE OF SHARE CAPITAL

During the current financial year ended 31 December 2015, the Bank increased its issued and paid-up share capital from RM9,319,029,941 to RM9,761,751,327 via:

- Issuance of 13,842,100 new ordinary shares of RM1.00 each for cash, to eligible persons who exercised their share options under the ESS, as disclosed in Note 31(d)(ii) to the financial statements;
- Issuance of 2,784,242 new ordinary shares of RM1.00 each arising from the Restricted Share Unit ("RSU"), as disclosed in Note 31(c)(v) to the financial statements;
- Issuance of 110,000 new ordinary shares of RM1.00 each arising from the Supplemental Restricted Share Unit ("SRSU"), as disclosed in Note 31(e)(vii) to the financial statements;
- Issuance of 203,533,085 new ordinary shares (including 415,502 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the DRP relating to electable portion of the final dividend of 23 sen per ordinary share in respect of the financial year ended 31 December 2014, as disclosed in Note 49(c)(i) to the financial statements; and
- Issuance of 222,451,959 new ordinary shares (including 356,761 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the DRP relating to electable portion of the interim dividend of 20 sen per ordinary share in respect of the financial year ended 31 December 2015, as disclosed in Note 49(c)(ii) to the financial statements.

The new ordinary shares issued during the current financial year ended 31 December 2015 rank pari passu in all respects with the existing ordinary shares of the Bank.

INCREASE IN AUTHORISED SHARE CAPITAL

During the financial year ended 31 December 2015, the Bank increased its authorised ordinary share capital from RM10,000,000,000 to RM15,000,000,000 through the creation of 5,000,000,000 authorised ordinary shares of RM1.00 each, as disclosed in Note 31 to the financial statements.

DIRECTORS

The directors who served since the date of the last report and the date of this report are:

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (Chairman)
 Datuk Abdul Farid bin Alias (Group President & Chief Executive Officer)
 Tan Sri Datuk Dr Hadenan bin A. Jalil
 Dato' Seri Ismail bin Shahudin
 Dato' Dr Tan Tat Wai
 Dato' Johan bin Ariffin
 Datuk Mohaiyani binti Shamsudin
 Datuk R. Karunakaran
 Mr Cheng Kee Check
 Mr Edwin Gerungan (appointed on 24 August 2015)
 Mr Erry Riyana Hardjapamekas (cessation of office with effect from 24 June 2015)
 Mr Cheah Teik Seng (cessation of office with effect from 25 August 2015)
 Dato' Mohd Salleh bin Hj Harun (cessation of office with effect from 17 November 2015)

Directors' Report

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Bank or any of its subsidiary was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate, other than those arising from the ESOS and the RSU pursuant to the ESS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors from the Bank and its related corporations, or the fixed salary of a full-time employee of the Bank as disclosed in Note 42 to the financial statements) by reason of a contract made by the Bank or its related corporations with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for Mr Cheng Kee Check, who is deemed to receive or become entitled to receive a benefit by virtue of fees paid by the Bank or its related corporations to the law firm in which he is a partner in that firm that provides professional legal services to the Bank or its related corporations in the ordinary course of business.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, ESOS and RSU of the Bank during the financial year were as follows:

Direct interest	Number of ordinary shares of RM1.00 each			
	As at 1.1.2015	Issued pursuant to RSU	Issued pursuant to DRP	As at 31.12.2015
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	41,868	-	2,251	44,119
Datuk Abdul Farid bin Alias	85,025	65,184	6,312	156,521
Dato' Seri Ismail bin Shahudin	25,575	-	1,376	26,951
Dato' Johan bin Ariffin	263,001	-	14,150	277,151
Dato' Mohd Salleh bin Hj Harun [^]	354,132	-	19,053	- [^]

[^] Cessation of office with effect from 17 November 2015.

Indirect interest	Number of ordinary shares of RM1.00 each			
	As at 1.1.2015	Issued pursuant to RSU	Issued pursuant to DRP	As at 31.12.2015
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor*	31,002	-	1,667	32,669
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor**	36,844	-	1,982	38,826
Dato' Dr Tan Tat Wai*	5,619	-	-	5,619

* Interest by virtue of shares held by spouse.

** Interest by virtue of shares held via children's account.

	Exercise Price (RM)	Number of share options from ESOS over ordinary shares of RM1.00 each			
		Granted	Vested as at 1.1.2015	Vested	Vested as at 31.12.2015
Datuk Abdul Farid bin Alias	8.82 [#]	1,000,000 [^]	691,000 [^]	300,000	991,000
	9.91 ^{**}	1,410,000	210,000	300,000	510,000
		2,410,000	901,000	600,000	1,501,000

[#] Revised to RM8.75 on 29 October 2012 based on the revision to ESOS First Grant's exercise price.

^{**} Revised to RM9.84 on 30 June 2015 based on the revision to ESOS Fourth Grant's exercise price.

[^] Shares options from ESOS granted and vested prior to the appointment as Group President & CEO are 1,000,000 and 575,000 respectively.

	Grant Date	Number of RSU of ordinary shares of RM1.00 each						
		Granted as at 1.1.2015	Adjustment pursuant to DRP	Granted	Granted as at 31.12.2015	Vested during the financial year	Not vested during the financial year	Outstanding as at 31.12.2015
Datuk Abdul Farid bin Alias	30.4.2012	75,000 ^{^^}	1,434	-	76,434	(65,184)	(11,250)	-
	30.4.2013	75,000 ^{^^}	-	-	75,000	-	-	75,000
	30.4.2014	200,000	-	-	200,000	-	-	200,000
	30.4.2015	-	-	200,000	200,000	-	-	200,000
		350,000	1,434	200,000	551,434	(65,184)	(11,250)	475,000

^{^^} RSU granted prior to the appointment as Group President & Chief Executive Officer.

The remaining ESOS and RSU which were granted to the director have not been vested as at 31 December 2015. The remaining ESOS and RSU will be vested and exercisable upon fulfilment of vesting conditions or predetermined performance metrics including service period, performance targets and performance period.

None of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

Directors' Report

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating agency	Date	Rating classification	Rating received
Moody's Investors Service	28 January 2016	Outlook	Stable
		Bank Deposit – Foreign Currency	A3/P-2
		Bank Deposit – Local Currency	A3/P-2
		Baseline Credit Assessment	a3
		Adjusted Baseline Credit Assessment	a3
		Jr Subordinate	Baa2 (hybrid)
		Counterparty Risk Assessment	A2(cr)/P-1(cr)
Standard & Poor's ("S&P")	18 December 2015	Counterparty Credit Rating	A-/Stable/A-2
		ASEAN Rating Scale	axAA/--/axA-1
		Preferred Stock	BB+
		Senior Unsecured	
		<i>Greater China Regional Scale</i>	cnAA
		Senior Unsecured	A-/A-2
Fitch Ratings	9 September 2015	Subordinated	BBB+
		Foreign Currency Long-term Issuer Default Rating	A-/Negative
		Local Currency Long-term Issuer Default Rating	A-/Negative
		Foreign Currency Short-term Issuer Default Rating	F2
		Viability Rating	a-
		Support Rating	2
		Support Rating Floor	BBB
		Senior notes	A-
RAM Ratings Services Berhad ("RAM")	28 December 2015	Basel II-compliant Subordinated Notes	BBB+
		Basel II-compliant Hybrid Tier 1 Securities	BB+
		National Scale Financial Institution Ratings	AAA/Stable/P1
		ASEAN Scale Financial Institution Ratings	seaAAA/Stable/seaP1
		Innovative Tier-1 Capital Securities of up to RM4.0 billion	AA2/Stable
		Non-Innovative Tier-1 Capital Securities of up to RM3.5 billion	AA2/Stable
		Tier-2 Capital Subordinated Note Programme of up to RM3.0 billion	AA1/Stable
		Subordinated Note Programme of up to RM7.0 billion	AA1/Stable
Malaysian Rating Corporation Berhad	29 July 2015	Additional Tier-1 Capital Securities Programme of up to RM10.0 billion	AA3/Stable
		Long-term Financial Institution Ratings	AAA
		Short-term Financial Institution Ratings	MARC-1
		Outlook	Stable

BUSINESS OUTLOOK

The world real GDP growth is forecast to be 3.2% in 2016 (2015E: 3.1%) with major advanced economies expected to maintain their growth momentum (2016E: 1.9%; 2015E: 1.9%), underpinned by steady US growth and slow and struggling recoveries in Eurozone and Japan. In contrast, performance of the large emerging economies are mixed, with stable expansion in India, slowdown in China and recession in Brazil and Russia.

Growth is expected to be steady in the Asian NIEs (2016E: 2.3%; 2015: 2.1%) while the ASEAN-5 (2016E: 5.2%; 2015: 4.8%) is expected to be slightly better. The performance is uneven across the region with higher growth in South Korea, Indonesia, Thailand and the Philippines, moderate growth in Malaysia, Hong Kong and Taiwan and relatively stable growth in Singapore and Vietnam.

Malaysia's real GDP growth is expected to ease to 4.3% (2015: 5.0%) on slower domestic demand from moderating consumer spending and private investment. However, public investment is expected to be sustained on the continuation of existing and rollout of new major infrastructure and investment projects notwithstanding a revision of the Budget 2016 in response to the fall in crude oil price. Meanwhile, the Overnight Policy Rate ("OPR") may be lowered by 25bps from current 3.25% despite higher inflation at 3.0% - 3.5% (2015: 2.1%) as Bank Negara Malaysia leans towards supporting growth. Loans growth in Malaysia is likely to moderate further in 2016 to about 6% - 7% from 7% - 8% in 2015, as household loans growth continues to ease. Maybank Malaysia loans growth is expected to track industry loans growth and continue expansion of fee-income generating activities.

Directors' Report

BUSINESS OUTLOOK (CONT'D.)

In Singapore, real GDP growth is expected to slow down to 1.7% in 2016 (2015: 2.0%). Growth is affected by the ongoing restructuring of the economy to reduce reliance on foreign labour and promote productivity, compounded by the slowdown in China that affect trade flow of manufacturing activities and the effect of lower crude oil price on oil-related activities. Nonetheless, services and construction are expected to be supportive of growth amid expectations of further easing in the Monetary Authority of Singapore's policy stance, supportive Budget 2016 and the potential reversal of property cooling measures. Maybank Singapore will be focusing on higher deposit acquisition, accelerating fee income by leveraging cash management and trade products while increasing collaboration with Maybank Kim Eng and Etiqa to drive investment banking and bancassurance income.

Indonesia's real GDP growth projection for 2016 is at 5.0% (2015: 4.8%), driven by higher government expenditure, economic stimulus packages and a total of 75bps interest rate cuts to spur infrastructure and industrial investment as well as consumer spending. PT Bank Maybank Indonesia Tbk ("BMI") will focus on higher margin segments in growing its retail and business banking segments, accelerating fee income from transaction banking and cash management, and enhancing its synergy with other Maybank entities in Indonesia.

With the Group's franchise across ASEAN, the Group's strategic priorities for 2016 will be to accelerate fee income growth, increase cross-sell and collaboration, improve network productivity, enhance automation and operational excellence, and invest in digital initiatives. Operationally, the Group will also continue to strengthen its balance sheet by managing liquidity and safeguarding asset quality while continued focus will be placed on preserving margins. The Group also seeks to maintain strong capital levels, well above regulatory requirements.

Barring any unforeseen circumstances, the Group expects its financial performance for 2016 to be satisfactory in a more challenging regional environment. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") of 11% - 12% and Group Loans Growth of 8% - 9%.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and income statements of the Group and of the Bank were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate allowances had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render:
 - (i) the amount written-off for bad debts or the amount of the allowances for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.

(f) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet their obligations as and when they fall due; and
- (ii) no item or transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

COMPLIANCE WITH BANK NEGARA MALAYSIA'S REVISED POLICY DOCUMENT ON CLASSIFICATION AND IMPAIRMENT PROVISIONS FOR LOANS/FINANCING

The directors have taken reasonable steps to ensure that the preparation of the financial statements of the Group and of the Bank are in compliance with the Bank Negara Malaysia's Revised Policy Document on Classification and Impairment Provisions for Loans/Financing which was issued on 6 April 2015.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 59 to the financial statements. There are no significant adjusting events after the statements of financial position date up to the date when the financial statements are authorised for issuance which is within the period from 1 January 2016 to 25 February 2016.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 25 February 2016.



Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor

Kuala Lumpur, Malaysia



Datuk Abdul Farid bin Alias

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor and Datuk Abdul Farid bin Alias, being two of the directors of Malayan Banking Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 268 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2015 and of the results and the cash flows of the Group and of the Bank for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 25 February 2016.



Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor

Kuala Lumpur, Malaysia



Datuk Abdul Farid bin Alias

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican, being the officer primarily responsible for the financial management of Malayan Banking Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 268 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

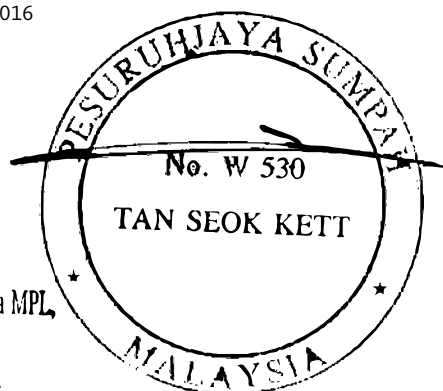


Subscribed and solemnly declared by
the abovenamed Dato' Mohamed Rafique Merican
bin Mohd Wahiduddin Merican
at Kuala Lumpur in the Federal
Territory on 25 February 2016

Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican

Before me,

Let 350, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur.



Independent Auditors' Report

to the Members of Malayan Banking Berhad

(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malayan Banking Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 267.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 62(a) and Note 62(b) to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 64 on page 268 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance based on the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
25 February 2016



Megat Iskandar Shah bin Mohamad Nor
No. 3083/07/17(J)
Chartered Accountant

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Statements of Financial Position

as at 31 December 2015

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Cash and short-term funds	5	55,647,407	52,852,860	41,278,089	34,778,324
Deposits and placements with financial institutions	6	13,618,339	16,106,137	14,748,271	15,811,015
Financial assets purchased under resale agreements	7(a)	7,692,165	3,625,291	7,490,808	3,625,291
Financial assets at fair value through profit or loss	8	17,222,595	23,705,323	4,221,895	9,425,390
Financial investments available-for-sale	9	90,261,673	82,630,704	74,950,070	73,630,705
Financial investments held-to-maturity	10	14,682,130	9,574,538	14,329,231	9,100,155
Loans, advances and financing	11	453,492,587	403,513,121	287,056,974	264,524,441
Derivative assets	12	8,283,647	4,544,001	8,334,598	4,533,709
Reinsurance/retakaful assets and other insurance receivables	13	4,355,654	4,972,063	-	-
Other assets	14	12,388,512	10,659,736	8,373,774	6,488,988
Investment properties	15	716,818	595,493	-	-
Statutory deposits with central banks	16	16,266,412	15,141,244	7,855,379	7,576,028
Investment in subsidiaries	17	-	-	21,026,955	20,450,502
Interest in associates and joint ventures	18	3,120,548	2,527,940	451,518	451,518
Property, plant and equipment	19	2,661,472	2,688,140	1,322,097	1,308,775
Intangible assets	20	6,958,462	6,261,415	509,480	506,267
Deferred tax assets	27	976,082	901,950	441,814	348,350
Total assets		708,344,503	640,299,956	492,390,953	452,559,458
Liabilities					
Deposits from customers	21	478,150,533	439,569,384	330,626,519	306,938,972
Investment accounts of customers	61(q)	17,657,893	-	-	-
Deposits and placements from financial institutions	22	39,013,916	57,387,398	37,904,688	47,500,184
Obligations on financial assets sold under repurchase agreements	7(b)	4,498,574	3,166,372	4,498,574	3,166,372
Bills and acceptances payable		1,803,180	2,017,579	1,114,387	1,187,310
Derivative liabilities	12	7,877,458	5,320,499	7,696,334	5,173,575
Insurance/takaful contract liabilities and other insurance payables	23	23,839,341	24,798,833	-	-
Other liabilities	24	13,029,588	11,147,565	9,921,177	8,789,557
Recourse obligation on loans and financing sold to Cagamas	25	1,174,345	1,058,860	1,174,345	1,058,860
Provision for taxation and zakat	26	85,224	325,192	-	275,373
Deferred tax liabilities	27	755,851	702,660	-	-
Borrowings	28	30,643,652	18,521,899	24,873,211	13,846,812
Subordinated obligations	29	20,252,116	15,640,057	16,750,738	12,264,578
Capital securities	30	6,049,375	5,902,483	6,212,597	6,185,060
Total liabilities		644,831,046	585,558,781	440,772,570	406,386,653
Equity attributable to equity holders of the Bank					
Share capital	31	9,761,751	9,319,030	9,761,751	9,319,030
Share premium		25,900,476	22,747,922	25,900,476	22,747,922
Shares held-in-trust	31(c)(v)	(119,745)	(113,463)	(119,745)	(113,463)
Retained profits	32(a)	12,833,004	12,387,977	3,252,638	3,600,804
Reserves	33	13,319,504	8,633,103	12,823,263	10,618,512
		61,694,990	52,974,569	51,618,383	46,172,805
Non-controlling interests		1,818,467	1,766,606	-	-
		63,513,457	54,741,175	51,618,383	46,172,805
Total liabilities and shareholders' equity		708,344,503	640,299,956	492,390,953	452,559,458
Commitments and contingencies	50	719,694,730	551,960,251	679,351,319	519,485,629
Net assets per share attributable to equity holders of the Bank		RM6.32	RM5.68	RM5.29	RM4.95

The accompanying notes form an integral part of the financial statements.

Income Statements

For the financial year ended 31 December 2015

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating revenue	34	40,556,371	35,712,006	23,111,636	20,506,870
Interest income	35	19,792,821	17,851,688	14,751,535	13,123,548
Interest expense	36	(8,678,676)	(8,147,985)	(6,423,163)	(6,055,648)
Net interest income		11,114,145	9,703,703	8,328,372	7,067,900
Income from Islamic Banking Scheme operations	61(b)	3,938,637	3,271,211	-	-
		15,052,782	12,974,914	8,328,372	7,067,900
Net earned insurance premiums	37	4,196,699	3,946,068	-	-
Dividends from subsidiaries and associates	38	-	-	1,534,033	1,750,612
Other operating income	39	5,772,867	5,540,439	3,389,635	3,098,079
Total operating income		25,022,348	22,461,421	13,252,040	11,916,591
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	40	(3,784,427)	(3,930,819)	-	-
Net operating income		21,237,921	18,530,602	13,252,040	11,916,591
Overhead expenses	41	(10,285,040)	(9,111,312)	(5,629,901)	(4,833,972)
Operating profit before impairment losses		10,952,881	9,419,290	7,622,139	7,082,619
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	43	(1,683,557)	(400,392)	(676,715)	224,115
(Allowances for)/writeback of impairment losses on financial investments, net	44	(329,022)	(70,440)	39,111	37,693
Operating profit		8,940,302	8,948,458	6,984,535	7,344,427
Share of profits in associates and joint ventures	18	211,246	163,125	-	-
Profit before taxation and zakat		9,151,548	9,111,583	6,984,535	7,344,427
Taxation and zakat	45	(2,165,160)	(2,200,540)	(1,150,248)	(1,441,412)
Profit for the financial year		6,986,388	6,911,043	5,834,287	5,903,015
Attributable to:					
Equity holders of the Bank		6,835,939	6,716,455	5,834,287	5,903,015
Non-controlling interests		150,449	194,588	-	-
		6,986,388	6,911,043	5,834,287	5,903,015
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	48(a)	72.0	74.2		
Diluted (sen)	48(b)	72.0	74.1		
Net dividends per ordinary share held by equity holders of the Bank in respect of the financial year (sen)					
Paid - First interim	49			24.00	24.00
- Final for the financial year ended 31 December 2013	49			-	31.00
- Final for the financial year ended 31 December 2014	49			33.00	-
Proposed - Final	49(a)			30.00	-
- Final				-	33.00

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2015

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the financial year		6,986,388	6,911,043	5,834,287	5,903,015
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Defined benefit plan actuarial gain/(loss)	24(a)(ii)	47,123	(4,996)	-	-
Income tax effect	27	(8,145)	(1,337)	-	-
		38,978	(6,333)	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net (loss)/gain on financial investments available-for-sale		(284,440)	309,123	(317,481)	388,183
Income tax effect	27	76,166	(81,241)	79,370	(97,046)
Net gain on foreign exchange translation		3,692,259	888,549	1,592,230	236,610
Net gain/(loss) on cash flow hedge	12	2,781	(1,624)	-	-
Net loss on net investment hedge	12	(399,314)	(65,567)	-	-
Net gain on revaluation reserve	33(c)(ii)	62	48	-	-
Share of change in associates' reserve		511,102	(37,543)	-	-
		3,598,616	1,011,745	1,354,119	527,747
Other comprehensive income for the financial year, net of tax		3,637,594	1,005,412	1,354,119	527,747
Total comprehensive income for the financial year		10,623,982	7,916,455	7,188,406	6,430,762
Other comprehensive income for the financial year, attributable to:					
Equity holders of the Bank		3,621,773	1,018,436	1,354,119	527,747
Non-controlling interests		15,821	(13,024)	-	-
		3,637,594	1,005,412	1,354,119	527,747
Total comprehensive income for the financial year, attributable to:					
Equity holders of the Bank		10,457,712	7,734,891	7,188,406	6,430,762
Non-controlling interests		166,270	181,564	-	-
		10,623,982	7,916,455	7,188,406	6,430,762

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

Group	Attributable to equity holders of the Bank											Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital (Note 31) RM'000	Non-distributable								*Retained Profits (Note 32) RM'000	Total Shareholders' Equity RM'000		
		Share Premium RM'000	Shares Held-in-trust (Note 31(c)(v)) RM'000	Statutory Reserve (Note 33(a)) RM'000	Regulatory Reserve (Note 33(b)) RM'000	AFS Reserve (Note 33) RM'000	Exchange Fluctuation Reserve (Note 33) RM'000	ESS Reserve (Note 33) RM'000	Other Reserves (Note 33(c)) RM'000				
At 1 January 2015	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(321,842)	(1,917,500)	298,366	(96,421)	12,387,977	52,974,569	1,766,606	54,741,175
Profit for the financial year	-	-	-	-	-	-	-	-	-	6,835,939	6,835,939	150,449	6,986,388
Other comprehensive (loss)/ income	-	-	-	-	-	(181,206)	4,162,544	-	(359,565)	-	3,621,773	15,821	3,637,594
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	36,906	-	36,906	2,072	38,978
Share of associates' reserve	-	-	-	-	-	36,914	474,188	-	-	-	511,102	-	511,102
Net gain on foreign exchange translation	-	-	-	-	-	-	3,688,356	-	-	-	3,688,356	3,903	3,692,259
Net loss on financial investments available-for-sale	-	-	-	-	-	(218,120)	-	-	-	-	(218,120)	9,846	(208,274)
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(399,314)	-	(399,314)	-	(399,314)
Net gain on cash flow hedge	-	-	-	-	-	-	-	-	2,781	-	2,781	-	2,781
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	62	-	62	-	62
Total comprehensive (loss)/ income for the financial year	-	-	-	-	-	(181,206)	4,162,544	-	(359,565)	6,835,939	10,457,712	166,270	10,623,982
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	-	62,933	-	-	62,933	-	62,933
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	5,537	5,537	(15,366)	(9,829)
Transfer to statutory reserve (Note 33(a))	-	-	-	60,462	-	-	-	-	-	(60,462)	-	-	-
Transfer to regulatory reserve (Note 33(b))	-	-	-	-	973,009	-	-	-	-	(973,009)	-	-	-
Issue of shares pursuant to ESS (Note 31(a)(i))	13,842	115,626	-	-	-	-	-	(8,233)	-	-	121,235	-	121,235
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note 31(a)(iii))	2,784	23,769	9	-	-	-	-	(22,555)	-	(4,007)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note 31(a)(iii))	110	910	-	-	-	-	-	(988)	-	(32)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Notes 31(a)(iv)&(v))	425,985	3,012,249	(6,291)	-	-	-	-	-	-	-	3,431,943	-	3,431,943
Dividends (Note 49)	-	-	-	-	-	-	-	-	-	(5,358,939)	(5,358,939)	(99,043)	(5,457,982)
Total transactions with shareholders/other equity movements	442,721	3,152,554	(6,282)	60,462	973,009	-	-	31,157	-	(6,390,912)	(1,737,291)	(114,409)	(1,851,700)
At 31 December 2015	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

* Retained profits includes distributable and non-distributable profits arising from Non-Discretionary Participation Features ("Non-DPF") surplus of an insurance subsidiary. Refer to Note 32 for further details.

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

Group	<----- Attributable to equity holders of the Bank ----->											Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital (Note 31) RM'000	<----- Non-distributable ----->								*Retained Profits (Note 32) RM'000	Total Shareholders' Equity RM'000		
		Share Premium RM'000	Shares Held-in-trust (Note 31(c)(v)) RM'000	Statutory Reserve (Note 33(a)) RM'000	Regulatory Reserve (Note 33(b)) RM'000	AFS Reserve (Note 33) RM'000	Exchange Fluctuation Reserve (Note 33) RM'000	ESS Reserve (Note 33) RM'000	Other Reserves (Note 33(c)) RM'000				
At 1 January 2014	8,862,079	19,030,227	(107,248)	9,540,136	-	(604,112)	(2,727,793)	278,231	(21,597)	11,747,484	45,997,407	1,745,192	47,742,599
Profit for the financial year	-	-	-	-	-	-	-	-	-	6,716,455	6,716,455	194,588	6,911,043
Other comprehensive income/ (loss)	-	-	-	-	-	282,270	810,293	-	(74,127)	-	1,018,436	(13,024)	1,005,412
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(6,984)	-	(6,984)	651	(6,333)
Share of associates' reserve	-	-	-	-	-	30,566	(68,109)	-	-	-	(37,543)	-	(37,543)
Net gain on foreign exchange translation	-	-	-	-	-	-	878,402	-	-	-	878,402	10,147	888,549
Net gain on financial investments available-for-sale	-	-	-	-	-	251,704	-	-	-	-	251,704	(23,822)	227,882
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(65,567)	-	(65,567)	-	(65,567)
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(1,624)	-	(1,624)	-	(1,624)
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	48	-	48	-	48
Total comprehensive income/ (loss) for the financial year	-	-	-	-	-	282,270	810,293	-	(74,127)	6,716,455	7,734,891	181,564	7,916,455
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	-	77,814	-	-	77,814	-	77,814
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	(697)	697	-	30,900	30,900
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,152	7,152
Transfer to statutory reserve (Note 33(a))	-	-	-	855,864	-	-	-	-	-	(855,864)	-	-	-
Transfer to regulatory reserve (Note 33(b))	-	-	-	-	274,500	-	-	-	-	(274,500)	-	-	-
Issue of shares pursuant to ESS	58,680	491,563	-	-	-	-	-	(35,218)	-	-	515,025	-	515,025
Issue of shares pursuant to Restricted Share Unit ("RSU")	2,832	24,266	(351)	-	-	-	-	(20,253)	-	(6,494)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	300	2,643	-	-	-	-	-	(2,208)	-	(735)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	395,139	3,199,223	(5,864)	-	-	-	-	-	-	-	3,588,498	-	3,588,498
Dividends (Note 49)	-	-	-	-	-	-	-	-	-	(4,939,066)	(4,939,066)	(198,202)	(5,137,268)
Total transactions with shareholders/other equity movements	456,951	3,717,695	(6,215)	855,864	274,500	-	-	20,135	(697)	(6,075,962)	(757,729)	(160,150)	(917,879)
At 31 December 2014	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(321,842)	(1,917,500)	298,366	(96,421)	12,387,977	52,974,569	1,766,606	54,741,175

* Retained profits includes distributable and non-distributable profits arising from Non-Discretionary Participation Features ("Non-DPF") surplus of an insurance subsidiary. Refer to Note 32 for further details.

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2015

Bank	<----- Attributable to equity holders of the Bank ----->									Total Equity RM'000
	Share Capital (Note 31) RM'000	<----- Non-distributable ----->							Distributable Retained Profits (Note 32) RM'000	
		Share Premium RM'000	Shares Held-in-trust (Note 31(c)(v)) RM'000	Statutory Reserve (Note 33(a)) RM'000	Regulatory Reserve (Note 33(b)) RM'000	AFS Reserve (Note 33) RM'000	Exchange Fluctuation Reserve (Note 33) RM'000	ESS Reserve (Note 33) RM'000		
At 1 January 2015	9,319,030	22,747,922	(113,463)	9,860,875	-	(362,553)	821,824	298,366	3,600,804	46,172,805
Profit for the financial year	-	-	-	-	-	-	-	-	5,834,287	5,834,287
Other comprehensive (loss)/income	-	-	-	-	-	(238,111)	1,592,230	-	-	1,354,119
Net gain on foreign exchange translation	-	-	-	-	-	-	1,592,230	-	-	1,592,230
Net loss on financial investments available-for-sale	-	-	-	-	-	(238,111)	-	-	-	(238,111)
Total comprehensive (loss)/income for the financial year	-	-	-	-	-	(238,111)	1,592,230	-	5,834,287	7,188,406
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	-	62,933	-	62,933
Transfer to statutory reserve (Note 33(a))	-	-	-	5,675	-	-	-	-	(5,675)	-
Transfer to regulatory reserve (Note 33(b))	-	-	-	-	813,800	-	-	-	(813,800)	-
Issue of shares pursuant to ESS (Note 31(a)(i))	13,842	115,626	-	-	-	-	-	(8,233)	-	121,235
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note 31(a)(ii))	2,784	23,769	9	-	-	-	-	(22,555)	(4,007)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note 31(a)(iii))	110	910	-	-	-	-	-	(988)	(32)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 31(a)(iv)&(v))	425,985	3,012,249	(6,291)	-	-	-	-	-	-	3,431,943
Dividends (Note 49)	-	-	-	-	-	-	-	-	(5,358,939)	(5,358,939)
Total transactions with shareholders/other equity movements	442,721	3,152,554	(6,282)	5,675	813,800	-	-	31,157	(6,182,453)	(1,742,828)
At 31 December 2015	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

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2015

Bank	Attributable to equity holders of the Bank								Total Equity RM'000
	Share Capital (Note 31) RM'000	Non-distributable						Distributable Retained Profits (Note 32) RM'000	
		Share Premium RM'000	Shares Held-in-trust (Note 31(c)(v)) RM'000	Statutory Reserve (Note 33(a)) RM'000	AFS Reserve (Note 33) RM'000	Exchange Fluctuation Reserve (Note 33) RM'000	ESS Reserve (Note 33) RM'000		
At 1 January 2014	8,862,079	19,030,227	(107,248)	9,026,745	(653,690)	585,214	278,231	3,478,214	40,499,772
Profit for the financial year	-	-	-	-	-	-	-	5,903,015	5,903,015
Other comprehensive income	-	-	-	-	291,137	236,610	-	-	527,747
Net gain on foreign exchange translation	-	-	-	-	-	236,610	-	-	236,610
Net gain on financial investments available-for-sale	-	-	-	-	291,137	-	-	-	291,137
Total comprehensive income for the financial year	-	-	-	-	291,137	236,610	-	5,903,015	6,430,762
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	77,814	-	77,814
Transfer to statutory reserve (Note 33(a))	-	-	-	834,130	-	-	-	(834,130)	-
Issue of shares pursuant to ESS	58,680	491,563	-	-	-	-	(35,218)	-	515,025
Issue of shares pursuant to Restricted Share Unit ("RSU")	2,832	24,266	(351)	-	-	-	(20,253)	(6,494)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	300	2,643	-	-	-	-	(2,208)	(735)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	395,139	3,199,223	(5,864)	-	-	-	-	-	3,588,498
Dividends (Note 49)	-	-	-	-	-	-	-	(4,939,066)	(4,939,066)
Total transactions with shareholders/other equity movements	456,951	3,717,695	(6,215)	834,130	-	-	20,135	(5,780,425)	(757,729)
At 31 December 2014	9,319,030	22,747,922	(113,463)	9,860,875	(362,553)	821,824	298,366	3,600,804	46,172,805

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2015

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	9,151,548	9,111,583	6,984,535	7,344,427
Adjustments for:				
Share of profits in associates and joint ventures	(211,246)	(163,125)	-	-
Depreciation of property, plant and equipment (Note 41)	374,649	331,175	189,828	163,768
Amortisation of computer software (Note 41)	222,665	179,632	112,277	101,366
Amortisation of customer relationship (Note 41)	20,408	22,033	-	-
Amortisation of agency force (Note 41)	9,283	10,653	-	-
Amortisation of core deposit intangibles (Note 41)	13,241	19,185	-	-
Gain on disposal of property, plant and equipment (Note 39)	(165,848)	(20,945)	(8,600)	(4,729)
Gain on disposal of foreclosed properties (Note 39)	(23,027)	(6,105)	-	-
Gain on disposal of subsidiaries (Note 39)	(189,037)	(26,120)	(513,748)	(14)
Gain on disposal/liquidation of associates (Note 39)	-	(222)	-	(8,284)
Net gain on disposal of financial assets at fair value through profit or loss (Note 39)	(157,700)	(206,996)	(20,976)	(139,922)
Net gain on disposal of financial investments available-for-sale (Note 39)	(353,906)	(659,809)	(221,110)	(180,089)
Net gain on redemption of financial investments held-to-maturity (Note 39)	(308)	(304)	(308)	(304)
Accretion of discounts, net (Note 35)	(20,724)	(63,141)	(134,935)	(70,509)
Unrealised loss of financial assets at fair value through profit or loss and derivatives (Note 39)	506,658	57,337	369,415	104,642
Allowances for/(writeback of) impairment losses on financial investments, net (Note 44)	329,022	70,440	(39,111)	(37,693)
Allowances for impairment losses on loans, advances and financing, net (Note 43)	2,216,538	1,385,626	1,076,421	532,149
Allowances for/(writeback of) impairment losses on other debts (Note 43)	8,350	(48,862)	1,472	3,388
Dividends from subsidiaries and associates (Note 38)	-	-	(1,534,033)	(1,750,612)
Dividends from financial investments portfolio (Note 39)	(141,436)	(118,717)	(14,668)	(12,183)
ESS expenses (Note 41)	64,109	79,303	45,935	54,590
Property, plant and equipment written-off (Note 41)	1,127	376	610	180
Intangible assets written-off (Note 41)	-	19,459	-	32
Fair value adjustments on investment properties (Note 41)	(101,850)	272	-	-
Operating profit before working capital changes	11,552,516	9,972,728	6,293,004	6,100,203
Change in cash and short-term funds with original maturity of more than three months	1,492,364	(5,408,179)	1,780,395	(5,355,948)
Change in deposits and placements with financial institutions with original maturity of more than three months	2,174,960	(7,318,950)	616,617	(1,833,781)
Change in financial assets purchased under resale agreements	(4,066,873)	(3,604,733)	(3,865,516)	(3,604,733)
Change in financial investments portfolio	(6,881,333)	(7,013,055)	(1,247,261)	(15,890,628)
Change in loans, advances and financing	(27,310,724)	(43,843,891)	(1,943,041)	(24,152,584)
Change in other assets	(3,825,598)	(1,055,771)	(3,367,594)	31,706
Change in statutory deposits with central banks	(1,193,358)	(1,398,370)	(279,350)	(248,032)
Change in deposits from customers	16,190,976	39,956,522	3,019,334	30,144,850
Change in deposits and placements from financial institutions	(18,373,482)	15,248,317	(9,595,496)	9,917,607
Change in obligations on financial assets sold under repurchase agreements	1,332,202	(1,133,683)	1,332,202	(1,133,683)
Change in bills and acceptances payable	(181,108)	30,490	(72,925)	(255,302)
Change in other liabilities	1,871,659	2,511,209	1,303,442	(974,551)
Change in reinsurance/retakaful assets and other insurance receivables	616,409	(2,622,068)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	(956,227)	2,979,912	-	-
Change in investment accounts of customers introduced during the financial year	17,657,893	-	-	-
Cash used in operating activities	(9,899,724)	(2,699,522)	(6,026,189)	(7,254,876)
Taxes and zakat paid	(2,333,528)	(1,919,739)	(1,671,246)	(1,135,937)
Net cash used in operating activities	(12,233,252)	(4,619,261)	(7,697,435)	(8,390,813)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2015

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 19)	(341,727)	(374,478)	(158,502)	(197,203)
Purchase of intangible assets (Note 20)	(187,012)	(253,581)	(100,972)	(112,829)
Purchase of investment properties (Note 15)	(27,039)	(12,503)	-	-
Net effect arising from:				
- disposal of subsidiaries (Note 17(b)&17(e))	484,921	65,043	527,493	-
- transaction with non-controlling interests	(9,836)	32,418	-	-
Purchase of additional ordinary shares in existing subsidiaries (Note 17(a)&17(c))	-	-	(590,198)	(944,974)
Redemption of non-convertible bonds and capital repayment in associates	-	8,284	-	8,284
Proceeds from disposal of property, plant and equipment	325,920	33,015	18,530	5,199
Dividends received from:				
- financial investments portfolio	141,436	118,717	14,668	12,183
- associates	-	90,637	788	3,572
- subsidiaries	-	-	1,613,679	1,600,012
Transfer of property, plant and equipment to subsidiaries, net (Note 19)	-	-	(1,142)	99,873
Transfer of intangible assets to subsidiaries, net (Note 20)	-	-	-	27,906
Net cash generated from/(used in) investing activities	386,663	(292,448)	1,324,344	502,023
Cash flows from financing activities				
Proceeds from issuance of shares	3,553,178	4,103,523	3,553,178	4,103,523
Drawdown of borrowings, net	8,295,115	3,133,709	7,627,220	3,976,384
Issuance of subordinated obligations and capital securities	3,300,000	6,196,837	3,300,000	5,100,000
Redemption of capital securities	(241,303)	(3,437,000)	(241,303)	(3,437,000)
Recourse obligation on loans and financing sold to Cagamas, net	115,484	(218,409)	115,484	402,567
Rights issuance exercised by non-controlling interests	-	7,152	-	-
Dividends paid	(5,358,939)	(4,939,066)	(5,358,939)	(4,939,066)
Dividends paid to non-controlling interests	(99,043)	(198,202)	-	-
Net cash generated from financing activities	9,564,492	4,648,544	8,995,640	5,206,408
Net (decrease)/increase in cash and cash equivalents	(2,282,097)	(263,165)	2,622,549	(2,682,382)
Cash and cash equivalents at 1 January	49,075,119	48,067,358	30,785,116	32,430,352
Effects of foreign exchange rate changes	6,256,170	1,270,926	5,211,484	1,037,146
Cash and cash equivalents at 31 December	53,049,192	49,075,119	38,619,149	30,785,116
Cash and short-term funds (Note 5)	55,647,407	52,852,860	41,278,089	34,778,324
Deposits and placements with other financial institutions (Note 6)	13,618,339	16,106,137	14,748,271	15,811,015
	69,265,746	68,958,997	56,026,360	50,589,339
Less:				
Cash and short-term funds and deposits and placements with original maturity of more than three months	(16,216,554)	(19,883,878)	(17,407,211)	(19,804,223)
	53,049,192	49,075,119	38,619,149	30,785,116

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2015

1. CORPORATE INFORMATION

Malayan Banking Berhad ("Maybank" or the "Bank") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

The Bank is principally engaged in all aspects of commercial banking and related financial services.

The subsidiaries of the Bank are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stockbroking, underwriting of general and life insurance, general and family takaful, trustee and nominee services and asset management.

There were no significant changes in these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2016.

2. ACCOUNTING POLICIES

2.1 Basis of preparation and presentation of the financial statements

The financial statements of the Bank and its subsidiaries ("Maybank Group" or the "Group") and of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Bank have been prepared on a historical cost basis unless otherwise indicated in the summary of significant accounting policies as disclosed in Note 2.3.

The Group's financial statements also include separate disclosures on its insurance and takaful businesses and Islamic banking operations as disclosed in Notes 60 and 61, respectively. The principal activities for insurance and takaful businesses are mainly the underwriting of general and life insurance business, the management of general and family takaful business and investment-linked business. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under the Shariah principles.

The Group and the Bank present their statements of financial position in the order of liquidity.

Financial assets and financial liabilities are offset and the net amount are reported in the statements of financial position of the Group and of the Bank only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statements of the Group and of the Bank unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and of the Bank.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries including the equity accounting of interest in associates and joint ventures as at 31 December 2015. Further details on the accounting policies for investment in subsidiaries and interest in associates and joint ventures are disclosed in Note 2.3.

The financial statements of the Bank's subsidiaries, associates and joint ventures are prepared for the same reporting date as the Bank, using consistent accounting policies for transactions and events in similar circumstances.

Subsidiaries (including deemed controlled structured entities) are consolidated from the date of acquisition or the date of incorporation, being the date on which the Bank obtains control and continue to be consolidated until the date that such control effectively ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has three elements of control as below:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

When assessing whether to consolidate investment funds, the Group reviews all facts and circumstances to determine whether the Group, as fund manager, is acting as an agent or a principal. The Group may be deemed to be a principal, and hence controls and consolidates the funds, when it acts as a fund manager and cannot be removed without cause, has variable returns through significant unit holdings and/or a guarantee, and is able to influence the returns of the funds through its power.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not wholly-owned, directly or indirectly by the Bank. NCI are presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in the NCI having a deficit balance. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction between the Group and its NCI holders. Any difference between the Group's share of net assets before and after the change and any consideration received or paid, is recognised in equity.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Recognises the fair value of the consideration received;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any gains or losses in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to income statements or retained earnings, if required in accordance with other MFRS.

All of the above will be accounted for from the date when control is lost.

The accounting policies for business combination and goodwill are disclosed in Note 2.3(iii).

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies

(i) Investment in subsidiaries

Subsidiaries are entities controlled by the Bank, as defined in Note 2.2.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(xv). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the income statement.

Additional information on investment in subsidiaries are disclosed in Note 17 and details of subsidiaries and deemed controlled structured entities are disclosed in Notes 62(a) and 62(b), respectively.

(ii) Interest in associates and joint ventures

An associate is an entity over which the Group and the Bank have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's and the Bank's interest in its associates and joint ventures are accounted for using the equity method. The associates and joint ventures are equity accounted for from the date the Group and the Bank gain significant influence or joint control until the date the Group and the Bank cease to have significant influence over the associate or joint control over the joint venture.

Under the equity method, the interest in associates and joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted for changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Details of goodwill included in the Group's carrying amount of interest in associates and joint ventures are disclosed in Note 18(d).

The consolidated income statement reflects the Group's share of the results of operations of the associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's statement of comprehensive income. Where there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of such changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures. The aggregate of the Group's share of profit or loss in associates and joint ventures is shown on the face of the consolidated income statement. The Group's share of profit or loss in associates and joint ventures represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates or joint ventures.

When the Group's share of losses in associates or joint ventures equals or exceeds its interest in the associates or joint ventures, including any long-term interests that, in substance, form part of the Group's net interest in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates or joint ventures.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the interest in the associates and joint ventures are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and its carrying amount, then recognises the amount in the 'share of profits in associates and joint ventures' in the consolidated income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement.

In the Bank's separate financial statements, interest in associates and joint ventures are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(xv). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the income statements.

Additional information on interest in associates and joint ventures and details of associates and joint ventures are disclosed in Notes 18(b), 62(c) and 62(d) respectively.

(iii) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses in the income statements. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statements. It is then considered in the determination of goodwill. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") is measured at fair value with changes in fair value recognised either in the income statements or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated income statement.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(iii) Business combination and goodwill (cont'd.)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The accounting policy for impairment of non-financial assets (including goodwill) is disclosed in Note 2.3(xv).

Where goodwill has been allocated to a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

(iv) Intangible assets

In addition to goodwill, intangible assets also include core deposit intangibles, customer relationship and agency force acquired in business combination, computer software and software-in-development.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses, except for software-in-development which is not subject to amortisation until the development is completed and the asset is available for use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite lives are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statements in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in income statements when the assets are derecognised.

A summary of the policies applied to the Group's and the Bank's intangible assets are as follows:

	Amortisation methods used	Useful economic lives
Computer software	Straight-line	3 to 10 years
Core deposit intangibles	Reducing balance	8 years
Customer relationship	Reducing balance	3 to 9 years
Agency force	Reducing balance	11 years

Additional information on intangible assets are disclosed in Note 20.

(v) Financial assets

(a) Date of recognition

All financial assets are initially recognised on the trade date, i.e. the date that the Group and the Bank become a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

(b) Initial recognition and subsequent measurement

All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. The classification of financial assets at initial recognition depends on the purpose and the management's intention for which the financial assets were acquired and their characteristics. The Group and the Bank determine the classification of financial assets at initial recognition, in which the details are disclosed below.

Included in financial assets are the following:

(1) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held-for-trading ("HFT") and financial assets designated at FVTPL upon initial recognition. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments as defined by MFRS 139.

For financial assets designated at FVTPL, upon initial recognition the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Included in financial assets held-for-trading are derivatives (including separated embedded derivatives), debt securities and equities.

Included in financial assets designated at FVTPL are debt securities and structured deposits of which are managed on a fair value basis under insurance life fund and family takaful fund.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the income statements under the caption of 'other operating income'.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified in this category include cash and bank balances, reverse repurchase agreements, loans, advances and financing and other receivables. These financial assets are initially recognised at fair value, including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest method, less any accumulated impairment losses.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(v) Financial assets (cont'd.)

(b) Initial recognition and subsequent measurement (cont'd.)

(3) Financial investments held-to-maturity ("HTM")

Financial investments HTM are non-derivative financial assets with fixed or determinable payments and fixed maturity, which the Group and the Bank have the intention and ability to hold to maturity.

Subsequent to initial recognition, financial investments HTM are measured at amortised cost using the effective interest method, less accumulated impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in the income statements under the caption of 'interest income'. The losses arising from impairment are recognised in the income statements under the caption of 'allowance for impairment losses on financial investments' and the gain or loss arising from derecognition of such investments are recognised in the income statements under the caption of 'other operating income'.

If the Group and the Bank were to sell or reclassify more than an insignificant amount of financial investments HTM before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as financial investments available-for-sale. Furthermore, the Group and the Bank would be prohibited from classifying any financial investments as held-to-maturity over the following two (2) years. During the financial year ended 31 December 2015, the Group and the Bank did not reclassify any of its financial investments HTM as financial investments available-for-sale.

(4) Financial investments available-for-sale ("AFS")

Financial investments AFS are financial assets that are not classified in any of the three (3) preceding categories.

Financial investments AFS include equity and debt securities. Financial investments in this category are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or changes in market conditions.

After initial recognition, financial investments AFS are subsequently measured at fair value. Unrealised gains and losses are recognised directly in other comprehensive income and in the 'AFS reserve', except for impairment losses, foreign exchange gains or losses on monetary financial assets and interest/profit income calculated using the effective interest method are recognised in the income statements. Dividends on financial investments AFS are recognised in the income statements when the Group's and the Bank's right to receive payment is established. When the Group and the Bank derecognise financial investments AFS, the cumulative unrealised gain or loss previously recognised in the 'AFS reserve' is reclassified to the income statements under the caption of 'other operating income'.

(c) Derecognition

A financial asset is derecognised when:

- (1) The rights to receive cash flows from the financial asset have expired; or
- (2) The Group and the Bank have transferred its rights to receive cash flows from the financial asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:
 - (i) the Group and the Bank have transferred substantially all the risks and rewards of the financial asset, or

- (ii) the Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the financial asset, but have transferred control of the financial asset.

When the Group and the Bank have transferred its rights to receive cash flows from a financial asset or have entered into a "pass through" arrangement, they evaluate to what extent they have retained the risks and rewards of ownership. When the Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the financial asset and have not transferred control of the financial asset, the Group and the Bank continue to recognise the transferred financial asset to the extent of the Group's and of the Bank's continuing involvement in the financial asset. In that case, the Group and the Bank also recognise an associated financial liability. The transferred financial asset and associated financial liability are measured on a basis that reflect the rights and obligations that the Group and the Bank have retained.

(d) Impairment of financial assets

The Group and the Bank assess at each reporting date whether there is any objective evidence that a financial asset, including security or a group of securities (other than financial assets at FVTPL) is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one (1) or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers experiencing significant financial difficulty, the probability that they will enter bankruptcy or other reorganisation, default or delinquency in interest/profit or principal payments or where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

(1) Loans and receivables

- (i) Loans, advances and financing

Classification of loans, advances and financing as impaired

Loans, advances and financing are classified as impaired when:

- principal or interest/profit or both are past due for more than three (3) months; or
- loans, advances and financing in arrears for less than three (3) months which exhibit indications of credit weaknesses; or
- impaired loans, advances and financing have been rescheduled or restructured, the loans, advances and financing will continue to be classified as impaired until repayments based on the rescheduled or restructured terms have been observed continuously for a period of six (6) months; or
- default occurs for repayments scheduled on intervals of three (3) months or longer.

Impairment process – individual assessment

The Group and the Bank assess if objective evidence of impairment exists for loans, advances and financing which are deemed to be individually significant.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(v) Financial assets (cont'd.)

(d) Impairment of financial assets (cont'd.)

(1) Loans and receivables (cont'd.)

(i) Loans, advances and financing (cont'd.)

Impairment process – individual assessment (cont'd.)

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the carrying amount of the loans, advances and financing and the present value of the estimated future cash flows discounted at the original effective interest rate of the loans, advances and financing. The carrying amount of the loans, advances and financing is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the income statements.

Impairment process – collective assessment

Loans, advances and financing which are not individually significant and that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans, advances and financing are grouped within similar credit risk characteristics for collective assessment, whereby data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of loans, advances and financing that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group and of the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for a group of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank to reduce any differences between loss estimates and actual loss experience.

Impairment process – subsequent measurement

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or written back by adjusting the allowances for impairment losses on loans, advances and financing account.

Impairment process – written-off accounts

When there is no realistic prospect of future recovery, the loans, advances and financing are written-off against the related allowance for loan impairment. Such loans, advances and financing are written-off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts which were previously written-off are recognised in the income statements under the caption of 'allowances for impairment losses on loans, advances and financing'.

(ii) Other receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Bank consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the income statements.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statements.

(2) Financial investments available-for-sale ("AFS")

For financial investments AFS, the Group and the Bank assess at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as financial investments AFS, the objective evidence would include a "significant" or "prolonged" decline in the fair value of the investment below its cost. The Group and the Bank treat "significant" generally as 25% and "prolonged" generally as four (4) consecutive quarters. When there is evidence of impairment, the cumulative loss (which is measured as the difference between the acquisition cost and the current fair value, less any accumulated impairment loss on that investment previously recognised in the income statements) that had been recognised in other comprehensive income is reclassified from equity to income statements. Impairment losses on equity investments are not reversed through the income statements; increases in the fair value after impairment are recognised in other comprehensive income.

For unquoted equity securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities.

The amount of impairment loss for unquoted equity securities is recognised in the income statements and such impairment losses are not reversed subsequent to its recognition until actual cash is received.

For quoted equity securities, its impairment losses are not reversed subsequent to its recognition until such equities are disposed.

In the case of debt instruments classified as financial investments AFS, the impairment is assessed based on the same criteria as financial investments HTM. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any accumulated impairment loss on that investment previously recognised in the income statements.

Future interest income continues to be accrued based on the reduced carrying amount of asset by using the rate of interest which is used to discount the future cash flows for the purpose of measuring the impairment loss. If in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statements, the impairment loss is reversed through the income statements.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(v) Financial assets (cont'd.)

(d) Impairment of financial assets (cont'd.)

(3) Financial investments held-to-maturity ("HTM")

For financial investments HTM, the Group and the Bank assess at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. If there is objective evidence of impairment on financial investments HTM, impairment loss is measured as the difference between the carrying amount of the financial investments HTM and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial investments HTM. The carrying amount of the financial investments HTM is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the income statements.

Subsequent reversals in the impairment loss are recognised when the decrease can be objectively related to an event occurring after the impairment loss was recognised. The reversal should not result in the carrying amount of the asset that exceeds what its amortised cost would have been at the reversal date had the impairment not been recognised. The reversal is recognised in the income statements.

(e) Reclassification of financial assets

The Group and the Bank may choose to reclassify non-derivative assets out of the financial assets at FVTPL category, in rare circumstances, where the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group and the Bank may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the financial assets at FVTPL or financial investments AFS if the Group and the Bank have the intention and ability to hold the financial assets for the foreseeable future or until maturity.

Reclassifications are made at fair value as at the reclassification date, whereby the fair value becomes the new cost or amortised cost, as applicable.

For a financial asset reclassified out of the financial investments AFS, any previous gain or loss on that asset that has been recognised in equity is amortised to the income statements over the remaining life of the asset using the effective interest method. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the income statements.

Reclassification is at the election of management, and is determined on an instrument-by-instrument basis. The Group and the Bank do not reclassify any financial instrument into the FVTPL category after initial recognition or reclassify any financial instrument out of financial investments AFS during the financial year ended 31 December 2015.

(vi) Financial liabilities

(a) Date of recognition

All financial liabilities are initially recognised on the trade date i.e. the date that the Group and the Bank become a party to the contractual provision of the instruments. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(b) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(1) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities HFT and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities held-for-trading

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria.

Gains or losses on financial liabilities HFT are recognised in the income statements.

Financial liabilities designated at fair value

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group and the Bank have not designated any financial liabilities at FVTPL.

(2) Other financial liabilities

The Group's and the Bank's other financial liabilities include deposits from customers, investment accounts of customers, deposits and placements from financial institutions, debt securities (including borrowings), payables, bills and acceptances payable and other liabilities.

(i) Deposits from customers, investment accounts of customers and deposits and placements from financial institutions

Deposits from customers, investment accounts of customers and deposits and placements from financial institutions are stated at placement values. Interest/profit expense of deposits from customers, investment accounts of customers and deposits and placements from financial institutions measured at amortised cost is recognised as it accrued using the effective interest rate method.

(ii) Debt securities

Debt securities issued by the Group and the Bank are classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments. The Group's and the Bank's debt securities issued consist of subordinated notes/bonds/sukuk, Innovative Tier 1/ Stapled Capital Securities and borrowings.

These debt securities are classified as liabilities in the statement of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or interest or both to holders of the debt securities and that the Group and the Bank are contractually obliged to settle the financial instrument in cash or another financial instrument.

Subsequent to initial recognition, debt securities issued are recognised at amortised cost, with any difference between proceeds net of transaction costs and the redemption value being recognised in the income statements over the period of the borrowings on an effective interest method.

(iii) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(vi) Financial liabilities (cont'd.)

(b) Initial recognition and subsequent measurement (cont'd.)

(2) Other financial liabilities (cont'd.)

(iv) Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market. These financial liabilities are measured at amortised cost using the effective interest method.

(v) Other liabilities

Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in the income statements.

(vii) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position of the Group and of the Bank if there is a current legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The financial assets and financial liabilities of the Group and of the Bank that are subject to offsetting, enforceable master netting arrangements and similar agreements are disclosed in Note 53.

(viii) Derivative financial instruments and hedge accounting

(a) Derivative financial instruments

The Group and the Bank trade derivatives such as interest rate swaps and futures, credit default swaps, commodity swaps, currency swaps, currency forwards and options on interest rates, foreign currencies, equities and commodities.

Derivative financial instruments are initially recognised at fair value. For non-option derivatives, their fair value are normally zero or negligible at inception. For purchased or written options, their fair value are equivalent to the market premium paid or received. The derivatives are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statements.

(b) Hedge accounting

The Group and the Bank use derivative instruments to manage exposures to interest rate, foreign currency and credit risks. In order to manage particular risks, the Group and the Bank apply hedge accounting for transactions which meet specified criteria.

At the inception of the hedge relationship, the Group and the Bank formally document the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting.

Hedge ineffectiveness is recognised in the income statements. For situations where the hedged item is a forecast transaction, the Group and the Bank also assess whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statements.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(1) Fair value hedge

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging instrument is recognised in the income statements. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying amount of the hedged item in the statements of financial position and is also recognised in the income statements.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying amount is amortised over the remaining term of the hedge using the effective interest method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statements.

The Group disclosed the details of fair value hedge in Note 12.

(2) Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statements.

When the hedged cash flow affects the income statements, the gain or loss on the hedging instrument previously recognised as other comprehensive income is transferred to the corresponding income or expense line of the income statements.

When a hedging instrument expires, or is sold, terminated, exercised or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to income statements.

The Group disclosed the details of cash flow hedge in Note 12.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(viii) Derivative financial instruments and hedge accounting (cont'd.)

(b) Hedge accounting (cont'd.)

(3) Net investment hedge

Net investment hedge including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income, while any gain or loss relating to the ineffective portion is recognised immediately in the income statements.

On disposal of the foreign operations, the cumulative amount of any such gains or losses recognised in other comprehensive income is transferred to the income statements.

The Group uses its subordinated obligations and capital securities as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 12 for more details.

(ix) Embedded derivatives

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract and the host contract is not itself held-for-trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statements.

(x) Resale and repurchase agreements

Securities purchased under resale agreements are securities which the Group and the Bank purchase with a commitment to resell at future dates. The commitments to resell the securities are reflected as assets on the statements of financial position. The difference between the purchase and resale prices is recognised in the income statements under the caption of 'interest income' and is accrued over the life of the agreement using the effective interest method.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank sell from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as liabilities on the statements of financial position. The difference between the sale and the repurchase prices is recognised in the income statements under the caption of 'interest expense' and is accrued over the life of the agreement using the effective interest method.

(xi) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statements as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are not depreciated until the development is completed and is available for use.

Leasehold land is depreciated over the period of the respective leases which ranges from 35 to 999 years. The remaining period of respective leases ranges from 3 to 903 years.

Depreciation of other property, plant and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Buildings on freehold land	50 years
Buildings on leasehold land	50 years or remaining life of the lease, whichever is shorter
Office furniture, fittings, equipment and renovations	10% - 25%
Computers and peripherals	14% - 25%
Electrical and security equipment	8% - 25%
Motor vehicles	20% - 25%

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statements.

Details of property, plant and equipment of the Group and of the Bank are disclosed in Note 19.

(xii) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflect market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statements in the year in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statements in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.3(xi) up to the date of change in use. Any difference arising at the date of change in use between the carrying amount of the property immediately prior to the change in use and its fair value is recognised directly in equity as revaluation reserve. When a fair value gain reverses a previous impairment loss, the gain is recognised in the income statements. Upon disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statements.

The Group disclosed the details of investment properties in Note 15.

Investment property under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable).

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xii) Investment properties (cont'd.)

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair values of IPUC are determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations are performed using either the residual method approach or discounted cash flow approach, as deemed appropriate by the valuer. Each IPUC is individually assessed. The Group and the Bank do not have any IPUC as at 31 December 2015.

(xiii) Other assets

Included in other assets are other debtors, amount due from brokers and clients, prepayments and deposits, tax recoverable and foreclosed properties.

(a) Other debtors and amount due from brokers and clients

These assets are carried at anticipated realisable values. An estimate is made for doubtful debts based on a review of all outstanding balances as at the reporting date. Bad debts are written-off when identified.

Included in other debtors are physical gold held by the Group and the Bank as a result of its broker-dealer activities. These are accounted for at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the income statements under the caption of 'other operating income'.

(b) Foreclosed assets

Foreclosed assets are those acquired in full or partial satisfaction of debts. Foreclosed assets are stated at the lower of carrying amount and fair value less costs to sell and are recognised in 'other assets'.

(xiv) Cash and short-term funds

Cash and short-term funds in the statement of financial position comprise cash balances and deposits with financial institutions and money at call with a maturity of one month or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash and short-term funds and deposits and placements with financial institutions, with original maturity of 3 months or less.

(xv) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is such indication or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit ("CGU")'s fair value less costs to sell and its value-in-use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its value-in-use calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Bank estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statements.

Further disclosures relating to impairment of non-financial assets are disclosed in the following notes:

- Significant accounting judgements, estimates and assumptions (Note 3)
- Property, plant and equipment (Note 19)
- Intangible assets (Note 20)

(xvi) Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

When the Group and the Bank expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statements net of any reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. Any increase in the provision which due to the passage of time is recognised in the income statements.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and recognised in income statements.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xvii) Financial guarantees contract

Financial guarantees are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when it is due in accordance with the contractual terms. In the ordinary course of business, the Group and the Bank give financial guarantees, consisting of letter of credit, guarantees and acceptances.

Financial guarantees premium are initially recognised at fair value on the date the guarantee was issued. Subsequent to initial recognition, the received premium is amortised over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognised at the higher of this amortised amount and the present value of any expected payments (when a payment under guarantee has become probable). The unamortised premium received on these financial guarantees is included within 'other liabilities' in the statements of financial position.

(xviii) Profit Equalisation Reserve ("PER")

Since 1 July 2012, Maybank Islamic Berhad, the Islamic banking subsidiary of the Bank has adopted BNM's Revised Guidelines for PER ("the revised guideline"). Upon the adoption of the revised guidelines, it has discontinued the application of PER to mitigate its displaced commercial risk ("DCR"). The outstanding PER has been distributed to the remaining depositors and the Islamic banking subsidiary based on the outstanding proportion.

In managing its DCR, the Islamic banking subsidiary transfers its current profits to depositors on the basis of hibah. The payment of hibah is recognised as cost in the income statements.

(xix) Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the income statements except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of Ringgit Malaysia ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates for the financial year; and
- All resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to the income statements (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On the partial disposal of a subsidiary that includes a foreign operation, the Group reattributes the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation, the Group reclassifies to the income statements only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign subsidiaries and translated at the closing rate at the reporting date.

(xx) Income and deferred taxes and zakat

(a) Income tax

Current tax assets/recoverable and current tax liabilities/provisions are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Income taxes for the year comprises current and deferred taxes. Current tax expense is determined according to the tax laws of each jurisdiction in which the Bank and the Bank's subsidiaries or associates operate and generate taxable income.

Current tax expense relating to items recognised directly in equity, is recognised in other comprehensive income or in equity and not in the income statements.

Details of income taxes for the Group and the Bank are disclosed in Note 45.

(b) Deferred tax

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xx) Income and deferred taxes and zakat (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- (i) when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside income statements is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Details of deferred tax assets and liabilities are disclosed in Note 27.

(c) Zakat

This represents business zakat payable by the Group in compliance with Shariah principles and as approved by the Group's Shariah Committee.

(xxi) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) Classification

A lease is classified at the inception date as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets to the Group and the Bank.

All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of the building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(b) Finance lease - the Group and the Bank as lessee

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Bank's or the Bank's subsidiaries' incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the leased assets, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.3(xi).

(c) Operating lease - the Group and the Bank as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term of the relevant lease.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(d) Operating lease - the Group and the Bank as lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the lease term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term on the same basis as rental income.

(xxii) Insurance contracts/takaful certificates

Through its insurance and takaful subsidiaries, the Group issues contracts/certificates to customers that contain insurance/takaful risk, financial risk or a combination thereof. A contract/certificate under which the Group accepts significant insurance/takaful risk from another party by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract/takaful certificate. An insurance contract/takaful certificate may also transfer financial risk, but is accounted for as an insurance contract/takaful certificate if the insurance/takaful risk is significant.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xxii) Insurance contracts/takaful certificates (cont'd.)

(a) Insurance premium/contribution income

Premium/contribution income from general insurance/general takaful businesses are recognised in the financial year in respect of risks assumed during that particular financial year. Premium/contribution from direct business are recognised during the financial year upon issuance of debit notes. Premium/contribution in respect of risk incepted for which debit notes have not been issued as of the reporting date are accrued at that date.

Premium/contribution income from life insurance/family takaful businesses are recognised as soon as the amount of the premium/contribution can be reliably measured. Initial premiums/contributions are recognised from inception date and subsequent premiums/contributions are recognised on due dates. At the end of the financial year, all due premiums/contributions are accounted for to the extent that they can be reliably measured.

(b) Reinsurance premium/retakaful contribution

Reinsurance premium/retakaful contributions are recognised in the same financial year as the original policies/certificates to which the reinsurance/retakaful relates. Inward treaty reinsurance premium/retakaful contributions are recognised on the basis of periodic advices received from ceding insurers/takaful operators. Inward facultative reinsurance premium/retakaful contributions are recognised in the financial year in respect of the facultative risks accepted during that particular financial year, as in the case of direct policies/certificates, following the individual risks' inception dates.

(c) Benefits and claims expenses

Benefits and claims expenses are recognised in the income statements when a claimable event occurs and/or the insurer/takaful operator is notified. Recoveries on reinsurance/retakaful claims are accounted for in the same financial year as the original claims are recognised.

(d) Commission expenses and acquisition costs

The commission expenses and gross cost of acquiring and renewing insurance policies/takaful certificates, after net of income derived from ceding reinsurance premiums/retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Gross commission and agency expenses for life insurance business are costs directly incurred in securing premium on insurance policies, after net of income derived from ceding reinsurance premium, are recognised in the income statements in the year in which they are incurred.

(e) Premium/contribution liabilities, unearned premium/contribution reserves and unexpired risk reserves

(1) Premium/contribution liabilities

Premium/contribution liabilities represent the future obligations on insurance/takaful contracts as represented by premium/contribution received for risks that have not yet expired. The movement in premium/contribution liabilities is released over the term of the insurance/takaful contracts and is recognised as premium/contribution income.

Premium liabilities for general insurance business are reported at the higher of the aggregate of the unearned premium reserves for all lines of business or the best estimated value of the insurer's unexpired risk reserves at the end of the financial year and a provision of risk margin for adverse deviation ("PRAD") as prescribed by BNM.

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

(2) Unearned premium reserves ("UPR") and unearned contribution reserves ("UCR")

UPR/UCR represents the portion of net premiums/gross contributions of insurance policies/takaful certificates written that relate to the unexpired periods of policies/certificates at the end of the financial year. In determining the UPR/UCR at the reporting date, the method that most accurately reflects the actual unearned premium/contribution is used as follows:

- 25% method for marine cargo, aviation cargo and transit business;
- 1/24th method for all other classes of local business of general insurance and 1/365th method for all other classes of general takaful business, reduced by the corresponding percentage of accounted gross direct business commissions to the corresponding premiums/contributions, not exceeding limits specified by BNM;
- 1/8th method for all classes of overseas business with a deduction of 20% for commissions;
- Earned upon maturity method for bond business written by the general takaful funds; and
- Non-annual policies are time-apportioned over the period of the risks after deducting the commission, that relate to the unexpired periods of policies at the end of the financial year.

(3) Unexpired risk reserves ("URR")

The URR is the prospective estimate of the expected future payments arising from future events insured under policies/certificates in force as at the reporting date and also includes allowance for expenses, including overheads and cost of reinsurance/retakaful, expected to be incurred during the unexpired period in administering these policies/certificates and settling the relevant claims and expected future premium/contribution refunds. URR is estimated via an actuarial valuation performed by the signing actuary.

(f) Reinsurance/retakaful assets

The insurance and takaful subsidiaries of the Bank cede insurance/takaful risk in the normal course of their businesses. Reinsurance/retakaful assets represent amounts recoverable from reinsurers or retakaful operators for insurance/takaful contract liabilities which have yet to be settled at the reporting date. At each reporting date, or more frequently, the insurance and takaful subsidiaries of the Bank assess whether objective evidence exists that reinsurance/retakaful assets are impaired.

To determine whether there is objective evidence that an impairment loss on reinsurance/retakaful asset has been incurred, the insurance and takaful subsidiaries of the Bank consider factors such as the probability of insolvency or significant financial difficulties of the issuer or obligor and default or significant delay in payments. If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statements.

Reinsurance/retakaful assets are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

(g) Insurance/takaful receivables

Insurance/takaful receivables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective yield method. At each reporting date, the insurance and takaful subsidiaries of the Bank assess whether objective evidence exists that insurance/takaful receivables are impaired.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xxii) Insurance contracts/takaful certificates (cont'd.)

(g) Insurance/takaful receivables (cont'd.)

To determine whether there is objective evidence that an impairment loss on insurance/takaful receivables have been incurred, the insurance and takaful subsidiaries of the Bank consider factors such as the probability of insolvency or significant financial difficulties of the issuer or obligor and default or significant delay in payments. If any such evidence exists, the insurance and takaful subsidiaries of the Bank reduce the carrying amount of the insurance/takaful receivables accordingly and recognise that impairment loss in the income statements.

Insurance/takaful receivables are derecognised when the contractual right to receive cash flows has expired or substantially all the risks and rewards have been transferred to another party.

(h) Insurance contract/takaful certificate liabilities

Insurance contract/takaful certificate liabilities are recognised when contracts/certificates are in-force and premiums/contributions are charged. Insurance contract/takaful certificate liabilities are derecognised when the contracts/certificates expired, discharged or cancelled. Any adjustments to the liabilities at each reporting date are recorded in the income statements. Profits originating from margins of adverse deviation on run-off contracts/certificates, are recognised in the income statements over the life of the contract/certificate, whereas losses are fully recognised in the income statements during the first year of run-off.

An assessment is made at each reporting date through the performance of a liability adequacy test to determine whether the recognised insurance contract/takaful certificate liabilities are adequate to cover the obligations of insurance/takaful subsidiaries, contractual or otherwise, with respect to insurance contracts/takaful certificates issued. In performing the liability adequacy test, the insurance/takaful subsidiaries discount all contractual cash flows and compare them against the carrying amount of insurance contract/takaful certificate liabilities. Any deficiency is recognised in the income statements.

(i) Claims liabilities

Claim liabilities represent the insurer's obligations, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at reporting date. Claim liabilities are the estimated provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") and related claims handling costs. These comprised of the best estimate value of claim liabilities and a PRAD as prescribed by BNM. Liabilities for outstanding claims are recognised upon notification by policyholders/participants. Claim liabilities are determined based upon valuations performed by the signing actuary, using a range of actuarial claims projection techniques based on, amongst others, actual claims development patterns. Claim liabilities are not discounted.

(j) Expense liabilities

Expense liabilities in relation to general takaful and family takaful businesses are based on estimations performed by a qualified actuary. Changes in expense liabilities are recognised in the income statements.

(k) Insurance/takaful payables

Insurance/takaful payables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(xxiii) Fair value measurement

The Group and the Bank measure financial instruments such as financial assets at FVTPL, financial liabilities designated at FVTPL, financial investments AFS, derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value hierarchies of financial instruments and non-financial assets that are measured at fair value are disclosed in Note 52(c).

While the fair value hierarchies of financial assets and financial liabilities that are not measured at fair value, for which fair value is disclosed are presented in Note 52(g).

(xxiv) Interest/Profit income and expense

Interest income and expense for all financial instruments are measured at amortised cost. Interest/profit-bearing financial assets classified as loans, advances and financing, financial investments available-for-sale, financial assets held-for-trading and financial assets designated at FVTPL are recognised in the income statements under the caption of 'interest income' using the effective interest method. Interest/profit-bearing financial liabilities classified as deposits from customers, investment accounts of customers, deposits and placements from financial institutions, financial liabilities designated at FVTPL, debt securities and payables are recognised in the income statements under the caption 'interest expense' using effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Bank take into account all contractual terms of the financial instrument and include any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the effective interest rate, but does not consider future credit losses.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xxiv) Interest/Profit income and expense (cont'd.)

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Profit income and expense from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

(xxv) Fee and other income

(a) Fee income

The Group and the Bank earn fee income from a diverse range of services they provide to its customers. Fee income can be divided into the following three categories:

(1) Fee income earned on the execution of a significant act

Income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as an arrangement for the acquisition of shares or other securities).

(2) Fee income earned from provision of services

Income earned from the provision of services is recognised as revenue over the period in which the services are provided (for example, asset management, portfolio and other management advisory and service fees).

(3) Fee income that forms an integral part of the effective interest rate of a financial instrument

Income that forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded as part of 'interest income' in the income statements.

(b) Dividend income

Dividend income is recognised when the Group's and the Bank's right to receive the payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

(c) Customer loyalty programmes

Award credits under the customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the cost of award credits and the other components of the sale. The consideration allocated to award credits is recognised in the income statements under the caption of 'other operating income' when award credits are redeemed.

(xxvi) Employee benefits

(a) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the income statements in the year in which the associated services are rendered by employees of the Group and of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised as an expense in the income statements when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised as an expense in the income statements when the absences occur.

(b) Other long-term employee benefits

Other long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which the employees render the related service.

The cost of long-term employee benefits is accrued to match the services rendered by employees of the Group using the recognition and measurement bases similar to that for defined benefit plans disclosed in Note 2.3 (xxvi)(d), except that the remeasurements of the net defined benefit liability or asset are recognised immediately in the income statements.

(c) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Certain overseas branches and overseas subsidiaries of the Bank make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statements when incurred.

(d) Defined benefit plans

As required by labour laws in certain countries, certain subsidiaries of the Bank are required to pay severance payment to their employees upon employees' retirement. The Group treated such severance payment obligations as defined benefit plans or pension plans.

The defined benefit costs and the present value of defined benefit obligations are calculated at the reporting date by the qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in the income statements on the earlier of:

- The date of the plan amendment or curtailment; or
- The date that the overseas subsidiaries of the Bank recognise restructuring related costs.

Net interest on the net defined benefit asset or liability and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in the income statements.

The Group disclosed the details of defined benefit plans in Note 24(a).

(e) Share-based compensation

(1) Employee Share Option Scheme ("ESOS")

The ESOS is an equity-settled share-based compensation plan that allows the Group's directors and employees to acquire shares of the Bank. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statements and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xxvi) Employee benefits (cont'd.)

(e) Share-based compensation (cont'd.)

(1) Employee Share Option Scheme ("ESOS") (cont'd.)

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share option reserve is transferred to retained earnings upon expiry of the share option.

(2) Restricted Share Units ("RSU")

Senior management employees of the Group are entitled to performance-based restricted shares as consideration for services rendered. The RSU may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of the Maybank Group Employees' Share Scheme ("ESS") Committee. The total fair value of RSU granted to senior management employees is recognised as an employee cost with a corresponding increase in the reserve within equity over the vesting period and taking into account the probability that the RSU will vest. The fair value of RSU is measured at grant date, taking into account, the market vesting conditions upon which the RSU were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to be awarded on the vesting date.

At each reporting date, the Bank revises its estimates of the number of RSU that are expected to be awarded on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statements and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

(3) Cash-settled Performance-based Scheme ("CESS")

CESS comprising of Cash-settled Performance-based Option Scheme ("CESOS") and Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") is made available to the eligible employees of overseas branches and overseas subsidiaries of the Bank, subject to achievement of performance criteria set out by the Board of Directors and prevailing market practices in the respective countries.

The cost of CESS is measured initially at fair value at the grant date using a binomial model, further details of which are disclosed in Notes 31(f) and 31(g). This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the income statements in 'personnel expenses' under caption of "ESS Expense".

Details of share options granted under ESS and CESS are disclosed in Note 31(c).

(xxvii) Non-current assets (or disposal group) held for sale and discontinued operations

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

Immediately before the initial classification of non-current assets (or disposal group) as held for sale, the carrying amount of non-current assets (or component of a disposal group) is remeasured in accordance with applicable MFRS. Thereafter, the non-current assets (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment property, which continue to be measured in accordance with MFRS. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Equity accounting on associates ceases once the associates are classified as held for sale.

A disposal group qualifies as discontinued operation if it is a component of the Group and of the Bank that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statements.

(xxviii) Share capital and dividends declared

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Transaction costs directly attributable to the issuance of new equity shares are taken to equity as a deduction against the issuance proceeds.

Dividends declared on ordinary shares are recognised as a liability and deducted from equity in the period in which all relevant approvals have been obtained. Dividends declared on ordinary shares held under ESOS Trust Fund ("ETF") Pool are eliminated at the Group level.

(xxix) Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose its existence when inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities are possible obligations that arise from past events, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Bank; or are present obligations that have arisen from past events but are not recognised because it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably. The Group and the Bank do not recognise contingent liabilities. Contingent liabilities are disclosed, unless the probability of outflow of economic benefits is remote.

(xxx) Earnings per share

The Group presents basic and diluted (where applicable) earnings per share ("EPS") for profit or loss from continuing operations attributable to the ordinary equity holders of the Bank on the face of the income statements.

Basic EPS is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year, which has been adjusted for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

Where there is a discontinued operation reported, the Group presents the basic and diluted amounts per share for the discontinued operation on the face of the income statements.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(xxxi) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or a group of people that is responsible to allocate resources and assess the performance of the operating segments of an entity. The Group has determined the Group Executive Committee of the Bank as its chief operating decision-maker.

All transactions between business segments (intra-segment revenue and costs) are being eliminated at head office. Income and expenses directly associated with each business segment are included in determining business segment performance.

The Group disclosed its segment information in Note 58.

(xxxii) Monies held-in-trust by Participating Organisation of Bursa Malaysia Securities Berhad ("FRSIC Consensus 18")

FRSIC Consensus 18 was developed by the Financial Reporting Standards Implementation Committee ("FRSIC") and issued by the Malaysian Institute of Accountants on 18 September 2012. FRSIC Consensus 18 has been applied in the financial statements of the Group relating to monies in the trust accounts held by entities within the Group that is a participating organisation of Bursa Malaysia Securities Berhad or participating members of an equivalent stock exchanges in the respective countries.

In accordance with FRSIC Consensus 18, monies held-in-trust by a participating organisation are not recognised as part of the entity's assets with the corresponding liabilities as the entity neither has control over the trust monies to obtain the future economic benefits embodied in the trust monies nor has any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources embodying economic benefits from the entity. This accounting treatment is consistent with the definition of assets and liabilities as defined in the *Conceptual Framework for Financial Reporting* under the MFRS Framework.

The Group has disclosed the carrying amounts of the monies held-in-trust for clients as at the reporting date in Note 5.

2.4 Changes in accounting policies and disclosures

On 1 January 2015, the Group and the Bank adopted the following amended MFRS and annual improvements to MFRSs:

Description	Effective for annual periods beginning on or after
MFRS 119 <i>Employee Benefits</i> - Defined Benefits Plans:	
Employee Contributions (Amendments to MFRS 119)	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The nature and impact of these amendments to MFRSs are disclosed below:

MFRS 119 Employee Benefits - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The affected subsidiaries of the Bank do not have contributions from employees (or third parties) to their defined benefit plans. Thus, adoption of these amendments did not have any financial implications to the financial statements of the Group.

Annual Improvements to MFRSs 2010 - 2012 Cycle

(i) **MFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. This is consistent with the Group's and the Bank's current accounting policy and thus, this amendment did not have any financial implications to the financial statements of the Group and the Bank.

(ii) **MFRS 3 Business Combinations**

The amendment to MFRS 3 is applied prospectively and it clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 *Financial Instruments: Presentation*. The amendment also clarifies that contingent consideration that is classified as an asset or a liability should be subsequently measured at fair value through profit or loss at each reporting date (whether or not they fall within the scope of MFRS 9 or MFRS 139, as applicable) and changes in fair value should be recognised in the income statements.

The amendment is effective for business combination for which the acquisition date is on or after 1 July 2014. There was no new business acquisition during the financial year ended 31 December 2015. Thus, this amendment did not have any financial implications to the financial statements of the Group and of the Bank.

(iii) **MFRS 8 Operating Segments**

The amendment to MFRS 8 is applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision-maker, similar to the required disclosure for segment liabilities.

The Group did not apply the aggregation criteria as mentioned above. Thus, this amendment did not have any financial implications to the financial statements of the Group.

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

The amendment relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendment is merely a clarification on Basis for Conclusions. Thus, this amendment did not have any financial implications to the financial statements of the Group and of the Bank.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in accounting policies and disclosures (cont'd.)

Annual Improvements to MFRSs 2010 - 2012 Cycle (cont'd.)

(v) MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendments are applied retrospectively and clarify that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

The Group and the Bank applied cost model for measurement of property, plant and equipment and intangible assets. Thus, this amendment did not have any financial implications to the financial statements of the Group and of the Bank.

(vi) MFRS 124 Related Party Disclosures

The amendment to MFRS 124 is applied retrospectively and clarifies that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

This amendment is not applicable to the Group and the Bank.

Annual Improvements to MFRSs 2011 - 2013 Cycle

(i) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

The amendment relates to the MASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

The amendment is merely a clarification on Basis for Conclusion and it is not applicable to the Group and the Bank.

(ii) MFRS 3 Business Combinations

The amendment to MFRS 3 is applied prospectively and clarifies for the scope exceptions within MFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of MFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

This amendment is not applicable to the Group and the Bank.

(iii) MFRS 13 Fair Value Measurement

The amendment to MFRS 13 is applied prospectively and it clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

This amendment is not applicable to the Group and the Bank.

(iv) MFRS 140 Investment Property

The amendment to MFRS 140 is applied prospectively and it clarifies that an entity acquiring investment property must determine whether:

- The property meets the definition of investment property in terms of MFRS 140; and
- The transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

There was no acquisition of investment properties by the Group and the Bank during the financial year ended 31 December 2015. Thus, this amendment did not have any financial implications to the financial statements of the Group and of the Bank.

2.5 Significant changes in regulatory requirements

(i) Revised Policy Document on Classification and Impairment Provisions for Loans/Financing issued by Bank Negara Malaysia ("BNM")

On 6 April 2015, BNM issued a Revised Policy Document on Classification and Impairment Provisions for Loans/Financing ("Revised Policy Document"). This Revised Policy Document applies to banking institutions in Malaysia that covers licensed bank, licensed Islamic bank and licensed investment bank. The issuance of this Revised Policy Document has superseded two guidelines issued by BNM previously, namely Classification and Impairment Provisions for Loans/Financing dated 9 November 2011 and Classification and Impairment Provisions for Loans/Financing – Maintenance of Regulatory Reserves dated 4 February 2014.

The requirements in this Revised Policy Document are as follows:

- (i) The requirement to classify loans/financing as rescheduled and restructured in the Central Credit Reference Information System ("CCRIS") is effective on or after 1 April 2015;

The local banking institutions in the Group and the Bank have completed the assessment and complied with the requirements.

and

- (ii) The requirement for a banking institution to maintain, in aggregate, collective impairment allowance and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowance by 31 December 2015.

The local banking institutions in the Group have early adopted this requirement in the previous financial year ended 31 December 2014 based on the guideline issued on 4 February 2014 where it resulted in the Group making a transfer of RM274.5 million from its retained profits to regulatory reserve. The Revised Policy Document will not have any impact to the profit or loss of the Group. The regulatory reserve is not qualified as Common Equity Tier 1 ("CET1") capital under BNM's Capital Adequacy Framework (Capital Components).

During the financial year ended 31 December 2015, the Group and the Bank have transferred RM973.0 million (2014: RM274.5 million) and RM813.8 million (2014: Nil) respectively from its retained profits to regulatory reserve.

The financial impact to the Group and the Bank upon complying with the Revised Policy Document are disclosed as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Regulatory reserve as at 1 January	274,500	-	-	-
Transfer from retained profits during the financial year	973,009	274,500	813,800	-
Regulatory reserve as at 31 December	1,247,509	274,500	813,800	-
Collective allowance ratio	0.90%	0.97%	0.92%	1.10%
Collective allowance ratio	1.19%*	1.04%#	1.20%*	1.10%
Loan loss coverage	71.99%	95.58%	75.01%	103.01%
Loan loss coverage	86.58%*	99.98%#	90.08%*	103.01%

* Collective allowance ratio and loan loss coverage are computed after taking into consideration the additional regulatory reserve and classification of rescheduled and restructured loans, advances and financing as impaired in accordance with the requirements of Revised Policy Document issued by BNM.

Collective allowance ratio and loan loss coverage are computed after taking into consideration the additional regulatory reserve in accordance with the requirement of *Classification and Impairment Provisions for Loans/Financing – Maintenance of Regulatory Reserves* dated 4 February 2014 issued by BNM.

Notes to the Financial Statements

31 December 2015

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Significant changes in regulatory requirements (cont'd.)

(ii) Guideline on Investment Account

The Islamic Financial Services Act 2013 ("IFSA") distinguishes Investment Account ("IA") from Islamic deposit, where IA is defined by the application of Shariah contracts with non-principal guaranteed feature for the purpose of investment. The Guideline on IA was subsequently issued in March 2014 providing a two-year transition period up to 30 June 2015 for Islamic banking institutions to comply with IFSA's requirements on IA.

During the financial year, Maybank Islamic Berhad, a subsidiary of the Bank, introduced new non-principal guaranteed Mudharabah IA products that comply with the requirements of the Guidelines on IA to its customers.

As the nature of IA is non-principal guaranteed, any impairment allowances required on the assets are not recognised in the income statements but charged to and borne by the investors. All assets funded by the IA pool are excluded from the computation of capital ratio as disclosed in Note 57(e).

For presentation purpose, the Mudharabah IA is presented as a separate line item on the face of the Consolidated Statements of Financial Position as at 31 December 2015.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and 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. The most significant uses of judgements and estimates are as follows:

3.1 Going concern

The Group's and the Bank's management have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 Impairment of financial investments portfolio (Notes 9, 10 and 44)

The Group and the Bank review their financial investments AFS and financial investments HTM at each reporting date to assess whether there are any objective evidence that these investments are impaired. If there are indicators or objective evidence, these investments are subjected to impairment review.

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

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

3.3 Fair value estimation of financial assets at FVTPL (Note 8), financial investments AFS (Note 9), derivative financial instruments (Note 12) and financial liabilities designated at FVTPL

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques. Valuation techniques include the discounted cash flows method, option pricing models, credit models and other relevant valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Refer to Note 52 for further disclosures.

3.4 Impairment losses on loans, advances and financing (Notes 11 and 43)

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

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

3.5 Valuation of investment properties (Note 15)

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

3.6 Impairment of investment in subsidiaries (Note 17) and interest in associates and joint ventures (Note 18)

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

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

Notes to the Financial Statements

31 December 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

3.6 Impairment of investment in subsidiaries (Note 17) and interest in associates and joint ventures (Note 18) (cont'd.)

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

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

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

Sensitivity to changes in assumptions

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

3.7 Impairment of goodwill (Note 20(a))

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

3.8 Amortisation of other intangible assets (Note 20(b) to (d))

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

3.9 Deferred tax (Note 27) and income taxes (Note 45)

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

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

3.10 Liabilities of insurance business (Note 23)

(a) Life insurance and family takaful businesses

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

For life insurance contracts, the main assumptions used relate to mortality, morbidity, longevity, expenses, withdrawal rates and discount rates. These estimates, adjusted when appropriate to reflect the insurance subsidiary's unique risk exposure, provide the basis for the valuation of future policy benefits payable.

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

(b) General insurance and general takaful businesses

The principal uncertainty in the general insurance and general takaful businesses arise from the technical provisions which include the premium/contribution liabilities and claims liabilities. The bases of valuation of the premium/contribution liabilities and claims liabilities are disclosed in Note 2.3(xxii).

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

3.11 Defined benefit plans (Note 24(a))

The cost of the defined benefit plan and other post employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected rate of returns on investments, future salary increases, mortality rates, resignation rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality government bonds in their respective currencies and extrapolated maturity corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about the assumptions used, including a sensitivity analysis, are given in Note 24(a)(iv).

3.12 Deemed controlled structured entities (Note 62(b))

The Group has established a number of fixed income funds and equity funds, where it is deemed to be acting as principal rather than agent in its role as funds investment manager for the funds. Accordingly, the Group deemed to control these entities and consolidate these entities based on the accounting policies as disclosed in Note 2.2.

Notes to the Financial Statements

31 December 2015

4. STANDARDS AND ANNUAL IMPROVEMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and of the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 10 <i>Consolidated Financial Statements</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10)	To be announced by MASB
MFRS 10 <i>Consolidated Financial Statements</i> - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10)	1 January 2016
MFRS 11 <i>Joint Arrangements</i> - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)	1 January 2016
MFRS 12 <i>Disclosure of Interests in Other Entities</i> - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 12)	1 January 2016
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 101 <i>Presentation of Financial Statements</i> - Disclosure Initiative (Amendments to MFRS 101)	1 January 2016
MFRS 116 <i>Property, Plant and Equipment</i> - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116)	1 January 2016
MFRS 116 <i>Property, Plant and Equipment</i> - Agriculture: Bearer Plants (Amendments to MFRS 116)	1 January 2016
MFRS 127 <i>Separate Financial Statements</i> - Equity Method in Separate Financial Statements (Amendments to MFRS 127)	1 January 2016
MFRS 128 <i>Investment in Associates and Joint Ventures</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)	To be announced by MASB
MFRS 128 <i>Investments in Associates and Joint Ventures</i> - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 128)	1 January 2016
MFRS 138 <i>Intangible Assets</i> - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 138)	1 January 2016
MFRS 141 <i>Agriculture</i> - Agriculture: Bearer Plants (Amendments to MFRS 141)	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

MFRS 9 *Financial Instruments*

The International Accounting Standards Board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory.

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarised below:

(i) Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the assets. Key changes include:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories will be removed;

- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI is introduced; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at FVTPL to be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

(ii) Impairment

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under the current accounting standard. The Group and the Bank will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*. MFRS 9 will change the Group's and the Bank's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

(iii) Hedge accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

The Group has established a project team with assistance from consultants to plan and manage the implementation of MFRS 9. This implementation project consists of the following phases:

(a) Phase 1 - Impact assessment and solution development

This phase involves the following:

- Provide a clear understanding of the new accounting requirements via training;
- Perform gap and impact assessment;
- Understand the interdependencies with other projects; and
- Develop MFRS 9 blue-print.

(b) Phase 2 - Build, test and deploy

This phase aims to:

- Develop detailed implementation plan;
- Determine accounting policies to be adopted by the Group and the Bank; and
- Identify optimal solutions for the Group.

(c) Phase 3 - Go live

This phase will involve the following:

- Parallel run and deployment of solution tools; and
- Re-assessment of solution tools and conclusion.

The implementation project is expected to run for 2 years. During the financial year ended 31 December 2015, the Group has embarked on Phase 1 of the implementation project.

Notes to the Financial Statements

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4. STANDARDS AND ANNUAL IMPROVEMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10) and MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)

The amendments address the conflict between MFRS 10 and MFRS 128 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments require the full gain to be recognised when the assets transferred to associate or joint venture in which it meets the definition of a business as defined in MFRS 3 *Business Combinations*. Any gain or loss on assets transferred to associate or joint venture that do not meet the definition of a business would be recognised only to the extent of the unrelated investors' interest in the associate or joint venture. The amendments are applied prospectively effective for periods beginning on or after 1 January 2016, with early application permitted.

On 31 December 2015, MASB announced to defer the effective date of the amendments, except for the amendments which clarify how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests, where early application is still permitted. The deferment is in line with the IASB's recent decision which removed the requirement to apply Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) by 2016. The IASB's reason for making the decision to defer the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10), MFRS 12 Disclosures of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 12) and MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 128)

The amendments address three issues arising in the application of the investment entities consolidation exception:

- Amendments to MFRS 10 clarify that the exemption from presenting consolidated financial statements applies to parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. It also clarifies that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All subsidiaries that are themselves investment entities are measured at fair value through profit or loss.
- Amendments to MFRS 12 clarify the application of the standard to investment entities. An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss, is required to present the disclosures in respect of investment entities required by MFRS 12.
- Amendments to MFRS 128 allow an entity that is not itself an investment entity, and that has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively effective for annual periods beginning on or after 1 January 2016, with early application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)

The amendments apply to both the acquisition of the initial interest in joint operation and the acquisition of any additional interests in the same joint operation, in which the activity of the joint operation constitutes a business.

The amendments require that a joint operator accounts for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant MFRS 3 principles for business combinations accounting, and other MFRS that do not conflict with MFRS 11. It also clarifies that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest

in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in joint operation and the acquisition of any additional interests in the same joint operation, in which the activity of the joint operation constitutes a business. The amendments are applied prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the income statements and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. MFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group and the Bank are existing MFRS preparers, this standard would not apply.

MFRS 15 Revenue from Contracts with Customers

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

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

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

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS (including MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for the Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*).

The effective date of IFRS 15 on 1 January 2017 was removed by IASB. The amendments on new revenue standard issued by the IASB in September 2015 has confirmed that the effective date of IFRS 15 will be deferred by one year to 1 January 2018 and entities will continue to have the option to early adopt the new revenue standard. The IASB had proposed the deferral as it has tentatively decided to propose some targeted amendments to IFRS 15 that some entities may wish to apply at the same time as they first apply IFRS 15.

MFRS 15 is issued by the MASB in respect of its application in Malaysia. To coincide with the new effective date of IFRS 15 issued by IASB, MASB has also issued a notice on 28 October 2015 to defer the effective date of MFRS 15 to 1 January 2018. The Group and the Bank are in the process of assessing the financial implication for adopting the new standard.

Notes to the Financial Statements

31 December 2015

4. STANDARDS AND ANNUAL IMPROVEMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 101 Presentation of Financial Statements - Disclosure Initiative (Amendments to MFRS 101)

The amendments are part of a major initiative to improve disclosure requirements in MFRS financial statements. These amendments include narrow-focus improvements in five areas as follows:

(i) *Materiality*

The amendments clarify that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It also re-emphasises that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted.

(ii) *Disaggregation and subtotals*

The amendments clarify that specific line items in the statements of profit or loss and other comprehensive income and statement of financial position may be disaggregated.

It also introduces requirements for how an entity should present additional subtotals (in addition to those already required in MFRS) in the statements of profit or loss and other comprehensive income and statement of financial position, where the additional subtotals must:

- be comprised of line items made up of amounts recognised and measured in accordance with MFRS;
- be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- be consistent from period to period; and
- not be displayed with more prominence than the subtotals and totals currently required in MFRS for the statement of financial position or statements of profit or loss and other comprehensive income.

For additional subtotals presented in the statements of profit or loss and other comprehensive income, an entity must present the line items that reconcile any such subtotals with the subtotals or totals currently required in MFRS for such statements.

(iii) *Notes structure*

The amendments clarify that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasise that understandability and comparability should be considered when deciding on that order.

Examples of systematic ordering or groupings of the notes include:

- Giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position;
- Grouping together information about items measured similarly, such as assets measured at fair value; or
- Following the order of the line items in statements of profit or loss and other comprehensive income and statement of financial position, similar to the order listed in current paragraph 114 of MFRS 101.

(iv) *Disclosure of accounting policies*

The amendments remove the examples of significant accounting policies in the current paragraph 20 of MFRS 101, i.e. the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be.

(v) *Presentation of items of Other Comprehensive Income ("OCI") arising from equity accounted investments*

The amendments clarify that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to income statements.

The amendments are applicable for annual periods beginning on or after 1 January 2016, with early application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

MFRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116) and MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 138)

The amendments clarify the principle in MFRS 116 and MFRS 138 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part of) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group and the Bank do not anticipate any impact to the financial statements upon adoption of the amendments as the Group and the Bank do not use a revenue-based method to depreciate non-current assets or amortise intangible assets.

MFRS 116 Property, Plant and Equipment - Agriculture: Bearer Plants (Amendments to MFRS 116) and MFRS 141 Agriculture - Agriculture: Bearer Plants (Amendments to MFRS 141)

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 measured at fair value less costs to sell. For government grants related to bearer plants, MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group and the Bank do not anticipate any impact to the financial statements upon adoption of the amendments as the Group and the Bank do not have any bearer plants.

MFRS 127 Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments to MFRS 127)

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements and the Bank does not anticipate significant impact to the financial statements upon adoption of the amendments.

Annual Improvements to MFRSs

The following amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted:

Annual Improvements to MFRSs 2012 - 2014 Cycle

(i) **MFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

The amendment to MFRS 5 is applied prospectively and it clarifies that changing of disposal methods from held for sale to distribution to owners or vice versa should not be considered as a new plan of disposal, rather it is a continuation of the original plan. It also clarifies that changing of the disposal method does not change the date of classification which means the sale or distribution to owner must be completed within one year from the original date of classification.

Notes to the Financial Statements

31 December 2015

4. STANDARDS AND ANNUAL IMPROVEMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

Annual Improvements to MFRSs (cont'd.)

The following amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted (cont'd.):

Annual Improvements to MFRSs 2012 - 2014 Cycle (cont'd.)

(ii) MFRS 7 Financial Instruments: Disclosures

Servicing Contracts

An entity is required to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity is required to assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required. The amendment is applied retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.

Applicability of the amendments to MFRS 7 to condensed interim financial statements

The amendment is applied retrospectively and it removes the phrase "and interim periods within those annual periods" from paragraph 44R, clarifying that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(iii) MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bonds denominated in that currency must be used.

(iv) MFRS 134 Interim Financial Reporting

The amendment to MFRS 134 is applied retrospectively and it clarifies the meaning of 'elsewhere in the interim financial report'. It states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

The Group and the Bank do not expect the amendments on the annual improvements for the above standards to have significant financial implications in future financial statements.

5. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash balances and deposits with financial institutions	50,583,999	50,888,306	41,278,089	34,778,324
Money at call	5,063,408	1,964,554	-	-
	55,647,407	52,852,860	41,278,089	34,778,324

The Group's monies held-in-trust for clients as at the reporting date are approximately RM3,600,953,000 (2014: RM3,053,243,000). These amounts are excluded from the cash and short-term funds of the Group in accordance with FRSIC Consensus 18. The Bank does not have monies held-in-trust for clients as at the reporting date.

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Licensed banks		7,240,012	11,636,155	8,808,468	11,875,729
Bank Negara Malaysia		1,493,718	2,383,154	1,493,718	2,133,889
Other financial institutions	(a)	4,884,609	2,086,828	4,446,085	1,801,397
		13,618,339	16,106,137	14,748,271	15,811,015

(a) Included in deposits and placements with other financial institutions is USD30.0 million (2014: USD15.0 million) or Ringgit Malaysia equivalent of RM128.8 million (2014: RM52.4 million) pledged with the New York State Banking Department which is not available for use by the Group and the Bank due to capital equivalency deposit requirements.

Notes to the Financial Statements

31 December 2015

7. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS AND OBLIGATIONS ON FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) The financial assets purchased under resale agreements are as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Foreign Government Bonds	-	1,747,594	-	1,747,594
Foreign Government Securities	7,692,165	1,877,697	7,490,808	1,877,697
	7,692,165	3,625,291	7,490,808	3,625,291

(b) The obligations on financial assets sold under repurchase agreements are as follows:

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets held-for-trading	8(b)	312,474	449,318	312,474	449,318
Financial investments available-for-sale	9(a)	4,186,100	2,717,054	4,186,100	2,717,054
		4,498,574	3,166,372	4,498,574	3,166,372

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets designated upon initial recognition	(a)	10,314,285	11,235,695	-	-
Financial assets held-for-trading	(b)	6,908,310	12,469,628	4,221,895	9,425,390
		17,222,595	23,705,323	4,221,895	9,425,390

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	80,193	143,255	-	-
Malaysian Government Investment Issues	299,030	477,627	-	-
Negotiable Islamic Certificates of Deposits	244,970	241,010	-	-
Foreign Government Securities	24,561	1,212	-	-
	648,754	863,104	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	28,209	-	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	32,374	-	-	-
	60,583	-	-	-
Unquoted securities:				
Foreign private and Islamic debt securities	276,036	158,179	-	-
Private and Islamic debt securities in Malaysia	8,998,074	10,041,991	-	-
Structured deposits	330,838	172,421	-	-
	9,604,948	10,372,591	-	-
Total financial assets designated upon initial recognition	10,314,285	11,235,695	-	-

Notes to the Financial Statements

31 December 2015

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONT'D.)

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	168,244	283,831	126,340	272,059
Malaysian Government Investment Issues	48,866	63,001	-	-
Negotiable instruments of deposits	74,155	14,026	74,009	41,097
Foreign Government Securities	377,965	1,326,126	170,094	1,221,189
Malaysian Government Treasury Bills	-	155,055	-	155,055
Bank Negara Malaysia Bills and Notes	7,123	3,361,824	7,123	3,361,824
Bank Negara Malaysia Monetary Notes	-	2,232,015	-	1,026,617
Foreign Government Treasury Bills	136,088	122,860	136,088	122,860
	812,441	7,558,738	513,654	6,200,701
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	722,157	651,809	5,535	-
Private and Islamic debt securities	7,303	9,008	7,303	9,008
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	1,107,635	674,598	375	-
	1,837,095	1,335,415	13,213	9,008
Unquoted securities:				
Foreign private and Islamic debt securities	811,837	828,552	1,036,632	1,418,725
Private and Islamic debt securities in Malaysia	2,359,809	778,073	2,159,451	407,083
Foreign Government Bonds	500,409	1,397,132	498,945	1,389,873
Credit linked notes	400,720	388,230	-	-
Structured deposits	185,999	183,488	-	-
	4,258,774	3,575,475	3,695,028	3,215,681
Total financial assets held-for-trading	6,908,310	12,469,628	4,221,895	9,425,390

Included in financial assets held-for-trading are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Foreign Government Securities (Note 7(b))	312,474	449,318	312,474	449,318

Notes to the Financial Statements

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9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	7,001,549	5,408,214	6,894,053	5,397,916
Malaysian Government Investment Issues	13,373,645	13,121,165	8,699,293	8,241,282
Negotiable instruments of deposits	4,974,362	2,872,883	6,353,044	11,925,585
Foreign Government Securities	9,881,501	5,912,940	7,851,418	3,545,709
Foreign Government Treasury Bills	11,305,798	9,926,497	11,305,798	9,926,497
Khazanah Bonds	2,274,565	2,144,817	2,206,761	2,079,790
Cagamas Bonds	185,986	257,795	185,986	257,795
Bankers' acceptances and Islamic accepted bills	-	807,490	-	807,490
Foreign Certificates of Deposits	402,380	34,462	402,380	34,462
	49,399,786	40,486,263	43,898,733	42,216,526
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,785,914	3,525,946	141,061	139,515
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	95,799	150,768	1,046	1,874
Private and Islamic debt securities	77,376	3,856	-	-
Foreign Government Bonds	60,300	-	-	-
	3,019,389	3,680,570	142,107	141,389
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 [#]	216,285	364,848	270,382	198,617
Shares, trust units and loan stocks outside Malaysia [#]	203,448	19,075	5,993	4,880
Foreign private and Islamic debt securities	17,051,365	16,316,731	16,889,443	16,068,034
Private and Islamic debt securities in Malaysia	16,940,647	19,026,035	10,421,961	12,344,365
Foreign Government Bonds	2,890,243	1,906,897	2,873,428	1,902,802
Malaysian Government Bonds	539,145	829,778	448,023	754,092
Structured deposits	1,365	507	-	-
	37,842,498	38,463,871	30,909,230	31,272,790
Total financial investments available-for-sale	90,261,673	82,630,704	74,950,070	73,630,705

[#] Stated at cost, net of impairment losses.

(a) Included in financial investments available-for-sale are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysian Government Securities	1,418,736	1,044,332	1,418,736	1,044,332
Malaysian Government Investment Issues	2,715,437	1,465,017	2,715,437	1,465,017
Foreign private and Islamic debt securities	51,927	207,705	51,927	207,705
Total (Note 7(b))	4,186,100	2,717,054	4,186,100	2,717,054

Notes to the Financial Statements

31 December 2015

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONT'D.)

(b) The maturity profile of money market instruments is as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Within one year	18,719,295	14,705,777	17,874,590	17,873,298
One year to three years	4,489,771	6,331,554	5,901,597	7,151,033
Three years to five years	7,954,666	4,290,115	5,254,371	5,138,108
After five years	18,236,054	15,158,817	14,868,175	12,054,087
	49,399,786	40,486,263	43,898,733	42,216,526

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	1,061,952	1,158,127	736,022	842,487
Allowance made (Note 44)	370,101	219,308	33	21,947
Amount written back in respect of recoveries (Note 44)	(39,978)	(134,651)	(38,043)	(45,423)
Amount written-off/realised	(793,446)	(200,122)	(356,926)	(95,518)
Exchange differences	42,776	19,290	24,409	12,529
At 31 December	641,405	1,061,952	365,495	736,022

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	2,013,210	1,660,142	2,013,104	1,660,036
Malaysian Government Investment Issues	4,416,726	2,294,446	4,416,726	2,294,446
Foreign Government Securities	710,147	389,890	-	-
Foreign Government Treasury Bills	47,098	415,501	-	-
Khazanah Bonds	989,959	952,620	989,959	952,620
Foreign Certificates of Deposits	45,893	154,688	-	-
	8,223,033	5,867,287	7,419,789	4,907,102
Unquoted securities:				
Foreign private and Islamic debt securities	1,096,913	153,754	871,902	-
Private and Islamic debt securities in Malaysia	5,315,312	3,483,836	6,004,508	4,169,448
Foreign Government Bonds	69,076	90,181	34,764	26,438
Others	2,044	2,044	2,044	2,044
	6,483,345	3,729,815	6,913,218	4,197,930
Accumulated impairment losses	(24,248)	(22,564)	(3,776)	(4,877)
Total financial investments held-to-maturity	14,682,130	9,574,538	14,329,231	9,100,155

Notes to the Financial Statements

31 December 2015

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY (CONT'D.)

(a) Indicative fair values of financial investments held-to-maturity are as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Money market instruments:				
Malaysian Government Securities	2,019,406	1,679,805	2,019,302	1,679,700
Malaysian Government Investment Issues	4,408,102	2,290,790	4,408,102	2,290,790
Foreign Government Securities	705,123	390,275	-	-
Foreign Government Treasury Bills	47,377	416,082	-	-
Khazanah Bonds	988,664	947,684	988,664	947,684
Foreign Certificates of Deposits	45,893	154,688	-	-
Unquoted securities:				
Foreign private and Islamic debt securities	1,093,810	147,683	871,816	-
Private and Islamic debt securities in Malaysia	5,309,206	3,486,892	5,998,403	4,172,504
Foreign Government Bonds	68,998	90,169	34,764	26,438
Others	2,044	2,044	2,044	2,044

(b) The maturity profile before accumulated impairment losses of money market instruments is as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Within one year	2,361,379	735,375	2,090,725	-
One year to three years	974,575	317,044	666,888	186,753
Three years to five years	637,077	878,100	427,590	796,330
After five years	4,250,002	3,936,768	4,234,586	3,924,019
	8,223,033	5,867,287	7,419,789	4,907,102

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	22,564	35,819	4,877	19,094
Amount written back in respect of recoveries (Note 44)	(1,101)	(14,217)	(1,101)	(14,217)
Exchange differences	2,785	962	-	-
At 31 December	24,248	22,564	3,776	4,877

Notes to the Financial Statements

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11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Overdrafts/cashline	20,272,001	18,138,149	10,905,016	10,945,779
Term loans:				
- Housing loans/financing	140,813,286	119,889,076	54,692,411	44,672,509
- Syndicated loans/financing	38,470,858	32,855,680	36,162,480	31,601,404
- Hire purchase receivables*	60,296,159	56,406,850	19,391,920	19,857,032
- Lease receivables	46,902	39,392	-	-
- Other loans/financing	226,385,481	206,684,859	114,060,123	106,823,910
Credit card receivables	7,904,433	7,038,186	6,459,487	5,876,466
Bills receivables	3,555,619	4,601,837	3,426,268	4,495,008
Trust receipts	3,634,378	4,653,912	2,960,779	3,863,025
Claims on customers under acceptance credits	11,098,024	11,250,193	6,071,599	6,381,035
Loans/financing to financial institutions (Note 11(x))	2,575,573	3,717,830	12,395,197	12,416,328
Revolving credits	41,854,214	37,123,629	25,557,296	23,099,870
Staff loans	3,446,957	2,997,192	942,261	931,413
	560,353,885	505,396,785	293,024,837	270,963,779
Loans to:				
- Executive directors of the Bank	96	103	96	103
- Executive directors of subsidiaries	2,304	2,136	352	152
Others	3,839,485	2,943,423	-	-
	564,195,770	508,342,447	293,025,285	270,964,034
Unearned interest and income	(104,544,132)	(98,870,771)	(1,918,880)	(2,062,021)
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013
Allowances for impaired loans, advances and financing:				
- Individual allowance	(2,259,910)	(1,989,856)	(1,422,090)	(1,437,215)
- Collective allowance	(3,899,141)	(3,968,699)	(2,627,341)	(2,940,357)
Net loans, advances and financing	453,492,587	403,513,121	287,056,974	264,524,441

* The hire purchase receivables of a subsidiary of RM1,212,396,000 (2014: RM1,359,634,000) are pledged as collateral to a secured borrowing as disclosed in Note 28(a)(i).

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Domestic banking institutions	3,412,473	1,666	13,734,622	9,505,615
Domestic non-banking financial institutions	20,889,568	19,998,134	17,113,433	16,402,458
Domestic business enterprises:				
- Small and medium enterprises	74,362,113	67,993,975	51,899,654	47,097,025
- Others	102,034,485	92,127,010	65,139,177	64,524,510
Government and statutory bodies	8,524,287	9,553,278	1,426,743	2,341,914
Individuals	209,508,236	180,121,112	106,678,469	94,818,974
Other domestic entities	4,537,567	3,371,488	434,281	407,566
Foreign entities	36,382,909	36,305,013	34,680,026	33,803,951
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013

Notes to the Financial Statements

31 December 2015

11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	258,835,028	244,171,063	138,678,788	144,980,885
Singapore	113,879,820	93,566,023	113,065,698	92,899,424
Indonesia	36,605,343	31,380,558	-	-
Labuan Offshore	18,592,368	13,489,148	17,545,482	11,465,169
Hong Kong SAR	14,498,474	13,257,612	13,945,901	12,919,971
United States of America	1,254,222	1,115,815	1,253,615	1,115,321
People's Republic of China	3,476,593	3,048,730	3,476,593	3,048,730
Vietnam	647,590	485,113	514,127	365,772
United Kingdom	1,489,267	1,327,806	1,489,225	1,327,770
Brunei	524,153	367,737	524,153	367,737
Cambodia	2,090,821	1,234,426	-	-
Bahrain	495,372	322,310	495,372	322,310
Philippines	5,380,459	3,905,254	-	-
Papua New Guinea	-	230,485	-	-
Thailand	1,722,843	1,446,612	-	-
Laos	117,451	88,924	117,451	88,924
Others	41,834	34,060	-	-
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate:				
- Housing loans/financing	23,899,071	15,987,881	21,541,197	13,762,224
- Hire purchase receivables	53,478,839	49,969,818	18,257,901	18,687,300
- Other fixed rate loans/financing	62,221,454	63,187,850	44,438,627	43,073,166
Variable rate:				
- Base lending rate/Base financing rate/Base rate plus	165,778,507	145,279,666	89,903,780	91,738,308
- Cost plus	58,456,828	55,496,388	53,719,016	49,983,378
- Other variable rates	95,816,939	79,550,073	63,245,884	51,657,637
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Purchase of securities	36,511,402	35,534,953	14,169,013	15,765,694
Purchase of transport vehicles	54,805,959	50,806,098	17,840,248	18,081,840
Purchase of landed properties:				
- Residential	92,675,760	75,963,811	61,753,487	52,285,810
- Non-residential	40,122,292	33,489,178	29,525,937	25,708,907
Purchase of fixed assets (excluding landed properties)	6,958,403	4,874,553	6,912,560	4,834,934
Personal use	9,879,518	9,065,147	6,754,838	6,533,709
Credit card	8,099,601	7,180,708	6,623,893	6,025,445
Purchase of consumer durables	90,016	136,852	89,446	136,134
Constructions	18,051,879	15,764,885	13,180,349	11,603,307
Mergers and acquisitions	457,899	1,479,670	387,865	1,401,701
Working capital	153,301,419	142,597,773	102,417,252	101,740,182
Others	38,697,490	32,578,048	31,451,517	24,784,350
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013

Notes to the Financial Statements

31 December 2015

11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Within one year	111,421,771	111,129,455	74,409,215	79,973,150
One year to three years	64,964,161	59,591,260	52,199,770	43,262,972
Three years to five years	58,462,982	45,374,115	39,522,386	33,146,625
After five years	224,802,724	193,376,846	124,975,034	112,519,266
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross impaired loans, advances and financing at 1 January	6,234,161	5,360,903	4,249,829	3,776,831
Impaired during the financial year	8,112,433	4,825,540	4,381,996	2,650,307
Reclassified as non-impaired	(1,413,133)	(1,157,767)	(593,678)	(542,225)
Amount recovered	(2,414,954)	(1,692,643)	(1,211,377)	(1,056,243)
Amount written-off	(2,223,253)	(1,087,768)	(1,534,265)	(535,199)
Converted to financial investments AFS	(2,540)	(84,500)	(676)	(84,500)
Transferred from a subsidiary	-	-	-	18,366
Disposal of a subsidiary	(5,110)	-	-	-
Exchange differences	267,403	70,396	106,797	22,492
Gross impaired loans, advances and financing at 31 December	8,555,007	6,234,161	5,398,626	4,249,829
Less: Individual allowance	(2,259,910)	(1,989,856)	(1,422,090)	(1,437,215)
Net impaired loans, advances and financing at 31 December	6,295,097	4,244,305	3,976,536	2,812,614
<u>Calculation of ratio of net impaired loans:</u>				
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013
Less: Individual allowance	(2,259,910)	(1,989,856)	(1,422,090)	(1,437,215)
Less: Funded by Investment Account*	(17,657,893)	-	-	-
Net loans, advances and financing	439,733,835	407,481,820	289,684,315	267,464,798
Ratio of net impaired loans, advances and financing	1.43%	1.04%	1.37%	1.05%

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

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Purchase of securities	244,560	90,425	177,242	34,603
Purchase of transport vehicles	461,943	269,361	254,751	106,169
Purchase of landed properties:				
- Residential	518,734	392,267	320,213	271,851
- Non-residential	236,364	123,213	178,073	77,436
Purchase of fixed assets (excluding landed properties)	23,002	-	-	-
Personal use	143,845	141,800	100,318	67,409
Credit card	98,080	73,348	66,722	45,948
Purchase of consumer durables	8	14	-	6
Constructions	1,250,283	1,119,133	1,057,000	962,682
Working capital	4,960,851	3,499,917	3,095,332	2,481,390
Others	617,337	524,683	148,975	202,335
Impaired loans, advances and financing	8,555,007	6,234,161	5,398,626	4,249,829

Notes to the Financial Statements

31 December 2015

11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	4,695,622	4,527,493	3,805,711	3,835,383
Singapore	531,250	230,236	509,504	210,755
Indonesia	1,676,366	1,019,853	-	-
Labuan Offshore	201,218	36,274	18,709	15,169
Hong Kong SAR	848,090	15,884	848,090	15,884
United States of America	608	495	-	-
People's Republic of China	124,591	8,781	124,591	8,781
Vietnam	51,691	20,510	49,738	20,510
United Kingdom	-	126,535	-	126,535
Brunei	14,693	11,536	14,693	11,536
Cambodia	76,704	53,607	-	-
Bahrain	-	5,276	-	5,276
Philippines	238,863	120,194	-	-
Thailand	30,450	27,143	-	-
Others	64,861	30,344	27,590	-
Impaired loans, advances and financing	8,555,007	6,234,161	5,398,626	4,249,829

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Individual allowance				
At 1 January	1,989,856	1,939,320	1,437,215	1,502,010
Allowance made (Note 43)	1,863,135	774,901	1,261,093	350,055
Amount written back (Note 43)	(189,747)	(235,824)	(143,166)	(198,312)
Amount written-off	(1,501,415)	(507,946)	(1,193,343)	(239,488)
Transferred from/(to) collective allowance	(23,759)	842	(16,436)	(7,985)
Transferred from a subsidiary	-	-	-	18,366
Exchange differences	121,840	18,563	76,727	12,569
At 31 December	2,259,910	1,989,856	1,422,090	1,437,215
Collective allowance				
At 1 January	3,968,699	3,823,303	2,940,357	2,885,470
Allowance made (Note 43)	572,638	676,123	-	295,219
Amount written back (Note 43)	(136,522)	-	(104,006)	-
Amount written-off	(721,838)	(579,822)	(340,922)	(295,711)
Transferred from/(to) individual allowance	23,759	(842)	16,436	7,985
Transferred from a subsidiary	-	-	-	21,321
Disposal of a subsidiary	(2,245)	-	-	-
Exchange differences	194,650	49,937	115,476	26,073
At 31 December	3,899,141	3,968,699	2,627,341	2,940,357
As a percentage of total loans, less individual allowance (including regulatory reserve)	1.19%*	1.04%	1.20%*	1.10%
As a percentage of total risk-weighted assets for credit risk (including regulatory reserve)	1.38%	1.20%	1.30%	1.16%

* 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 RM11,037.8 million (2014: RM9,521.9 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.

Notes to the Financial Statements

31 December 2015

12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

	Group			Bank		
	Principal Amount RM'000	<----- Fair Values ----->		Principal Amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2015						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	29,958,910	746,356	(261,273)	24,970,275	562,194	(244,662)
- One year to three years	1,517,018	33,500	(108,261)	1,517,018	33,500	(108,261)
- More than three years	88,539	1,080	(19,531)	88,539	1,080	(19,531)
	31,564,467	780,936	(389,065)	26,575,832	596,774	(372,454)
Currency swaps:						
- Less than one year	173,743,239	2,208,206	(1,989,835)	175,643,530	2,387,678	(1,963,151)
- One year to three years	775,413	53,313	(2,282)	775,413	53,313	(2,282)
- More than three years	70,816	19,718	-	70,816	19,718	-
	174,589,468	2,281,237	(1,992,117)	176,489,759	2,460,709	(1,965,433)
Currency spots:						
- Less than one year	901,864	867	(1,819)	937,901	892	(1,819)
Currency options:						
- Less than one year	7,645,551	64,130	(61,020)	7,645,551	64,130	(61,020)
- One year to three years	111,618	5,144	(2,987)	111,618	5,144	(2,987)
	7,757,169	69,274	(64,007)	7,757,169	69,274	(64,007)
Cross currency interest rate swaps:						
- Less than one year	8,152,602	1,562,963	(547,328)	7,903,494	1,557,485	(516,296)
- One year to three years	12,949,782	670,048	(1,169,785)	12,805,597	667,372	(1,122,286)
- More than three years	12,988,230	1,223,688	(1,020,107)	13,455,817	1,339,332	(1,121,683)
	34,090,614	3,456,699	(2,737,220)	34,164,908	3,564,189	(2,760,265)
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	90,180,013	99,540	(149,213)	90,472,803	98,285	(149,605)
- One year to three years	53,808,589	219,724	(242,407)	54,050,329	217,255	(243,507)
- More than three years	104,797,443	1,388,716	(1,439,924)	105,098,669	1,385,076	(1,445,692)
	248,786,045	1,707,980	(1,831,544)	249,621,801	1,700,616	(1,838,804)
Interest rate futures:						
- Less than one year	7,565,066	5,768	(1,873)	7,565,066	5,768	(1,873)
- One year to three years	236,115	138	(73)	236,115	138	(73)
	7,801,181	5,906	(1,946)	7,801,181	5,906	(1,946)

Notes to the Financial Statements

31 December 2015

12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	<----- Fair Values ----->		Principal Amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2015 (cont'd.)						
Trading derivatives (cont'd.)						
<u>Interest rate related contracts (cont'd.)</u>						
Interest rate options:						
- Less than one year	2,003,887	625	(5,050)	2,003,887	625	(5,050)
- One year to three years	1,106,446	965	(36,560)	706,446	965	(5,859)
- More than three years	7,528,692	36,591	(219,010)	7,453,692	36,591	(206,316)
	10,639,025	38,181	(260,620)	10,164,025	38,181	(217,225)
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	20,623	-	(64)	-	-	-
- More than three years	33,663	2,414	-	-	-	-
	54,286	2,414	(64)	-	-	-
Equity options:						
- Less than one year	599,625	6,363	(30,946)	45,600	954	(954)
- One year to three years	135,114	7,663	(6,430)	111,026	6,258	(5,197)
	734,739	14,026	(37,376)	156,626	7,212	(6,151)
Equity swaps:						
- Less than one year	791,020	34,722	(88,397)	6,494	615	(7)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,864	1,092	(1,864)	3,864	1,092	(1,864)
Commodity swaps:						
- Less than one year	584,606	107,220	(107,013)	584,606	107,220	(107,013)
- One year to three years	344,177	40,566	(40,096)	344,177	40,566	(40,096)
- More than three years	1,295	121	(118)	1,295	121	(118)
	930,078	147,907	(147,227)	930,078	147,907	(147,227)
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	558,688	1,774	(100,282)	558,688	1,774	(100,282)
- One year to three years	2,334,285	8,865	(325,186)	2,334,285	8,865	(325,186)
- More than three years	1,449,151	420	(172,310)	1,449,151	420	(172,310)
	4,342,124	11,059	(597,778)	4,342,124	11,059	(597,778)
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	723,173	1,511	(4,621)	296,219	336	(4,599)
- One year to three years	564,395	327	(5,147)	64,395	327	(1,464)
- More than three years	729,810	17,862	(4,999)	407,835	17,862	(3,644)
	2,017,378	19,700	(14,767)	768,449	18,525	(9,707)
Netting effects under MFRS 132 Amendments	-	(288,353)	288,353	-	(288,353)	288,353
Total	525,003,322	8,283,647	(7,877,458)	519,720,211	8,334,598	(7,696,334)

Notes to the Financial Statements

31 December 2015

12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	<----- Fair Values ----->		Principal Amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2014						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	41,076,794	588,348	(294,309)	36,811,722	482,628	(273,422)
- One year to three years	596,017	21,806	(13,270)	596,017	21,806	(13,270)
- More than three years	144,093	677	(16,515)	144,093	677	(16,515)
	41,816,904	610,831	(324,094)	37,551,832	505,111	(303,207)
Currency swaps:						
- Less than one year	116,377,076	1,339,128	(2,205,414)	117,345,817	1,428,352	(2,212,153)
- One year to three years	637,081	15,316	(361)	637,081	15,316	(361)
- More than three years	146,926	16,982	-	146,926	16,982	-
	117,161,083	1,371,426	(2,205,775)	118,129,824	1,460,650	(2,212,514)
Currency spots:						
- Less than one year	7,295,726	6,337	(8,745)	7,337,074	6,382	(8,770)
Currency options:						
- Less than one year	4,596,069	80,948	(23,938)	4,596,069	80,948	(23,938)
Cross currency interest rate swaps:						
- Less than one year	5,599,660	343,988	(258,596)	5,560,495	343,988	(249,846)
- One year to three years	9,788,547	1,035,022	(375,081)	9,455,307	1,010,158	(341,753)
- More than three years	13,241,977	448,987	(441,727)	14,454,976	487,643	(443,349)
	28,630,184	1,827,997	(1,075,404)	29,470,778	1,841,789	(1,034,948)
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	33,384,830	50,224	(49,983)	33,384,830	50,903	(49,983)
- One year to three years	46,517,549	156,692	(185,068)	46,990,591	154,774	(192,655)
- More than three years	70,733,033	755,098	(883,333)	70,977,509	762,423	(885,519)
	150,635,412	962,014	(1,118,384)	151,352,930	968,100	(1,128,157)
Interest rate futures:						
- Less than one year	903,965	130	(421)	923,965	130	(421)
- One year to three years	349,550	-	-	349,550	-	-
	1,253,515	130	(421)	1,273,515	130	(421)

Notes to the Financial Statements

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12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	<----- Fair Values ----->		Principal Amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2014 (cont'd.)						
Trading derivatives (cont'd.)						
<u>Interest rate related contracts (cont'd.)</u>						
Interest rate options:						
- Less than one year	791,897	747	(423)	791,897	747	(423)
- One year to three years	2,816,393	5,873	(74,644)	2,416,393	5,873	(31,619)
- More than three years	5,103,839	15,680	(254,793)	4,843,839	18,863	(215,970)
	8,712,129	22,300	(329,860)	8,052,129	25,483	(248,012)
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	78,931	-	(38)	-	-	-
- More than three years	33,663	3,972	-	-	-	-
	112,594	3,972	(38)	-	-	-
Equity options:						
- Less than one year	351,720	874	(11,394)	41,759	810	(810)
- One year to three years	497,251	23,763	(11,146)	138,189	11,076	(11,080)
	848,971	24,637	(22,540)	179,948	11,886	(11,890)
Equity swaps:						
- Less than one year	42,346	86	(1,144)	-	-	-
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	421,039	2,622	(2,622)	200,109	2,622	(2,622)
Commodity swaps:						
- Less than one year	1,010,881	125,310	(125,194)	1,010,881	125,310	(125,194)
- One year to three years	189,568	27,901	(27,731)	189,568	27,901	(27,731)
- More than three years	24,095	2,838	(2,791)	24,095	2,838	(2,791)
	1,224,544	156,049	(155,716)	1,224,544	156,049	(155,716)
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	1,458,170	-	(142,278)	1,458,170	-	(142,278)
- One year to three years	1,869,608	6,561	(290,251)	1,869,608	6,561	(290,251)
- More than three years	1,347,031	12,664	(133,955)	1,347,031	12,664	(133,955)
	4,674,809	19,225	(566,484)	4,674,809	19,225	(566,484)
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	104,866	2,721	(11,135)	104,866	2,721	(11,135)
- One year to three years	1,254,256	696	(22,053)	181,767	603	(13,751)
- More than three years	262,163	-	(136)	-	-	-
	1,621,285	3,417	(33,324)	286,633	3,324	(24,886)
Netting effects under MFRS 132 Amendments	-	(547,990)	547,990	-	(547,990)	547,990
Total	369,046,610	4,544,001	(5,320,499)	364,330,194	4,533,709	(5,173,575)

Notes to the Financial Statements

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12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

Fair value hedge

Included within hedging derivatives are derivatives where the Group and the Bank apply hedge accounting. The principal amount and fair values of derivatives where hedge accounting is applied by the Group and the Bank are as follows:

	Group			Bank		
	Principal Amount RM'000	<----- Fair Values ----->		Principal Amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2015						
Interest rate swaps	223,236	-	(3,259)	223,236	-	(3,259)
2014						
Interest rate swaps	286,631	-	(11,775)	286,631	-	(11,775)

Fair value hedge is used by the Group and the Bank to protect against changes in the fair value of financial assets due to movements in interest rates. The financial instruments hedged for interest rate risk include the Group's and the Bank's financial investments available-for-sale.

For the financial year ended 31 December 2015, the Group and the Bank:

- (i) recognised a net gain of RM4,244,000 (2014: RM9,299,000) on the hedging instruments. The total net loss on the hedged items attributable to the hedged risk amounted to RM4,171,000 (2014: RM9,520,000); and
- (ii) derecognised fair value of hedging instruments of RM7,932,000 (2014: RM44,348,000) due to the derecognition of the hedged items.

Net investment hedge

The Group has designated a net investment hedge for borrowings amounting of SGD1.14 billion (2014: SGD1.14 billion) or Ringgit Malaysia equivalent of RM3.46 billion (2014: RM3.02 billion) and USD0.11 billion or Ringgit Malaysia equivalent of RM0.46 billion which were used to fund investment in subsidiaries.

The effectiveness of the hedging relationship is tested prospectively and retrospectively at each reporting date by comparing the cumulative value changes of hedging instruments and hedged items. The hedging relationship was highly effective for the total hedging period and as of the reporting date. Resultantly, the unrealised losses totalling RM399,314,000 (net of tax) (2014: RM65,567,000) from the hedging relationship as disclosed in Note 33 were recognised through other comprehensive income.

Cash flow hedge

The Group used an interest rate swap to manage the variability in future cash flows on a liability with floating rates of interest by exchanging the floating rates for fixed rates. The amounts and timing of future cash flows, representing both principal and interest flows, are projected on the basis of their contractual terms and other relevant factors. The aggregate principal balance and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised through other comprehensive income, in the cash flow hedge reserve, and are transferred to profit or loss when the forecast cash flows affect the profit or loss.

All underlying hedged cash flows are expected to be recognised in profit or loss in the period in which they occur which is anticipated to take place over the next 2 years.

The hedging relationship was effective for the total hedging period and as of the reporting date. As such, the unrealised gain of SGD916,000 or Ringgit Malaysia equivalent of RM2,781,000 (2014: unrealised loss of SGD629,000 or Ringgit Malaysia equivalent of RM1,624,000) from the hedging relationship as disclosed in Note 33 were recognised through other comprehensive income.

13. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES

Group	Note	2015 RM'000	2014 RM'000
Reinsurance/retakaful assets (Note 23)	(i)	3,826,827	4,387,302
Other insurance receivables	(ii)	528,827	584,761
		4,355,654	4,972,063

- (i) Reinsurance/retakaful assets

Group	2015 RM'000	2014 RM'000
Reinsurers' share of:	3,588,295	4,119,939
Life insurance contract liabilities	22,138	25,865
General insurance contract liabilities	3,566,157	4,094,074
Retakaful operators' share of:	238,532	267,363
Family takaful certificate liabilities	36,130	14,799
General takaful certificate liabilities	202,402	252,564
	3,826,827	4,387,302

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13. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES (CONT'D.)

(ii) Other insurance receivables

Group	2015 RM'000	2014 RM'000
Due premium including agents/brokers and co-insurers balances	360,850	476,334
Due from reinsurers and cedants/retakaful operators	210,098	156,458
	570,948	632,792
Allowance for impairment losses	(42,121)	(48,031)
	528,827	584,761

14. OTHER ASSETS

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other debtors	(a)	8,569,352	7,392,566	7,493,783	5,964,158
Amount due from brokers and clients	53	1,975,007	2,101,414	-	-
Prepayments and deposits		1,322,292	1,023,569	617,210	488,961
Tax recoverable		344,903	16,533	228,370	-
Foreclosed properties		176,958	125,654	34,411	35,869
		12,388,512	10,659,736	8,373,774	6,488,988

(a) Included in other debtors are physical gold held by the Group and the Bank as a result of its broker-dealer activities amounting to approximately RM740,192,000 (2014: RM818,211,000).

15. INVESTMENT PROPERTIES

Group	2015 RM'000	2014 RM'000
At fair value		
At 1 January	595,493	583,257
Additions	27,039	12,503
Fair value adjustments (Note 41)	101,850	(272)
Transferred to property, plant and equipment (Note 19)	(7,564)	-
Exchange differences	-	5
At 31 December	716,818	595,493

The following investment properties are held under lease terms:

Group	2015 RM'000	2014 RM'000
At fair value		
Leasehold land	71,000	55,500
Buildings	56,411	53,154
	127,411	108,654

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Investment properties are stated at fair value, which have been determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Details of valuation methods are disclosed in Note 52(b).

Notes to the Financial Statements

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16. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bank Negara Malaysia	(a)	7,947,275	8,464,205	4,113,170	4,686,100
Other central banks	(b)	8,319,137	6,677,039	3,742,209	2,889,928
		16,266,412	15,141,244	7,855,379	7,576,028

- (a) The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with the requirements of the Central Bank of Malaysia Act 2009, the amount of which is determined as set percentages of total eligible liabilities.
- (b) The statutory deposits of the foreign branches and foreign subsidiaries are denominated in foreign currencies and maintained with the central banks of the respective countries, in compliance with the applicable legislations in the respective countries.

17. INVESTMENT IN SUBSIDIARIES

Bank	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
- In Malaysia	22,633,622	22,043,424
- Outside Malaysia	1,509,135	1,522,880
	24,142,757	23,566,304
Less: Accumulated impairment losses	(3,115,802)	(3,115,802)
	21,026,955	20,450,502

The following are major events of the Group and of the Bank during the financial year ended 31 December 2015:

(a) Subscription of rights issue of 17,597,250 new ordinary shares of RM1.00 each issued by Maybank Islamic Berhad ("MIB"), a wholly-owned subsidiary of the Bank

On 28 August 2015, the Bank subscribed to rights issue of 17,597,250 new ordinary shares of RM1.00 each issued by MIB, at an issue price of RM32.76 per ordinary share for a total consideration of RM576,485,910.

(b) Disposal of the entire equity interest in Maybank (PNG) Limited ("MPNG") and Mayban Property (PNG) Limited ("MPPNG")

On 30 September 2015, the Bank completed the disposal of the entire equity interest in Maybank (PNG) Limited ("MPNG") and Mayban Property (PNG) Limited ("MPPNG") (the "Disposal").

Details of the Disposal are disclosed in Note 59(e).

The Disposal had the following effects on the statement of financial position of the Group as at 31 December 2015:

	Note	Effects of disposal RM'000
Total assets		1,446,926
Total liabilities		(1,063,896)
Identifiable net assets disposed		383,030
Gain on disposal of subsidiaries	39	189,037
Transferred from shareholders' equity		
- Foreign currency translation		(44,574)
Cash proceeds from disposal		527,493
Less: Cash and short-term funds of subsidiary disposed		(42,572)
Net cash inflow on disposal		484,921

The Bank recorded the gain on disposal of subsidiaries of RM513,748,000 as disclosed in Note 39.

Notes to the Financial Statements

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17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The following are major events of the Group and of the Bank during the financial year ended 31 December 2015 (cont'd.):

(c) Placement of 100,000 new ordinary shares in Dourado Tora Holdings Sdn. Bhd. ("DTSB")

On 7 October 2015, the Bank undertook a placement of 100,000 new ordinary shares of RM1.00 each in DTSB, a subsidiary of the Bank, at an issue price of RM137.12 per ordinary share for a total cash consideration of RM13.7 million.

(d) Rights issue of PT Prosperindo ("PTP")

On 3 June 2015, PTP, a subsidiary of the Bank had completed its rights issue exercise of 4,670 new ordinary shares of Rupiah ("Rp") 10.0 million each for a total proceeds of Rp46.7 billion on the basis of 934 new ordinary shares for every 3,500 existing ordinary shares held in PTP.

Dourado Tora Holdings Sdn. Bhd. ("DTSB"), a subsidiary of the Bank, had fully subscribed the rights issue.

The following is the major event of the Group during the previous financial year ended 31 December 2014:

(a) Disposal of ATR Kim Eng Land, Inc., an indirect subsidiary of Maybank Kim Eng Holdings Limited ("MKEH") through Maybank ATR Kim Eng Capital Partners, Inc. ("MATRKECP")

During the previous financial year ended 31 December 2014, Maybank ATR Kim Eng Capital Partners, Inc. ("MATRKECP"), an indirect subsidiary of Maybank through Maybank Kim Eng Holdings Limited ("MKEH"), had sold 3,100,000 common shares representing 100% ownership in ATR Kim Eng Land, Inc. ("ATRKE Land") to Rockwell Primaries Development Corp., ATR Holdings, Inc. and Dragon Eagle International Limited (the "Disposal").

The Disposal was completed as part of MKEH's initiative to divest its non-core assets. ATRKE Land ceased to be an indirect subsidiary of Maybank with effect from the Closing Date.

The Disposal had the following effects on the statement of financial position of the Group as at 31 December 2014:

	Note	Effects of disposal RM'000
Total assets (including goodwill)		85,464
Total liabilities		(35,801)
Identifiable net assets		49,663
Less: Non-controlling interests		(471)
Identifiable net assets disposed		49,192
Gain on disposal of subsidiary	39	26,120
Transferred from shareholders' equity		
- Foreign currency translation		590
Cash proceeds from disposal		75,902
Less: Cash and short-term funds of subsidiary disposed		(10,859)
Net cash inflow on disposal		65,043

Details and financial information of subsidiaries that have material non-controlling interests are as follows:

- (i) Etiqa International Holdings Sdn. Bhd. ("EIH"); and
- (ii) Maybank Kim Eng Holdings Limited ("MKEH").

The proportion of effective equity interest held by non-controlling interests within EIH and MKEH are disclosed in Note 62(a).

Notes to the Financial Statements

31 December 2015

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details and financial information of subsidiaries that have material non-controlling interests are as follows (cont'd.):

The summarised financial information of EIH and MKEH are disclosed as follows:

	EIH		MKEH	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Summarised income statements:				
Interest income	940,303	969,803	245,077	174,800
Interest expense	(34,210)	(28,675)	(86,891)	(62,864)
Net interest income	906,093	941,128	158,186	111,936
Net earned insurance premiums	4,025,747	3,808,736	170,952	137,332
Other operating income	327,876	721,633	906,761	836,640
Total operating income	5,259,716	5,471,497	1,235,899	1,085,908
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(3,768,190)	(3,919,215)	(135,311)	(110,053)
Net operating income	1,491,526	1,552,282	1,100,588	975,855
Overhead expenses	(550,380)	(616,617)	(775,558)	(736,361)
Operating profit before impairment losses	941,146	935,665	325,030	239,494
(Allowances for)/Writeback of impairment losses on loans, advances, financing and other debts, net	(7,719)	8,754	9,270	(12)
Allowances for impairment losses on financial investments, net	(321,989)	(180,769)	(2,083)	(3,945)
Operating profit	611,438	763,650	332,217	235,537
Share of (loss)/profits in associates	(1,919)	674	1,279	212
Profit before taxation and zakat	609,519	764,324	333,496	235,749
Taxation and zakat	(217,054)	(219,673)	(43,599)	(59,228)
Profit for the financial year	392,465	544,651	289,897	176,521
Attributable to:				
Equity holders of the Bank	263,017	375,668	272,203	158,469
Non-controlling interests	129,448	168,983	17,694	18,052
	392,465	544,651	289,897	176,521
Dividends paid to non-controlling interests of the Group	77,455	170,277	21,588	27,925
Summarised statements of financial position:				
Total assets	31,583,999	32,041,519	7,143,134	6,118,562
Total liabilities	(26,484,709)	(27,020,173)	(4,642,009)	(3,875,104)
Total equity	5,099,290	5,021,346	2,501,125	2,243,458
Attributable to:				
Equity holders of the Bank	3,449,557	3,504,479	2,384,159	2,137,272
Non-controlling interests	1,649,733	1,516,867	116,966	106,186
	5,099,290	5,021,346	2,501,125	2,243,458
Summarised cash flow statements:				
Operating activities	287,539	296,742	(404,447)	(340,286)
Investing activities	15,642	(64,061)	245,745	57,728
Financing activities	(111,683)	102,199	133,951	145,280
Net increase/(decrease) in cash and cash equivalents	191,498	334,880	(24,751)	(137,278)

Details of subsidiaries of the Bank are disclosed in Note 62(a).

Notes to the Financial Statements

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18. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity interest				
Unquoted shares, at cost	483,164	533,164	451,518	476,851
Quoted shares, at cost	2,864,864	2,864,864	-	-
Exchange differences	(597,542)	(1,075,576)	-	-
	2,750,486	2,322,452	451,518	476,851
Share of post-acquisition reserves	740,930	570,024	-	-
	3,491,416	2,892,476	451,518	476,851
Less: Accumulated impairment losses	(370,868)	(364,536)	-	(25,333)
	3,120,548	2,527,940	451,518	451,518
Market value of quoted shares	1,975,428	2,153,605	-	-

- (a) The carrying amount of interest in joint ventures of the Group amounting to approximately RM9,586,000 (2014: RM11,102,000) are included in the total carrying amount of interest in associates and joint ventures.
- (b) The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in associates and joint ventures:

Summarised income statements:

Group 2015	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
Interest income	3,123,685	740,903	37,824	3,902,412
Interest expense	(1,249,888)	(450,160)	(12,015)	(1,712,063)
Net interest income	1,873,797	290,743	25,809	2,190,349
Other operating income	680,500	48,294	43,625	772,419
Net operating income	2,554,297	339,037	69,434	2,962,768
Overhead expenses	(933,710)	(197,511)	(50,963)	(1,182,184)
Operating profit before impairment losses	1,620,587	141,526	18,471	1,780,584
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	54,942	(91,075)	(2,090)	(38,223)
Operating profit	1,675,529	50,451	16,381	1,742,361
Share of profits in associates	34,707	-	-	34,707
Profit before taxation	1,710,236	50,451	16,381	1,777,068
Taxation	(724,651)	(11,041)	(1,266)	(736,958)
Profit for the financial year	985,585	39,410	15,115	1,040,110
Group's share of profits for the financial year	197,117	7,882	6,247	211,246
Dividends paid by the associates during the financial year	122,948	-	788	123,736

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18. INTEREST IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

- (b) The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in associates and joint ventures (cont'd.):

Summarised income statements (cont'd.):

Group 2014	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
Interest income	2,458,743	633,853	20,372	3,112,968
Interest expense	(1,071,123)	(419,207)	(7,447)	(1,497,777)
Net interest income	1,387,620	214,646	12,925	1,615,191
Other operating income	424,248	6,185	34,875	465,308
Net operating income	1,811,868	220,831	47,800	2,080,499
Overhead expenses	(724,034)	(161,819)	(30,518)	(916,371)
Operating profit before impairment losses	1,087,834	59,012	17,282	1,164,128
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	60,775	(45,309)	-	15,466
Operating profit	1,148,609	13,703	17,282	1,179,594
Share of profits in associates	18,376	-	-	18,376
Profit before taxation	1,166,985	13,703	17,282	1,197,970
Taxation	(378,880)	(10,210)	(2,613)	(391,703)
Profit for the financial year	788,105	3,493	14,669	806,267
Group's share of profits for the financial year	157,621	699	4,805	163,125
Dividends paid by the associates during the financial year	87,065	3,572	-	90,637

Summarised statements of financial position:

Group 2015	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
Total assets	42,548,056	12,221,346	348,189	55,117,591
Total liabilities	(36,573,699)	(11,067,847)	(181,560)	(47,823,106)
Total equity	5,974,357	1,153,499	166,629	7,294,485
Proportion of Group's ownership	1,194,871	230,700	61,747	1,487,318
Goodwill	1,412,216	221,014	-	1,633,230
Carrying amount of the investment	2,607,087	451,714	61,747	3,120,548
2014				
Total assets	30,483,688	9,609,473	266,169	40,359,330
Total liabilities	(26,026,147)	(8,665,322)	(135,593)	(34,827,062)
Total equity	4,457,541	944,151	130,576	5,532,268
Proportion of Group's ownership	891,508	188,830	61,882	1,142,220
Goodwill	1,201,527	184,193	-	1,385,720
Carrying amount of the investment	2,093,035	373,023	61,882	2,527,940

Notes to the Financial Statements

31 December 2015

18. INTEREST IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

- (c) Details of the associates and joint ventures of the Group and of the Bank are disclosed in Note 62(c) and Note 62(d) respectively.
- (d) The details of goodwill included within the Group's carrying amount of interest in associates and joint ventures are as follows:

Group	2015 RM'000	2014 RM'000
At 1 January	1,385,720	1,248,888
Exchange differences	247,510	136,832
At 31 December	1,633,230	1,385,720

19. PROPERTY, PLANT AND EQUIPMENT

Group As at 31 December 2015	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
Cost							
At 1 January 2015	2,234,329	1,223,343	1,118,501	260,209	61,894	37,683	4,935,959
Additions	29,322	85,600	112,793	10,401	13,458	90,153	341,727
Disposals	(228,573)	(4,096)	(4,111)	(48)	(10,073)	-	(246,901)
Disposal of subsidiaries (Note 17(b))	(3,223)	(10,598)	(1,862)	(1,028)	(1,278)	-	(17,989)
Write-offs (Note 41)	-	(27,504)	(2,851)	(15,617)	(47)	(220)	(46,239)
Transferred between categories	17,808	25,874	766	2,464	-	(46,912)	-
Transferred from investment properties (Note 15)	7,564	-	-	-	-	-	7,564
Transferred from intangible assets (Note 20)	-	30	1,045	28	-	-	1,103
Exchange differences	159,862	75,282	67,000	4,732	6,248	2,165	315,289
At 31 December 2015	2,217,089	1,367,931	1,291,281	261,141	70,202	82,869	5,290,513
Accumulated depreciation and impairment losses							
At 1 January 2015	593,103	732,186	726,658	161,386	34,486	-	2,247,819
Depreciation charge for the financial year (Note 41)	43,626	152,814	146,133	20,358	11,718	-	374,649
Disposals	(72,054)	(3,749)	(3,914)	(37)	(7,075)	-	(86,829)
Disposal of subsidiaries (Note 17(b))	(84)	(4,439)	(1,521)	(412)	(991)	-	(7,447)
Write-offs (Note 41)	-	(26,670)	(2,825)	(15,579)	(38)	-	(45,112)
Transferred between categories	-	74	(36)	(38)	-	-	-
Transferred from intangible assets (Note 20)	-	-	9	-	-	-	9
Exchange differences	39,974	53,634	45,642	2,900	3,802	-	145,952
At 31 December 2015	604,565	903,850	910,146	168,578	41,902	-	2,629,041
Analysed as:							
Accumulated depreciation	597,016	903,846	910,146	168,578	41,902	-	2,621,488
Accumulated impairment losses	7,549	4	-	-	-	-	7,553
	604,565	903,850	910,146	168,578	41,902	-	2,629,041
Net carrying amount							
At 31 December 2015	1,612,524	464,081	381,135	92,563	28,300	82,869	2,661,472

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19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group As at 31 December 2014	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
Cost							
At 1 January 2014	2,192,480	1,021,674	976,194	202,416	51,331	134,627	4,578,722
Additions	17,014	121,197	136,444	5,279	17,628	76,916	374,478
Disposals	(11,562)	(17,918)	(14,067)	(527)	(9,027)	-	(53,101)
Write-offs (Note 41)	-	(23,028)	(560)	(6,437)	(115)	-	(30,140)
Transferred between categories	10,262	103,181	940	58,976	-	(173,359)	-
Transferred (to)/from intangible assets (Note 20)	-	(824)	5,824	-	-	(570)	4,430
Exchange differences	26,135	19,061	13,726	502	2,077	69	61,570
At 31 December 2014	2,234,329	1,223,343	1,118,501	260,209	61,894	37,683	4,935,959
Accumulated depreciation and impairment losses							
At 1 January 2014	550,547	634,536	596,266	152,947	30,117	-	1,964,413
Depreciation charge for the financial year (Note 41)	41,643	128,409	136,265	14,990	9,868	-	331,175
Disposals	(4,138)	(15,615)	(14,031)	(403)	(6,844)	-	(41,031)
Write-offs (Note 41)	-	(22,784)	(527)	(6,422)	(31)	-	(29,764)
Transferred to intangible assets (Note 20)	-	-	(19)	-	-	-	(19)
Exchange differences	5,051	7,640	8,704	274	1,376	-	23,045
At 31 December 2014	593,103	732,186	726,658	161,386	34,486	-	2,247,819
Analysed as:							
Accumulated depreciation	585,554	732,182	726,658	161,386	34,486	-	2,240,266
Accumulated impairment losses	7,549	4	-	-	-	-	7,553
	593,103	732,186	726,658	161,386	34,486	-	2,247,819
Net carrying amount							
At 31 December 2014	1,641,226	491,157	391,843	98,823	27,408	37,683	2,688,140

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19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land		Leasehold Land		Total RM'000
			Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
As at 31 December 2015							
*Properties consist of:							
Cost							
At 1 January 2015	108,730	479,013	370,539	721,151	163,259	391,637	2,234,329
Additions	717	21,541	2,337	-	4,727	-	29,322
Disposals	(1,000)	(1,815)	(3,774)	(191,349)	(24,398)	(6,237)	(228,573)
Disposal of subsidiaries (Note 17(b))	-	(3,223)	-	-	-	-	(3,223)
Transferred between categories	5,150	2,796	3,777	(634)	4,947	1,772	17,808
Transferred from investment properties (Note 15)	-	4,777	2,787	-	-	-	7,564
Exchange differences	2,056	12,653	15,628	93,086	11,494	24,945	159,862
At 31 December 2015	115,653	515,742	391,294	622,254	160,029	412,117	2,217,089
Accumulated depreciation and impairment losses							
At 1 January 2015	54	211,480	145,680	180,364	9,992	45,533	593,103
Depreciation charge for the financial year	-	11,054	11,483	15,401	1,604	4,084	43,626
Disposals	-	(1,051)	(1,189)	(69,342)	(106)	(366)	(72,054)
Disposal of subsidiaries (Note 17(b))	-	(84)	-	-	-	-	(84)
Transferred between categories	-	-	803	(803)	1,090	(1,090)	-
Exchange differences	-	3,179	9,988	22,146	858	3,803	39,974
At 31 December 2015	54	224,578	166,765	147,766	13,438	51,964	604,565
Analysed as:							
Accumulated depreciation	-	218,541	166,443	146,794	13,438	51,800	597,016
Accumulated impairment losses	54	6,037	322	972	-	164	7,549
	54	224,578	166,765	147,766	13,438	51,964	604,565
Net carrying amount							
At 31 December 2015	115,599	291,164	224,529	474,488	146,591	360,153	1,612,524
As at 31 December 2014							
*Properties consist of:							
Cost							
At 1 January 2014	110,310	483,920	350,007	706,340	156,851	385,052	2,192,480
Additions	4,496	2,781	3,681	3,762	2,294	-	17,014
Disposals	(3,146)	(7,180)	(601)	(583)	(52)	-	(11,562)
Transferred between categories	(3,362)	(3,023)	13,285	-	-	3,362	10,262
Exchange differences	432	2,515	4,167	11,632	4,166	3,223	26,135
At 31 December 2014	108,730	479,013	370,539	721,151	163,259	391,637	2,234,329
Accumulated depreciation and impairment losses							
At 1 January 2014	54	205,361	132,791	162,971	8,337	41,033	550,547
Depreciation charge for the financial year	-	10,745	10,691	14,638	1,551	4,018	41,643
Disposals	-	(3,558)	(484)	(96)	-	-	(4,138)
Transferred between categories	-	(460)	460	-	-	-	-
Exchange differences	-	(608)	2,222	2,851	104	482	5,051
At 31 December 2014	54	211,480	145,680	180,364	9,992	45,533	593,103
Analysed as:							
Accumulated depreciation	-	205,443	145,358	179,392	9,992	45,369	585,554
Accumulated impairment losses	54	6,037	322	972	-	164	7,549
	54	211,480	145,680	180,364	9,992	45,533	593,103
Net carrying amount							
At 31 December 2014	108,676	267,533	224,859	540,787	153,267	346,104	1,641,226

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19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 31 December 2015							
Cost							
At 1 January 2015	1,191,336	851,168	524,986	200,182	14,936	29,284	2,811,892
Additions	170	48,625	32,914	8,531	1,238	67,024	158,502
Disposals	(11,781)	-	(95)	-	(1,132)	-	(13,008)
Write-offs (Note 41)	-	(23,624)	(710)	(15,499)	(47)	(220)	(40,100)
Transferred between categories	17,808	19,378	-	1,600	-	(38,786)	-
Transferred from intangible assets (Note 20)	-	30	971	28	-	-	1,029
Transferred from a subsidiary	1,867	-	-	-	-	-	1,867
Exchange differences	60,962	17,543	14,611	1,756	774	950	96,596
At 31 December 2015	1,260,362	913,120	572,677	196,598	15,769	58,252	3,016,778
Accumulated depreciation							
At 1 January 2015	415,512	545,293	407,137	126,297	8,878	-	1,503,117
Depreciation charge for the financial year (Note 41)	22,455	90,412	58,831	15,788	2,342	-	189,828
Disposals	(1,928)	-	(94)	-	(1,056)	-	(3,078)
Transferred from a subsidiary	725	-	-	-	-	-	725
Write-offs (Note 41)	-	(23,282)	(708)	(15,462)	(38)	-	(39,490)
Exchange differences	19,078	13,125	9,913	1,223	240	-	43,579
At 31 December 2015	455,842	625,548	475,079	127,846	10,366	-	1,694,681
Net carrying amount							
At 31 December 2015	804,520	287,572	97,598	68,752	5,403	58,252	1,322,097
As at 31 December 2014							
Cost							
At 1 January 2014	1,163,647	695,876	573,684	152,457	12,394	133,354	2,731,412
Additions	10,174	59,787	50,105	5,415	4,240	67,482	197,203
Disposals	(904)	(56)	(164)	(6)	(1,648)	-	(2,778)
Write-offs (Note 41)	-	(20,724)	(34)	(6,437)	(22)	-	(27,217)
Transferred between categories	10,262	112,839	1	48,520	-	(171,622)	-
Transferred from intangible assets (Note 20)	-	-	5,937	-	-	-	5,937
Transferred from/(to) subsidiaries	869	1,186	(106,319)	27	147	-	(104,090)
Exchange differences	7,288	2,260	1,776	206	(175)	70	11,425
At 31 December 2014	1,191,336	851,168	524,986	200,182	14,936	29,284	2,811,892
Accumulated depreciation							
At 1 January 2014	392,090	490,594	355,088	120,736	9,006	-	1,367,514
Depreciation charge for the financial year (Note 41)	21,345	73,302	55,574	11,838	1,709	-	163,768
Disposals	(472)	(55)	(136)	(2)	(1,643)	-	(2,308)
Write-offs (Note 41)	-	(20,578)	(15)	(6,422)	(22)	-	(27,037)
Transferred from intangible assets (Note 20)	-	-	133	-	-	-	133
Transferred from/(to) subsidiaries	244	413	(4,984)	23	87	-	(4,217)
Exchange differences	2,305	1,617	1,477	124	(259)	-	5,264
At 31 December 2014	415,512	545,293	407,137	126,297	8,878	-	1,503,117
Net carrying amount							
At 31 December 2014	775,824	305,875	117,849	73,885	6,058	29,284	1,308,775

The net carrying amount of property, plant and equipment of the Group held under finance leases as at 31 December 2015 was RM60,658,000 (2014: RM77,760,000).

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31 December 2015

19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land		Leasehold Land		Total RM'000
			Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
As at 31 December 2015							
*Properties consist of:							
Cost							
At 1 January 2015	103,457	410,277	303,260	277,259	12,459	84,624	1,191,336
Additions	-	167	3	-	-	-	170
Disposals	(1,000)	(1,815)	(2,729)	-	-	(6,237)	(11,781)
Transferred between categories	5,150	2,796	3,143	-	70	6,649	17,808
Transferred from a subsidiary	-	604	-	1,263	-	-	1,867
Exchange differences	1,927	5,477	5,951	44,136	-	3,471	60,962
At 31 December 2015	109,534	417,506	309,628	322,658	12,529	88,507	1,260,362
Accumulated depreciation							
At 1 January 2015	-	188,635	124,819	78,582	4,829	18,647	415,512
Depreciation charge for the financial year	-	8,428	6,507	6,445	214	861	22,455
Disposals	-	(1,051)	(511)	-	-	(366)	(1,928)
Transferred from a subsidiary	-	147	-	578	-	-	725
Exchange differences	-	784	4,961	12,156	-	1,177	19,078
At 31 December 2015	-	196,943	135,776	97,761	5,043	20,319	455,842
Net carrying amount							
At 31 December 2015	109,534	220,563	173,852	224,897	7,486	68,188	804,520
As at 31 December 2014							
*Properties consist of:							
Cost							
At 1 January 2014	102,073	411,325	289,362	267,614	12,459	80,814	1,163,647
Additions	4,496	1,616	300	3,762	-	-	10,174
Disposals	-	-	(402)	(502)	-	-	(904)
Transferred between categories	(3,362)	(3,023)	13,285	-	-	3,362	10,262
Transferred from a subsidiary	-	-	-	869	-	-	869
Exchange differences	250	359	715	5,516	-	448	7,288
At 31 December 2014	103,457	410,277	303,260	277,259	12,459	84,624	1,191,336
Accumulated depreciation							
At 1 January 2014	-	180,696	117,833	71,273	4,614	17,674	392,090
Depreciation charge for the financial year	-	8,327	6,328	5,650	215	825	21,345
Disposals	-	-	(376)	(96)	-	-	(472)
Transferred between categories	-	(460)	460	-	-	-	-
Transferred from a subsidiary	-	-	-	244	-	-	244
Exchange differences	-	72	574	1,511	-	148	2,305
At 31 December 2014	-	188,635	124,819	78,582	4,829	18,647	415,512
Net carrying amount							
At 31 December 2014	103,457	221,642	178,441	198,677	7,630	65,977	775,824

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20. INTANGIBLE ASSETS

Group	Goodwill RM'000	Core Deposit Intangibles RM'000	Agency Force RM'000	Customer Relationship RM'000	Computer Software RM'000	Software-In- Development RM'000	Total RM'000
As at 31 December 2015							
Cost							
At 1 January 2015	6,765,139	299,653	82,742	153,445	1,406,488	291,759	8,999,226
Additions	-	-	-	-	67,800	119,212	187,012
Transferred between categories	-	-	-	-	215,955	(215,955)	-
Transferred to property, plant and equipment (Note 19)	-	-	-	-	(86)	(1,017)	(1,103)
Exchange differences	767,618	31,969	-	8,792	37,583	10,539	856,501
At 31 December 2015	7,532,757	331,622	82,742	162,237	1,727,740	204,538	10,041,636
Accumulated amortisation							
At 1 January 2015	-	273,103	48,663	95,682	699,352	-	1,116,800
Amortisation charge for the financial year (Note 41)	-	13,241	9,283	20,408	222,665	-	265,597
Transferred to property, plant and equipment (Note 19)	-	-	-	-	(9)	-	(9)
Exchange differences	-	30,034	7,853	15,035	26,632	-	79,554
At 31 December 2015	-	316,378	65,799	131,125	948,640	-	1,461,942
Accumulated impairment losses							
At 1 January 2015	1,621,011	-	-	-	-	-	1,621,011
Exchange differences	221	-	-	-	-	-	221
At 31 December 2015	1,621,232	-	-	-	-	-	1,621,232
Net carrying amount							
At 31 December 2015	5,911,525	15,244	16,943	31,112	779,100	204,538	6,958,462
As at 31 December 2014							
Cost							
At 1 January 2014	6,545,644	287,820	82,742	152,237	994,686	503,083	8,566,212
Additions	-	-	-	-	79,760	173,821	253,581
Write-offs (Note 41)	-	-	-	-	(37,445)	(18,755)	(56,200)
Transferred between categories	-	-	-	-	366,747	(366,747)	-
Transferred to property, plant and equipment (Note 19)	-	-	-	-	(3,877)	(553)	(4,430)
Exchange differences	219,495	11,833	-	1,208	6,617	910	240,063
At 31 December 2014	6,765,139	299,653	82,742	153,445	1,406,488	291,759	8,999,226
Accumulated amortisation							
At 1 January 2014	-	243,540	37,027	71,711	551,896	-	904,174
Amortisation charge for the financial year (Note 41)	-	19,185	10,653	22,033	179,632	-	231,503
Write-offs (Note 41)	-	-	-	-	(36,741)	-	(36,741)
Transferred from property, plant and equipment (Note 19)	-	-	-	-	19	-	19
Exchange differences	-	10,378	983	1,938	4,546	-	17,845
At 31 December 2014	-	273,103	48,663	95,682	699,352	-	1,116,800
Accumulated impairment losses							
At 1 January 2014	1,620,982	-	-	-	-	-	1,620,982
Exchange differences	29	-	-	-	-	-	29
At 31 December 2014	1,621,011	-	-	-	-	-	1,621,011
Net carrying amount							
At 31 December 2014	5,144,128	26,550	34,079	57,763	707,136	291,759	6,261,415

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20. INTANGIBLE ASSETS (CONT'D.)

Bank	Goodwill RM'000	Computer Software RM'000	Software-In- Development RM'000	Total RM'000
As at 31 December 2015				
Cost				
At 1 January 2015	81,015	717,830	208,790	1,007,635
Additions	-	15,084	85,888	100,972
Transferred between categories	-	190,611	(190,611)	-
Transferred to property, plant and equipment (Note 19)	-	(12)	(1,017)	(1,029)
Exchange differences	-	21,326	10,518	31,844
At 31 December 2015	81,015	944,839	113,568	1,139,422
Accumulated amortisation				
At 1 January 2015	-	501,368	-	501,368
Amortisation charge for the financial year (Note 41)	-	112,277	-	112,277
Exchange differences	-	16,297	-	16,297
At 31 December 2015	-	629,942	-	629,942
Net carrying amount				
At 31 December 2015	81,015	314,897	113,568	509,480
As at 31 December 2014				
Cost				
At 1 January 2014	81,015	672,265	172,241	925,521
Additions	-	8,079	104,750	112,829
Write-offs (Note 41)	-	(18)	(19)	(37)
Transferred between categories	-	49,553	(49,553)	-
Transferred to property, plant and equipment (Note 19)	-	(5,517)	(420)	(5,937)
Transferred to subsidiaries, net	-	(9,207)	(18,952)	(28,159)
Exchange differences	-	2,675	743	3,418
At 31 December 2014	81,015	717,830	208,790	1,007,635
Accumulated amortisation				
At 1 January 2014	-	398,253	-	398,253
Amortisation charge for the financial year (Note 41)	-	101,366	-	101,366
Write-offs (Note 41)	-	(5)	-	(5)
Transferred to property, plant and equipment (Note 19)	-	(133)	-	(133)
Transferred to subsidiaries, net	-	(253)	-	(253)
Exchange differences	-	2,140	-	2,140
At 31 December 2014	-	501,368	-	501,368
Net carrying amount				
At 31 December 2014	81,015	216,462	208,790	506,267

Notes to the Financial Statements

31 December 2015

20. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill

Goodwill has been allocated to the Group's Cash-Generating Units ("CGUs") identified according to the following business segments:

Group	Note	2015 RM'000	2014 RM'000
American Express ("AMEX") card services business in Malaysia	(i)	81,015	81,015
Acquisition of PT Bank Maybank Indonesia Tbk ("Maybank Indonesia")	(ii)	5,807,085	5,807,085
Less: Accumulated impairment losses		(1,619,518)	(1,619,518)
		4,187,567	4,187,567
Acquisition of Maybank Kim Eng Holdings Limited ("MKEH")	(iii)	2,001,914	2,001,914
Less: Accumulated impairment losses		(1,422)	(1,422)
		2,000,492	2,000,492
Acquisition of PT Maybank GMT Asset Management ("Maybank GMT")		20,162	20,162
Less: Exchange differences		(377,711)	(1,145,108)
		5,911,525	5,144,128
Bank	Note	2015 RM'000	2014 RM'000
American Express ("AMEX") card services business in Malaysia	(i)	81,015	81,015

Goodwill is allocated to the Group's CGUs expected to benefit from the synergies of the acquisitions. The recoverable amount of the CGUs are assessed based on value-in-use and compared to the carrying amount of the CGUs to determine whether any impairment exists. Impairment loss is recognised in the income statement when the carrying amount of the CGUs exceeds its recoverable amount. During the financial year ended 31 December 2015, no additional impairment losses were recognised or reversed for the CGUs.

- (i) The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 10-year period.

The other key assumptions for the computation of value-in-use are as follows:

- The Bank expects the AMEX card services business to be a going concern;
- The growth in business volume is expected to be consistent with the industry growth rate of 13.0% to 15.0% per annum; and
- The discount rate applied is the internal weighted average cost of capital of the Bank at the time of assessment, which is estimated to be 9.3% per annum (2014: 8.5% per annum).

- (ii) The value-in-use discounted cash flow model uses free cash flow to equity ("FCFE") projections prepared and approved by management covering a 7-year period.

The other key assumptions for the computation of value-in-use are as follows:

- The Bank expects the Maybank Indonesia's banking business operations to be a going concern;
- The discount rate applied is based on current specific country risks which is estimated to be approximately 14.5% per annum (2014: 12.1% per annum); and
- Terminal value whereby cash flow growth rate of 6.6% (2014: 6.2%), which is consistent with the Gross Domestic Product rate of Indonesia.

For sensitivity analysis purposes, if the annual cash flows growth rate of Maybank Indonesia is at a constant growth rate of 0.7% or the discount rate increased by approximately 3.2%, the recoverable amount would be reduced to its carrying amount.

- (iii) In year 2012, there was a reorganisation of reporting structure within Maybank Kim Eng Group ("MKEG") from geographical areas namely Malaysia, Singapore, Thailand, Indonesia, Hong Kong and others, to business pillars namely, Investment Banking and Advisory ("IB&A") and Equities. MKEG comprises mainly Maybank Investment Bank Berhad ("MIBB") and Maybank Kim Eng ("MKE") whilst MKEG forms the Investment Banking sub-segment within the Global Banking. This reorganisation is consistent with MKEG's overall strategies as follows:

- Realignment of business model from "country centric" to "product centric";
- Regional business focus; and
- Operating and reporting as a single management unit.

Hence, the value-in-use discounted cash flow model uses free cash flow to the firm ("FCFF") projections prepared and approved by management covering a 5-year period of MIBB and MKE collectively.

The other key assumptions for the computation of value-in-use are as follows:

- The Bank expects MKEG's business operations to be a going concern;
- The discount rate applied is the internal weighted average cost of capital of MKEG at the time of assessment, which is estimated to be 9.3% per annum (2014: 10.0% per annum); and
- Terminal value whereby cash flow growth rate is 5.8% (2014: 5.0%), which is consistent with the average Gross Domestic Product rate of Malaysia and Singapore, the major MKEG's operating markets.

For sensitivity analysis purposes, if the annual cash flows growth rate of MKEG is at a constant negative growth rate of 13.2% or the discount rate increased by approximately 4.2%, the recoverable amount would be reduced to its carrying amount of the CGU.

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20. INTANGIBLE ASSETS (CONT'D.)

(b) Core Deposit Intangibles ("CDI")

Core deposit intangibles arises from the acquisition of Maybank Indonesia's banking business operations. The CDI is deemed to have a finite useful life of 8 years and is amortised based on a reducing balance method.

(c) Agency force

The agency force arises from the acquisition of MKEH's investment banking business operations. The agency force is deemed to have a finite useful life of 11 years and is amortised based on a reducing balance method.

(d) Customer relationship

The customer relationship arises from the acquisition of MKEH's investment banking business operations. The customer relationship is deemed to have a finite useful life of 3 - 9 years and is amortised based on a reducing balance method.

21. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	288,602,726	239,932,370	188,629,371	153,969,752
- More than one year	11,334,267	17,185,803	10,446,084	16,402,258
	299,936,993	257,118,173	199,075,455	170,372,010
Money market deposits	12,617,076	22,091,040	12,617,076	22,091,040
Savings deposits	62,023,701	59,282,330	40,327,059	40,685,239
Demand deposits	99,214,935	95,565,804	75,155,434	69,023,934
Structured deposits*	4,357,828	5,512,037	3,451,495	4,766,749
	478,150,533	439,569,384	330,626,519	306,938,972

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

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Within six months	235,062,494	197,389,967	144,342,976	120,140,244
Six months to one year	53,540,232	42,542,403	44,286,395	33,829,508
One year to three years	10,632,329	16,692,031	10,386,710	16,340,185
Three years to five years	701,938	493,772	59,374	62,073
	299,936,993	257,118,173	199,075,455	170,372,010

The deposits are sourced from the following types of customers:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Business enterprises	222,126,995	197,053,516	160,747,558	144,105,454
Individuals	199,761,403	180,008,070	147,532,143	136,944,899
Government and statutory bodies	26,547,957	25,405,709	8,657,495	9,782,117
Others	29,714,178	37,102,089	13,689,323	16,106,502
	478,150,533	439,569,384	330,626,519	306,938,972

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22. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Licensed banks	35,830,025	53,954,068	35,887,913	44,877,881
Licensed finance companies	38,458	465,563	38,458	228,000
Licensed investment banks	100,777	290,215	100,777	290,215
Other financial institutions	3,044,656	2,677,552	1,877,540	2,104,088
	39,013,916	57,387,398	37,904,688	47,500,184

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

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
One year or less	37,314,775	56,205,468	36,970,698	46,323,458
More than one year	1,699,141	1,181,930	933,990	1,176,726
	39,013,916	57,387,398	37,904,688	47,500,184

23. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	2015 RM'000	2014 RM'000
Insurance/takaful contract liabilities	(i)	23,393,933	24,257,364
Other insurance payables	(ii)	445,408	541,469
		23,839,341	24,798,833

(i) Insurance/takaful contract liabilities

Group 2015	Note	Gross contract liabilities RM'000	Reinsurance/ retakaful assets (Note 13) RM'000	Net contract liabilities RM'000
Life insurance/family takaful	(a)	17,296,941	(58,268)	17,238,673
General insurance/general takaful	(b)	6,096,992	(3,768,559)	2,328,433
		23,393,933	(3,826,827)	19,567,106

Group 2014	Note	Gross contract liabilities RM'000	Reinsurance/ retakaful assets (Note 13) RM'000	Net contract liabilities RM'000
Life insurance/family takaful	(a)	17,708,771	(40,664)	17,668,107
General insurance/general takaful	(b)	6,548,593	(4,346,638)	2,201,955
		24,257,364	(4,387,302)	19,870,062

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23. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES (CONT'D.)

(i) Insurance/takaful contract liabilities (cont'd.)

(a) Life insurance/family takaful

The breakdown of life insurance/family takaful contract liabilities and its movements are further analysed as follows:

(A) Life insurance/family takaful contract liabilities

Group 2015	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Claims liabilities	184,793	(12,528)	172,265
Actuarial liabilities	12,112,712	(45,740)	12,066,972
Unallocated surplus	3,153,908	-	3,153,908
AFS reserve	95,052	-	95,052
Net asset value ("NAV") attributable to unitholders	1,750,476	-	1,750,476
	17,296,941	(58,268)	17,238,673

Group 2014	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Claims liabilities	162,697	(8,361)	154,336
Actuarial liabilities	12,529,596	(32,303)	12,497,293
Unallocated surplus	3,098,576	-	3,098,576
AFS reserve	28,116	-	28,116
Net asset value ("NAV") attributable to unitholders	1,889,786	-	1,889,786
	17,708,771	(40,664)	17,668,107

(B) Movements of life insurance/family takaful contract liabilities and reinsurance/retakaful assets

Group As at 31 December 2015	Gross contract liabilities						Total Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
	Claims liabilities RM'000	Actuarial liabilities RM'000	Unallocated surplus RM'000	AFS reserve RM'000	Qard RM'000	NAV attributable to unitholders RM'000			
At 1 January 2015	162,697	12,529,596	3,098,576	28,116	-	1,889,786	17,708,771	(40,664)	17,668,107
Net earned insurance premiums	-	-	350,023	-	-	262,075	612,098	(34,888)	577,210
Other revenue	-	-	198,994	-	-	59,450	258,444	-	258,444
Experience/benefit variation	130	-	-	-	-	(450,460)	(450,330)	1,860	(448,470)
Benefits and claims	21,966	(549,738)	(782,422)	-	-	(9,970)	(1,320,164)	28,861	(1,291,303)
Other expenses	-	-	(53,377)	-	-	(304)	(53,681)	-	(53,681)
Adjustments due to changes in:									
- Discounting	-	(26,266)	(4,322)	-	-	-	(30,588)	(41)	(30,629)
- Assumptions	-	215,348	(188,374)	-	-	-	26,974	(16)	26,958
- Policy movements	-	(56,228)	606,396	-	-	-	550,168	(13,380)	536,788
Changes in AFS reserve	-	-	-	67,557	-	-	67,557	-	67,557
Taxation	-	-	(9,814)	(621)	-	(101)	(10,536)	-	(10,536)
Transfer to shareholders' fund	-	-	(10,556)	-	-	-	(10,556)	-	(10,556)
Hibah paid to participants	-	-	(51,216)	-	-	-	(51,216)	-	(51,216)
At 31 December 2015	184,793	12,112,712	3,153,908	95,052	-	1,750,476	17,296,941	(58,268)	17,238,673

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23. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES (CONT'D.)

(i) Insurance/takaful contract liabilities (cont'd.)

(a) Life insurance/family takaful (cont'd.)

The breakdown of life insurance/family takaful contract liabilities and its movements are further analysed as follows (cont'd.):

(B) Movements of life insurance/family takaful contract liabilities and reinsurance/retakaful assets (cont'd.)

Group As at 31 December 2014	<----- Gross contract liabilities ----->						Total Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
	Claims liabilities RM'000	Actuarial liabilities RM'000	Unallocated surplus RM'000	AFS reserve RM'000	Qard RM'000	NAV attributable to unitholders RM'000			
At 1 January 2014	119,115	12,744,815	2,662,333	240,560	36,684	1,650,551	17,454,058	(43,465)	17,410,593
Net earned insurance premiums	-	-	320,147	-	-	462,351	782,498	(44,809)	737,689
Other revenue	-	-	360,752	-	-	49,061	409,813	-	409,813
Experience/benefit variation	(2,940)	-	(866,237)	-	-	(267,468)	(1,136,645)	23,924	(1,112,721)
Benefits and claims	46,522	(555,745)	(65,182)	-	-	(291)	(574,696)	14,663	(560,033)
Other expenses	-	-	-	-	-	(302)	(302)	-	(302)
Adjustments due to changes in:									
- Discounting	-	8,168	(1,846)	-	-	-	6,322	(27)	6,295
- Assumptions	-	(16,518)	18,122	-	-	-	1,604	-	1,604
- Policy movements	-	348,876	713,963	-	-	-	1,062,839	9,050	1,071,889
Changes in AFS reserve	-	-	-	(218,899)	-	-	(218,899)	-	(218,899)
Taxation	-	-	(24,766)	6,455	-	(4,116)	(22,427)	-	(22,427)
Transfer to shareholders' fund	-	-	1,460	-	-	-	1,460	-	1,460
Hibah paid to participants	-	-	(20,170)	-	-	-	(20,170)	-	(20,170)
Reclassification to other liabilities	-	-	-	-	(36,684)	-	(36,684)	-	(36,684)
At 31 December 2014	162,697	12,529,596	3,098,576	28,116	-	1,889,786	17,708,771	(40,664)	17,668,107

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23. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES (CONT'D.)

(i) Insurance/takaful contract liabilities (cont'd.)

(b) General insurance/general takaful

Group	Note	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
2015				
Claims liabilities	(A)	4,706,536	(3,367,456)	1,339,080
Premiums/contribution liabilities	(B)	1,273,379	(401,103)	872,276
Unallocated surplus of general takaful fund		146,185	-	146,185
AFS reserve		(29,108)	-	(29,108)
		6,096,992	(3,768,559)	2,328,433
2014				
Claims liabilities	(A)	5,043,058	(3,920,687)	1,122,371
Premiums/contribution liabilities	(B)	1,323,835	(425,951)	897,884
Unallocated surplus of general takaful fund		202,806	-	202,806
AFS reserve		(21,106)	-	(21,106)
		6,548,593	(4,346,638)	2,201,955

(A) Claims liabilities

Group As at 31 December 2015	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
At 1 January 2015	5,043,058	(3,920,687)	1,122,371
Claims incurred in the current accident year	1,206,350	(249,068)	957,282
Other movements in claims incurred in prior accident year	115,372	(116,317)	(945)
Claims paid during the financial year	(1,345,033)	565,919	(779,114)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	2,004	-	2,004
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	(315,215)	352,697	37,482
At 31 December 2015	4,706,536	(3,367,456)	1,339,080
Group As at 31 December 2014	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
At 1 January 2014	2,625,106	(1,575,721)	1,049,385
Claims incurred in the current accident year	4,019,954	(3,165,022)	854,932
Other movements in claims incurred in prior accident year	(267,097)	218,723	(48,374)
Claims paid during the financial year	(1,961,092)	1,219,511	(741,581)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	(154)	1,393	1,239
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	626,341	(619,571)	6,770
At 31 December 2014	5,043,058	(3,920,687)	1,122,371

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23. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES (CONT'D.)

- (i) Insurance/takaful contract liabilities (cont'd.)
 (b) General insurance/general takaful (cont'd.)
 (B) Premiums/contribution liabilities

Group	Gross contract liabilities RM'000	Reinsurance/retakaful assets RM'000	Net contract liabilities RM'000
As at 31 December 2015			
At 1 January 2015	1,323,835	(425,951)	897,884
Premiums/contributions written in the financial year	2,530,671	(1,026,956)	1,503,715
Premiums/contributions earned during the financial year	(2,581,127)	1,051,804	(1,529,323)
At 31 December 2015	1,273,379	(401,103)	872,276
As at 31 December 2014			
At 1 January 2014	1,147,564	(312,624)	834,940
Premiums/contributions written in the financial year	2,528,172	(1,044,668)	1,483,504
Premiums/contributions earned during the financial year	(2,351,901)	931,341	(1,420,560)
At 31 December 2014	1,323,835	(425,951)	897,884

- (ii) Other insurance payables

Group	2015 RM'000	2014 RM'000
Due to agents and intermediaries	52,790	82,658
Due to reinsurers and cedants	341,387	386,357
Due to retakaful operators	51,231	72,454
	445,408	541,469

24. OTHER LIABILITIES

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount due to brokers and clients	53	2,206,642	2,231,478	-	-
Deposits, other creditors and accruals		10,303,423	8,383,355	9,884,561	8,734,808
Defined benefit pension plans	(a)	466,768	419,304	-	-
Provisions for commitments and contingencies	(b)	36,616	58,695	36,616	54,749
Profit equalisation reserves (IBS operations)	61(t)	5,157	5,157	-	-
Finance lease liabilities	(c)	10,982	49,576	-	-
		13,029,588	11,147,565	9,921,177	8,789,557

- (a) Defined benefit pension plans

The Bank's subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labour laws of respective countries. The Bank's subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial assumptions using Projected Unit Credit Method. Such determination is made based on the present value of expected cash flows of benefits to be paid in the future taking into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors.

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24. OTHER LIABILITIES (CONT'D.)

(a) Defined benefit pension plans (cont'd.)

The defined benefit plans expose the Bank's subsidiaries to actuarial risks, such as longevity risk, interest rate risk, currency risk and market (investment) risk.

(i) Funding to defined benefit plans

The defined benefit plans are fully funded by the Bank's subsidiaries. The funding requirements are based on the pension funds actuarial measurement framework set out in the funding policies of the plans. The subsidiaries' employees are not required to contribute to the plans.

The following payments are expected contributions to be made by the Bank's subsidiaries to the defined benefit plans obligations in the future years:

Group	2015 RM'000	2014 RM'000
Within the next 12 months	9,899	5,735
Between 1 and 5 years	111,003	108,060
Between 5 and 10 years	330,070	302,602
Beyond 10 years	3,943,349	3,559,301
Total expected payments	4,394,321	3,975,698

(ii) Movements in net defined benefit liabilities

The following table shows a reconciliation of net defined benefit liabilities and its components:

Group As at 31 December 2015	Defined benefit obligations RM'000	Fair value of plan assets RM'000	Net defined benefit liabilities RM'000
At 1 January 2015	445,216	(25,912)	419,304
Included in income statements:			
Current service cost	50,295	-	50,295
Past service cost	1,282	-	1,282
Interest cost/(income)	33,245	(1,465)	31,780
Actuarial gain on other long-term employee benefits plans	(1,243)	-	(1,243)
	83,579	(1,465)	82,114
Included in statements of comprehensive income:			
Remeasurement (gain)/loss:			
- Actuarial (gain)/loss arising from:			
- Demographic assumptions	(2,210)	-	(2,210)
- Financial assumptions	(35,410)	-	(35,410)
- Experience adjustments	(11,290)	-	(11,290)
- Return on plan assets (excluding interest income)	-	1,787	1,787
	(48,910)	1,787	(47,123)
Others			
Contributions paid by employers	-	(9,047)	(9,047)
Benefits paid	(40,005)	3,156	(36,849)
Exchange differences	62,356	(3,987)	58,369
	22,351	(9,878)	12,473
At 31 December 2015	502,236	(35,468)	466,768

Notes to the Financial Statements

31 December 2015

24. OTHER LIABILITIES (CONT'D.)

(a) Defined benefit pension plans (cont'd.)

(ii) Movements in net defined benefit liabilities (cont'd.)

The following table shows a reconciliation of net defined benefit liabilities and its components (cont'd.):

Group As at 31 December 2014	Defined benefit obligations RM'000	Fair value of plan assets RM'000	Net defined benefit liabilities RM'000
At 1 January 2014	379,028	(22,186)	356,842
Included in income statements:			
Current service cost	44,821	-	44,821
Past service cost	1,171	-	1,171
Interest cost/(income)	30,815	(1,094)	29,721
Actuarial gain on other long-term employee benefits plans	(1,333)	-	(1,333)
Curtailment gain	(2,492)	-	(2,492)
Termination cost	2,215	-	2,215
Excess payment	661	-	661
	75,858	(1,094)	74,764
Included in statements of comprehensive income:			
Remeasurement loss/(gain):			
- Actuarial loss/(gain) arising from:			
- Financial assumptions	22,371	-	22,371
- Experience adjustments	(16,473)	-	(16,473)
- Effect of asset ceiling	-	236	236
- Return on plan assets (excluding interest income)	-	(1,138)	(1,138)
	5,898	(902)	4,996
Others			
Contributions paid by employers	-	(4,007)	(4,007)
Benefits paid	(26,640)	3,675	(22,965)
Exchange differences	11,072	(1,398)	9,674
	(15,568)	(1,730)	(17,298)
At 31 December 2014	445,216	(25,912)	419,304

Notes to the Financial Statements

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24. OTHER LIABILITIES (CONT'D.)

(a) Defined benefit pension plans (cont'd.)

(iii) Plan assets

The major categories of plan assets included as part of the fair value of total plan assets are as follows:

Group	2015 RM'000	2014 RM'000
Cash and cash equivalents	11,752	8,431
Quoted investments in active markets:		
Equity securities:		
- Consumer markets	1,551	1,079
- Oil and gas	365	391
- Financial institutions	19,659	5,171
Debt instruments	205	115
Unquoted investments:		
Debt instruments	319	6,053
Equity securities	3,049	2,601
Other receivables	1,153	3,468
Other payables	(2,585)	(1,397)
	35,468	25,912

For Bank's subsidiaries which have plan assets, an Asset-Liability Matching Study ("ALM") is performed at each reporting date. The principal technique of the ALM is to ensure the expected return on assets is sufficient to support the desired level of funding arising from the defined benefit plans.

(iv) Defined benefit obligations

(A) Actuarial assumptions

The principal assumptions used by subsidiaries in determining its pension obligations are as follows:

Group	2015 %	2014 %
Discount rate		
- Indonesia	8.99	8.28
- Philippines	5.19	4.84
- Thailand	4.13	4.25

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24. OTHER LIABILITIES (CONT'D.)

(a) Defined benefit pension plans (cont'd.)

(iv) Defined benefit obligations (cont'd.)

(A) Actuarial assumptions (cont'd.)

The principal assumptions used by subsidiaries in determining its pension obligations are as follows (cont'd.):

Group	2015 %	2014 %
Future salary growth		
- Indonesia	8.33	8.33
- Philippines	6.25	6.75
- Thailand	5.00	5.00

Group	2015 Years	2014 Years
Indonesia:		
Life expectancy for individual retiring at age of 55 - 55.5:		
- Male	17.81	17.16
- Female	18.81	18.16

Philippines:		
Life expectancy for individual retiring at age of 50:		
- Male	10.50	12.00
- Female	10.50	12.00

Thailand:		
Life expectancy for individual retiring at age of 60:		
- Male	8.32	8.40
- Female	9.67	9.80

The average duration of the defined benefit plans obligations at the end of each reporting year are as follows:

Group	2015 Years	2014 Years
Duration of defined benefit plans obligations		
- Indonesia	11.54	11.28
- Philippines	17.72	18.95
- Thailand	18.27	19.27

(B) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

Group	Defined benefit obligations	
	Increased by 1% RM'000	Decreased by 1% RM'000
2015		
Discount rate (1% movement)	(40,098)	45,905
Future salary growth (1% movement)	46,186	(40,358)
Future mortality (1% movement)	(178)	182
2014		
Discount rate (1% movement)	(33,724)	50,107
Future salary growth (1% movement)	43,365	(29,948)
Future mortality (1% movement)	(137)	140

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of each reporting year.

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24. OTHER LIABILITIES (CONT'D.)

(b) The movements of provisions for commitments and contingencies are as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	58,695	76,421	54,749	73,086
Provisions written back during the financial year	(18,133)	(17,726)	(18,133)	(18,337)
Disposal of a subsidiary (Note 17(b))	(3,946)	-	-	-
At 31 December	36,616	58,695	36,616	54,749

(c) Finance lease liabilities of the Group are payable as follows:

Group	Future minimum lease payments RM'000	Future finance charges RM'000	Present value of finance lease liabilities RM'000
2015			
Less than one year	10,943	(893)	10,050
Between one and five years	1,101	(169)	932
	12,044	(1,062)	10,982
2014			
Less than one year	51,505	(3,915)	47,590
Between one and five years	2,309	(323)	1,986
	53,814	(4,238)	49,576

The Group leases certain computer equipment and software under finance lease. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

25. RECOURSE OBLIGATION ON LOANS AND FINANCING SOLD TO CAGAMAS

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	1,058,860	1,277,269	1,058,860	656,293
Amount sold to Cagamas during the financial year	-	852,299	-	852,299
Repayment forwarded	(20,535)	(1,070,708)	(20,535)	(449,732)
Exchange differences	136,020	-	136,020	-
At 31 December	1,174,345	1,058,860	1,174,345	1,058,860

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Represented by:				
Sold directly to Cagamas	988,319	852,299	988,319	852,299
Acquired from the originators and sold to Cagamas	186,026	206,561	186,026	206,561
	1,174,345	1,058,860	1,174,345	1,058,860

Based on the agreement, the Group and the Bank undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy back any loans and financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators.

The Bank's loans sold to Cagamas Berhad with recourse are mainly housing and personal loans.

During the previous financial year ended 31 December 2014, Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, had fully repaid the hire purchase financing sold directly to Cagamas Berhad with recourse.

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26. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Taxation	47,544	285,758	-	275,373
Zakat	37,680	39,434	-	-
	85,224	325,192	-	275,373

27. DEFERRED TAX

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	(199,290)	(1,022,646)	(348,350)	(1,053,598)
Recognised in income statements, net (Note 45)	66,673	792,136	(17,255)	608,202
Recognised in income statements	64,168	787,557	(19,760)	606,358
Effect of reduction in tax rate	2,505	4,579	2,505	1,844
Recognised in statements of other comprehensive income, net	(68,021)	82,578	(79,370)	97,046
Insurance/takaful contract liabilities	3,265	(18,782)	-	-
Disposal of subsidiaries	(91)	(17,789)	-	-
Exchange differences	(22,767)	(14,787)	3,161	-
At 31 December	(220,231)	(199,290)	(441,814)	(348,350)

Presented after appropriate offsetting as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets	(976,082)	(901,950)	(441,814)	(348,350)
Deferred tax liabilities	755,851	702,660	-	-
	(220,231)	(199,290)	(441,814)	(348,350)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

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27. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Loan loss and allowances RM'000	AFS reserve, impairment losses on financial investments and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2015					
At 1 January 2015	(36,012)	(124,726)	(469,086)	(272,126)	(901,950)
Recognised in income statements	49,608	1,283	(10,815)	(7,473)	32,603
Recognised in statements of other comprehensive income	-	(87,208)	8,145	-	(79,063)
Effect of reduction in tax rate	-	-	(1,068)	-	(1,068)
Exchange differences	(3,138)	(2,019)	(14,589)	(6,858)	(26,604)
At 31 December 2015	10,458	(212,670)	(487,413)	(286,457)	(976,082)

As at 31 December 2014

At 1 January 2014	(659,108)	(225,641)	(559,441)	(217,741)	(1,661,931)
Recognised in income statements	626,536	(6,250)	95,635	(45,446)	670,475
Recognised in statements of other comprehensive income	-	107,841	1,366	-	109,207
Disposal of subsidiaries	-	-	-	(185)	(185)
Effect of reduction in tax rate	-	-	(2,023)	-	(2,023)
Exchange differences	(3,440)	(676)	(4,623)	(8,754)	(17,493)
At 31 December 2014	(36,012)	(124,726)	(469,086)	(272,126)	(901,950)

Deferred tax liabilities of the Group:

	Unabsorbed capital allowance RM'000	AFS reserve and accretion of discounts RM'000	Provision for liabilities RM'000	Non-DPF unallocated surplus RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2015						
At 1 January 2015	109,145	43,117	(3,103)	399,760	153,741	702,660
Recognised in income statements	(1,111)	(4,447)	(12,383)	50,736	(1,230)	31,565
Recognised in statements of other comprehensive income	-	6,245	-	3,792	1,005	11,042
Insurance/takaful contract liabilities	-	3,265	-	-	-	3,265
Disposal of subsidiaries	-	-	(91)	-	-	(91)
Effect of reduction in tax rate	3,573	-	-	-	-	3,573
Exchange differences	827	(8)	3,844	-	(826)	3,837
At 31 December 2015	112,434	48,172	(11,733)	454,288	152,690	755,851

As at 31 December 2014

At 1 January 2014	115,218	68,900	(1,701)	336,845	120,023	639,285
Recognised in income statements	(9,941)	17,057	(1,142)	60,181	50,927	117,082
Recognised in statements of other comprehensive income	-	(26,600)	(29)	-	-	(26,629)
Insurance/takaful contract liabilities	-	(18,782)	-	-	-	(18,782)
Disposal of subsidiaries	-	-	-	-	(17,604)	(17,604)
Effect of reduction in tax rate	3,868	-	-	2,734	-	6,602
Exchange differences	-	2,542	(231)	-	395	2,706
At 31 December 2014	109,145	43,117	(3,103)	399,760	153,741	702,660

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27. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd.):

Deferred tax assets of the Bank:

	Loan loss and allowances RM'000	AFS reserve, impairment losses on financial investments and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2015					
At 1 January 2015	-	(124,002)	(324,101)	-	(448,103)
Recognised in income statements	-	-	(8,845)	-	(8,845)
Recognised in statements of other comprehensive income	-	(79,370)	-	-	(79,370)
Effect of reduction in tax rate	-	-	(1,068)	-	(1,068)
Exchange differences	-	3,161	-	-	3,161
At 31 December 2015	-	(200,211)	(334,014)	-	(534,225)
As at 31 December 2014					
At 1 January 2014	(458,025)	(221,048)	(425,977)	(47,648)	(1,152,698)
Recognised in income statements	458,025	-	103,899	47,648	609,572
Recognised in statements of other comprehensive income	-	97,046	-	-	97,046
Effect of reduction in tax rate	-	-	(2,023)	-	(2,023)
At 31 December 2014	-	(124,002)	(324,101)	-	(448,103)

Deferred tax liabilities of the Bank:

	Unabsorbed capital allowance RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2015			
At 1 January 2015	96,658	3,095	99,753
Recognised in income statements	(10,915)	-	(10,915)
Effect of reduction in tax rate	3,573	-	3,573
At 31 December 2015	89,316	3,095	92,411
As at 31 December 2014			
At 1 January 2014	99,100	-	99,100
Recognised in income statements	(6,309)	3,095	(3,214)
Effect of reduction in tax rate	3,867	-	3,867
At 31 December 2014	96,658	3,095	99,753

Deferred tax assets have not been recognised in respect of the following items:

Group	2015 RM'000	2014 RM'000
Unutilised tax losses	108,432	89,443
Unabsorbed capital allowances	-	29,990
Loan loss, allowances	30,516	14,985
Others	1	146
	138,949	134,564

The above items are available for offsetting against future taxable profits of the respective subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of those items as they may not be used to offset taxable profits of other subsidiaries within the Group. They have arisen from subsidiaries that have past losses in which the deferred tax assets are recognised to the extent that future taxable profits will be available.

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28. BORROWINGS

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Secured:	(a)				
- Less than one year					
Denominated in:					
- SGD		243,864	1,454	-	-
- PHP		37,218	10,111	-	-
- IDR		831,515	846,922	-	-
		1,112,597	858,487	-	-
- More than one year					
Denominated in:					
- SGD		-	388,489	-	-
- PHP		346	619	-	-
- IDR		1,489,264	1,052,950	-	-
		1,489,610	1,442,058	-	-
Total secured borrowings		2,602,207	2,300,545	-	-
Unsecured:	(b)				
(i) Borrowings					
- Less than one year					
Denominated in:					
- USD		6,275,251	946,123	6,196,145	703,075
- SGD		972,519	302,164	-	-
- HKD		110,323	9,952	-	-
- IDR		652,765	249,823	-	-
- CNY		-	114,409	-	114,409
- THB		1,076,043	775,320	-	-
- VND		2,109	4,696	-	-
- PHP		57,169	13,714	-	-
- EURO		328,502	-	328,502	-
		9,474,681	2,416,201	6,524,647	817,484
- More than one year					
Denominated in:					
- USD		1,618,461	3,443,068	1,618,461	3,443,068
- IDR		215,651	626,614	-	-
- THB		-	149,211	-	-
- JPY		2,549	-	-	-
		1,836,661	4,218,893	1,618,461	3,443,068

Notes to the Financial Statements

31 December 2015

28. BORROWINGS (CONT'D.)

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unsecured: (cont'd.)	(b)				
(ii) Medium Term Notes					
- Less than one year					
Denominated in:					
- USD		214,719	4,609	214,719	4,609
- SGD		1,313,109	-	1,313,109	-
- HKD		878,874	16,116	878,874	16,116
- JPY		428,365	4,178	428,365	4,178
- AUD		904	984	904	984
- CNH		2,187	132	2,187	132
- RM		217	-	217	-
		2,838,375	26,019	2,838,375	26,019
- More than one year					
Denominated in:					
- USD		6,031,665	4,351,898	6,031,665	4,351,898
- SGD		315,840	-	315,840	-
- HKD		1,998,328	2,128,399	1,998,328	2,128,399
- JPY		4,542,027	2,807,149	4,542,027	2,807,149
- AUD		175,630	160,357	175,630	160,357
- CNH		608,238	112,438	608,238	112,438
- RM		220,000	-	220,000	-
		13,891,728	9,560,241	13,891,728	9,560,241
Total unsecured borrowings		28,041,445	16,221,354	24,873,211	13,846,812
Total borrowings		30,643,652	18,521,899	24,873,211	13,846,812

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28. BORROWINGS (CONT'D.)

(a) Secured borrowings

The secured borrowings are secured against the following collaterals:

- (i) Fiduciary transfer of the subsidiary's receivables with an aggregate amount of not less than 50% to 110% of the total outstanding loan; and
- (ii) Fiduciary transfer of the subsidiary's receivables with day past due not more than 30 to 90 days.
- (iii) Specific collaterals are as follows:
 - (1) certain motor vehicles; and
 - (2) land together with the buildings erected thereon and properties at 48 and 50 North Canal Road, Singapore.

The interest rates of these borrowings ranging from 2.1% to 13.0% (2014: 2.1% to 13.0%) per annum and these borrowings have maturities ranging from 1 month to 59 months (2014: 1 month to 48 months).

(b) Unsecured borrowings

- (i) The unsecured borrowings are term loans and overdrafts denominated in USD, CNY, IDR, SGD, PHP, THB, HKD, VND, JPY and Euro. The borrowings are unsecured and bear interest rates ranging from 0.05% to 11.7% (2014: 0.7% to 9.8%) per annum.
- (ii) Multicurrency Medium Term Notes ("MTN")

SGD800.0 million MTN Programme

In November 2006, Maybank Kim Eng Holdings Limited ("MKEH"), a subsidiary of the Bank, established a SGD300.0 million MTN Programme. The maximum aggregate principal amount of Notes that may be issued under the programme was increased to SGD800.0 million with effect from 18 June 2010. Under this MTN Programme, MKEH and its subsidiary may from time to time issue Notes in series or tranches, which may be Singapore Dollars or any other currencies deemed appropriate at the time. Each series or tranche of Notes may be issued in various amounts and tenors and may bear fixed, floating, variable or hybrid rates of interest or may not bear interest. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the subsidiary and rank pari passu, without any preference or priority among themselves and pari passu with all other present and future unsecured obligations of the subsidiary.

On 28 January 2014 and 28 May 2014, MKEH and its subsidiary redeemed the MTN amounting to SGD100.0 million and SGD50.0 million respectively under this MTN Programme. The MTN were issued on 28 January 2013 and 28 May 2013 respectively. The MTN bore fixed interest rates of 1.35% per annum and 1.18% per annum respectively.

USD2.0 billion MTN Programme

On 18 April 2011, the Bank established a USD2.0 billion MTN Programme. The MTN Programme will enable the Bank to issue from time to time, senior and/or subordinated notes in currencies other than Ringgit Malaysia at any time, provided that the aggregate amount of the outstanding Notes shall not at any time exceed USD2.0 billion (or its equivalent in other currencies) in nominal value.

On 7 December 2011 and 22 December 2011, the Bank issued HKD572.0 million and JPY10.0 billion Senior Notes due in 2016 and 2026 respectively under this MTN Programme. The HKD Senior Notes and JPY Senior Notes bear fixed interest rates of 2.7% per annum and 2.5% per annum respectively.

On 10 February 2012, the Bank issued USD400.0 million Senior Notes due in 2017 under this MTN Programme. The borrowings bear fixed interest rates of 3.0% per annum.

On 1 March 2012, the Bank issued HKD700.0 million Senior Notes due in 2017 under this MTN Programme. The borrowings bear fixed interest rates of 2.85% per annum.

On 8 May 2012, the Bank issued USD500.0 million Senior Notes due in 2014 under this MTN Programme. The borrowings bore fixed interest rates of 2.0% per annum. The Senior Notes were fully redeemed on 8 May 2014.

USD5.0 billion MTN Programme

On 14 May 2012, the Bank established a USD5.0 billion MTN Programme. The MTN Programme will enable the Bank to issue from time to time, senior and/or subordinated notes in currencies other than Ringgit Malaysia at any time, provided that the aggregate amount of the outstanding Notes shall not at any time exceed USD5.0 billion (or its equivalent in other currencies) in nominal value.

On 30 May 2012, the Bank issued JPY5.0 billion Senior Notes in nominal value due in 2017 under this MTN Programme. The borrowings bear fixed interest rates of 0.85% per annum.

On 20 July 2012, the Bank issued HKD600.0 million Senior Notes due in 2022 under this MTN Programme. The borrowings bear fixed interest rates of 3.25% per annum.

On 15 May 2013, the Bank issued USD200.0 million Senior Notes due in 2018 under this MTN Programme. The borrowings bear fixed interest rates of 1.76% per annum.

On 23 September 2013, the Bank through its Hong Kong branch, issued HKD1.55 billion Senior Notes due in 2016 under this MTN Programme. The borrowings bear floating interest rates of 3-month HIBOR + 0.60% per annum.

On 6 February 2014, the Bank issued JPY30.0 billion Senior Fixed Rate Notes in nominal value due in 2019 under this MTN Programme. The borrowings bear fixed interest rates of 0.669% per annum.

On 5 May 2014, the Bank issued AUD56.0 million Senior Floating Rate Notes in nominal value due in 2019 under this MTN Programme. The borrowings bear floating interest rates of 3-month BBSW + 1.20% per annum.

On 12 May 2014, the Bank issued USD50.0 million Senior Floating Rate Notes in nominal value due in 2017 under this MTN Programme. The borrowings bear floating interest rates of 3-month USD LIBOR + 0.64% per annum.

On 20 May 2014, the Bank issued USD50.0 million Senior Fixed Rate Notes in nominal value due in 2019 under this MTN Programme. The borrowings bear fixed interest rates of 2.56% per annum.

On 22 May 2014, the Bank issued JPY31.1 billion Senior Fixed Rate Notes in nominal value due in 2017 under this MTN Programme. The borrowings bear fixed interest rates of 0.4375% per annum.

On 18 June 2014, the Bank issued USD45.0 million Senior Fixed Rate Notes in nominal value due in 2029 under this MTN Programme. The borrowings bear fixed interest rates of 4.23% per annum.

On 27 June 2014, the Bank issued HKD284.0 million Senior Fixed Rate Notes in nominal value due in 2019 under this MTN Programme. The borrowings bear fixed interest rates of 2.55% per annum.

On 15 August 2014, the Bank issued HKD707.0 million Senior Fixed Rate Notes in nominal value due in 2024 under this MTN Programme. The borrowings bear fixed interest rates of 3.35% per annum.

On 21 August 2014, the Bank issued JPY20.0 billion Senior Fixed Rate Notes in nominal value due in 2019 under this MTN Programme. The borrowings bear fixed interest rates of 0.52% per annum.

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28. BORROWINGS (CONT'D.)

(b) Unsecured borrowings (cont'd.)

(ii) Multicurrency Medium Term Notes ("MTN") (cont'd.)

USD5.0 billion MTN Programme (cont'd.)

On 10 November 2014, the Bank issued HKD310.0 million Senior Fixed Rate Notes in nominal value due in 2019 under this MTN Programme. The borrowings bear fixed interest rates of 2.40% per annum.

On 28 November 2014, the Bank issued USD500.0 million Callable Senior Zero Coupon Notes (the "Notes") in nominal value due in 2044 under this MTN Programme. The borrowings bear internal rate of return of 4.57% per annum. The Bank may redeem all (and not on the same day) of the Notes on 28 November 2019 ("First Redemption Date") and each 28 November after the First Redemption Date up to 28 November 2043.

On 19 December 2014, the Bank issued CNH200.0 million Fixed Rate Notes in nominal value due in 2016 under this MTN Programme. The borrowings bear fixed interest rates of 3.30% per annum.

On 29 January 2015, the Bank issued USD50.0 million Floating Rate Notes in nominal value due in 2016 under this MTN Programme. The borrowings bear floating interest rates of 3-month USD LIBOR + 0.48% per annum.

On 5 March 2015, the Bank issued CNH410.0 million Fixed Rate Notes in nominal value due in 2020 under this MTN Programme. The borrowings bear fixed interest rates of 4.12% per annum.

On 10 April 2015, the Bank issued SGD50.0 million Fixed Rate Notes in nominal value due in 2017 under this MTN Programme. The borrowings bear fixed interest rates of 1.85% per annum.

On 10 June 2015, the Bank issued JPY12.0 billion Fixed Rate Notes in nominal value due in 2016 under this MTN Programme. The borrowings bear fixed interest rates of 0.15% per annum.

On 26 June 2015, the Bank issued SGD54.0 million Fixed Rate Notes in nominal value due in 2018 under this MTN Programme. The borrowings bear fixed interest rates of 2.08% per annum.

On 7 July 2015, the Bank issued USD160.0 million Callable Zero Coupon Notes (the "Notes") in nominal value due in 2045 under this MTN Programme. The borrowings bear internal rate of return of 4.75% per annum. The Bank may redeem all (and not some only) of the Notes on 7 July 2020 ("First Redemption Date") and each 7 July after the First Redemption Date up to 7 July 2044.

On 10 July 2015, the Bank issued SGD50.0 million Fixed Rate Notes in nominal value due in 2016 under this MTN Programme. The borrowings bear fixed interest rates of 1.32% per annum.

On 23 July 2015, the Bank issued SGD277.75 million Fixed Rate Notes in nominal value due in 2016 under this MTN Programme. The borrowings bear fixed interest rates of 1.32% per annum.

On 24 July 2015, the Bank issued SGD102.0 million Fixed Rate Notes in nominal value due in 2016 under this MTN Programme. The borrowings bear fixed interest rates of 1.32% per annum.

On 11 August 2015, the Bank issued CNH323.0 million Fixed Rate Notes in nominal value due in 2018 under this MTN Programme. The borrowings bear fixed interest rates of 4.10% per annum.

On 20 November 2015, the Bank issued HKD435.0 million Fixed Rate Notes in nominal value due in 2018 under this MTN Programme. The borrowings bear fixed interest rates of 2.15% per annum.

RM10.0 billion Senior MTN Programme

On 2 September 2015, the Bank established a RM10.0 billion Senior MTN Programme ("RM MTN Programme"). The RM MTN Programme will enable the Bank to issue from time to time, Ringgit Malaysia senior notes with callable features, provided that the aggregate amount of the outstanding senior notes shall not at any time exceed RM10.0 billion in nominal value.

On 24 November 2015, the Bank issued RM220.0 million Senior Medium Term Notes (the "Notes") in nominal value under this MTN Programme with a tenor of 10 years on a 10 non-callable 3 basis, which are due in 2025. The Notes bear fixed interest rates of 4.65% per annum. The Bank may redeem the Notes, in whole or in part, on 26 November 2018 ("First Call Date") and on each coupon payment date after the First Call Date.

(iii) USD5.0 billion Euro-Commercial Paper Programme ("Euro-CP Programme")

On 4 September 2014, the Bank established a USD5.0 billion Euro-Commercial Paper Programme ("Euro-CP Programme"). The Euro-CP Programme will enable the Bank to issue from time to time, euro-commercial paper notes (the "Notes") of up to USD5.0 billion or its equivalent in alternative currencies in nominal value.

The Notes as at 31 December 2015 are approximately RM328.5 million (2014: Nil). The interest rates for the Notes ranging from 0.05% to 0.10% (2014: Nil) per annum and these Notes have maturities ranging from 2 months to 8 months (2014: Nil).

(iv) Samurai Bonds

On 30 April 2015, the Bank completed its inaugural issuance of JPY31.3 billion Samurai Bonds (the "Bonds"). The Bonds comprise of two series with issuance of JPY18.5 billion and JPY12.8 billion in nominal value due in 2018 and 2020 respectively. The Bonds bear fixed interest rates of 0.397% and 0.509% per annum respectively.

(v) USD500.0 million U.S. Commercial Paper Programme ("U.S. CP Programme")

On 27 October 2015, the Bank established a USD500.0 million U.S. Commercial Paper Programme ("U.S. CP Programme"). The U.S. CP Programme will enable Maybank New York Branch to issue the U.S. CP Notes (the "Notes") and have outstanding at any time of USD500.0 million in nominal value.

The Notes as at 31 December 2015 are approximately RM1,633.8 million (2014: Nil). The interest rates for the Notes ranging from 0.33% to 0.90% (2014: Nil) per annum and these Notes have maturities ranging from 5 days to 244 days (2014: Nil).

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29. SUBORDINATED OBLIGATIONS

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
SGD1,000 million capital subordinated notes due in 2021	(i)	3,054,193	2,659,314	3,054,193	2,659,314
RM1,000 million subordinated sukuk due in 2021	(ii)	1,010,782	1,010,841	-	-
IDR1.5 trillion BMI subordinated bond due in 2018	(iii)	374,209	338,029	-	-
RM2,000 million subordinated notes due in 2021	(iv)	2,029,935	2,030,238	2,029,935	2,030,238
IDR500 billion BMI subordinated bond due in 2018	(v)	156,201	141,036	-	-
RM750 million subordinated notes due in 2021	(vi)	750,314	750,225	750,314	750,225
RM250 million subordinated notes due in 2023	(vii)	245,181	245,166	250,113	250,078
RM2,100 million subordinated notes due in 2024	(viii)	2,112,715	2,102,820	2,112,715	2,112,715
USD800 million subordinated notes due in 2022	(ix)	3,588,360	2,828,715	3,588,360	2,828,715
IDR1.0 trillion BMI subordinated bond due in 2019	(x)	315,315	284,765	-	-
RM500 million subordinated notes due in 2023	(xi)	510,127	510,070	-	-
RM1,600 million subordinated notes due in 2024	(xii)	1,628,384	1,623,057	1,633,507	1,633,293
RM1,500 million subordinated sukuk due in 2024	(xiii)	773,670	751,355	-	-
RM300.0 million subordinated sukuk due in 2024	(xiv)	301,189	301,263	-	-
IDR1.5 trillion BMI subordinated bonds due in 2021	(xv)	69,940	63,163	-	-
RM2,200 million subordinated notes due in 2025	(xvi)	2,221,855	-	2,221,855	-
RM1,100 million subordinated notes due in 2025	(xvii)	1,109,746	-	1,109,746	-
		20,252,116	15,640,057	16,750,738	12,264,578

- (i) On 28 April 2011, the Bank issued SGD1.0 billion nominal value Subordinated Notes under the MTN Programme with a fixed interest rate of 3.80% per annum, which is payable semi-annually in arrears in April and October each year, and are due in 2021. The Bank may, subject to the prior consent of BNM, redeem the Notes, in whole but not in part, on 28 April 2016 ("First Optional Redemption Date") and each semi-annual interest payment date thereafter at par together with accrued interest due on the redemption date. Should the Bank decide not to exercise its call option, the holders of the Subordinated Notes are entitled to a revised interest rate from the First Optional Redemption Date to (but excluding) the maturity date, being the sum of (i) the initial spread; and (ii) the ask rate for five (5) year Swap Offer Rate on the first Optional Redemption Date.
- (ii) On 31 March 2011, Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, issued RM1.0 billion nominal value Tier 2 Islamic Subordinated Sukuk under the Shariah Principle of Musyarakah. The sukuk carries a tenor of ten (10) years from issue date on 10 non-callable 5 basis, with a profit rate of 4.22% per annum payable semi-annually in arrears in March and September each year, and is due in March 2021. The subsidiary has the option to redeem the sukuk on any semi-annual distribution date on or after the fifth (5th) anniversary from the issue date. Should the subsidiary decide not to exercise its option to redeem the sukuk, the sukuk shall continue to be outstanding until the final maturity date.
- (iii) On 19 May 2011, PT Bank Maybank Indonesia Tbk ("BMI"), a subsidiary of the Bank, issued IDR1.5 trillion Subordinated Notes, of which IDR0.3 trillion is held by the Bank. The Notes are not guaranteed with specific guarantee, but guaranteed with all assets of BMI, whether present or future fixed or non-fixed assets. The Notes will mature on 19 May 2018.
- (iv) On 15 August 2011, the Bank issued RM2.0 billion Subordinated Notes from Maybank Subordinated Notes Programme of up to RM3.0 billion which are due in 2021. The Notes bear fixed interest of 4.10% per annum, which is payable semi-annually in arrears in February and August each year. The Bank may, subject to the prior consent of BNM, redeem the Notes, in whole but not in part, on 15 August 2016 (first Call Date) and on each semi-annual interest payment date thereafter at their principal amount together with accrued but unpaid coupon.
- (v) On 6 December 2011, BMI, a subsidiary of the Bank, issued IDR500.0 billion Subordinated Notes. The Notes bear fixed interest rate at 10.00% per annum, with seven (7) years tenor since Issuance Date. The interest of the Notes will be paid quarterly based on Interest Payment Date of Notes.
- (vi) On 28 December 2011, the Bank issued RM750 million Subordinated Notes from Maybank Subordinated Notes Programme of up to RM3.0 billion which are due in 2021. The Notes bear fixed interest rate of 3.97% per annum, which is payable semi-annually in arrears in June and December each year. The Bank may, subject to the prior consent of BNM, redeem the Notes, in whole but not in part, on 28 December 2016 (first Call Date) and on each semi-annual interest payment date thereafter at their principal amount together with accrued but unpaid coupon.

The Notes bear interest at a fixed rate of 10.75% per annum, which is payable quarterly. The Notes were approved by Bank Indonesia through its letter dated 23 June 2011 to be qualified as Tier 2 Capital of BMI.

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29. SUBORDINATED OBLIGATIONS (CONT'D.)

- (vii) On 28 December 2011, the Bank issued RM250 million Subordinated Notes from Maybank Subordinated Notes Programme of up to RM3.0 billion which are due in 2023. The Notes bear fixed interest rate of 4.12% per annum, which is payable semi-annually in arrears in June and December each year. The Bank may, subject to the prior consent of BNM, redeem the Notes, in whole but not in part, on 28 December 2018 (first Call Date) and on each semi-annual interest payment date thereafter at their principal amount together with accrued but unpaid coupon.
- (viii) On 10 May 2012, the Bank issued RM2.1 billion Subordinated Notes in nominal value from Subordinated Notes Programme of up to RM7.0 billion, which are due in 2024. The Notes bear fixed interest rate of 4.25% per annum which is payable semi-annually in arrears in May and November each year. The Bank may, subject to the prior consent of BNM, redeem the Subordinated Notes, in whole but not in part, on 10 May 2019 (first Call Date) and on each semi-annual interest payment date thereafter at their principal amount together with accrued but unpaid coupon.
- (ix) On 20 September 2012, the Bank issued USD800 million Subordinated Notes in nominal value from its USD5.0 billion Multicurrency MTN Programme which are due in 2022. The Bank may, subject to the prior consent of BNM, redeem the Subordinated Notes, in whole but not in part, on 20 September 2017 ("First Call Date"). The Subordinated Notes bear fixed interest rate of 3.25% per annum from the issue date up to but excluding the First Call Date which is payable semi-annually in arrears in March and September each year. The rate of interest payable on the Notes from and including the First Call Date to but excluding the maturity date will be reset to a fixed rate equal to a 5-year U.S. Treasury Rate prevailing on 20 September 2017 plus 2.60% per annum, payable semi-annually in arrears.
- (x) On 31 October 2012, BMI, a subsidiary of the Bank, issued IDR1.0 trillion Subordinated Notes. The Subordinated Notes bear fixed interest rate at 9.25% per annum and due date of the Subordinated Notes will be on 31 October 2019. The interest of the Subordinated Notes will be paid quarterly based on Interest Payment Date of Notes.
- (xi) On 5 July 2013, Etiqa Insurance Berhad, a subsidiary of the Bank, issued RM500 million in nominal value Tier 2 Capital Subordinated Bonds with a tenor of 10 years on a 10 non-callable 5 basis, which are due in 2023. The Subordinated Bonds bear a coupon rate of 4.13% per annum, payable semi-annually in arrears.
- (xii) On 29 January 2014, the Bank issued RM1.6 billion Basel III-compliant Tier 2 Subordinated Notes in nominal value under the revised Subordinated Notes Programme of up to RM7.0 billion, which are due in 2024. The Notes bear fixed interest rate of 4.90% per annum, payable semi-annually in arrears. The Bank may, subject to the prior consent of BNM, redeem the Subordinated Notes, in whole or in part, on 29 January 2019 (first Call Date) and on every coupon payment date thereafter at their principal amount together with accrued but unpaid coupon (if any).
- (xiii) On 7 April 2014, Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, issued RM1.5 billion Basel III-compliant Tier 2 Subordinated Sukuk Murabahah ("Subordinated Sukuk Murabahah") in nominal value pursuant to a Subordinated Sukuk Murabahah Programme of up to RM10.0 billion in nominal value established in March 2014.

The Subordinated Sukuk Murabahah carries a tenor of ten (10) years on a 10 non-callable 5 basis, with a profit rate of 4.75% per annum, payable semi-annually in arrears, and is due on 5 April 2024.

The subsidiary may, subject to the prior consent of BNM, redeem the Subordinated Sukuk Murabahah, in whole or in part, on 5 April 2019 (first Call Date) and on every profit payment date thereafter.
- (xiv) On 30 May 2014, Etiqa Takaful Berhad, a subsidiary of the Bank, issued Tier 2 Capital Subordinated Sukuk Musharakah of RM300.0 million in nominal value ("Subordinated Sukuk Musharakah").

The Subordinated Sukuk Musharakah carries a tenor of ten (10) years on a 10 non-callable 5 basis, with a profit rate of 4.52% per annum, payable semi-annually in arrears, and is due on 30 May 2024.

The subsidiary may, subject to the prior consent of BNM, redeem the Subordinated Sukuk Musharakah in whole or in part on any semi-annual distribution date on or after the fifth (5th) anniversary from the issue date.
- (xv) On 8 July 2014, BMI, a subsidiary of the Bank, issued IDR1.5 trillion Subordinated Bonds under the Shelf Subordinated Bonds II Bank BMI Tranche I Year 2014, of which IDR1.28 trillion is held by the Bank. The Subordinated Bonds bear fixed interest rate at 11.35% per annum, payable quarterly in arrears, and is due on 8 July 2021.
- (xvi) On 19 October 2015, the Bank issued RM2.2 billion Basel III-compliant Tier 2 Subordinated Notes in nominal value under the RM7.0 billion Subordinated Notes Programme, with a tenor of 10 years on a 10 non-callable 5 basis, which are due in 2025. The Notes bear fixed interest rate of 4.90% per annum, payable semi-annually. The Bank may, subject to the prior consent of BNM, redeem the Notes, in whole or in part, on 19 October 2020 (first Call Date) and on every coupon payment date thereafter.
- (xvii) On 27 October 2015, the Bank issued RM1.1 billion Basel III-compliant Tier 2 Subordinated Notes under the RM7.0 billion Subordinated Notes Programme, with a tenor of 10 years on a 10 non-callable 5 basis, which are due in 2025. The Notes bear fixed interest rate of 4.90% per annum, payable semi-annually. The Bank may, subject to the prior consent of BNM, redeem the Notes, in whole or in part, on 27 October 2020 (first Call Date) and on every coupon payment date thereafter.

The interest/profit rates for all the subordinated instruments above ranging between 3.25% and 11.35% (2014: ranging between 3.25% and 11.35%) per annum.

All the subordinated instruments above constitute unsecured liabilities of the Group and of the Bank and are subordinated to the senior indebtedness of the Group and of the Bank in accordance with the respective terms and conditions of their issues.

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30. CAPITAL SECURITIES

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
RM3,500 million 6.85% Stapled Capital Securities ("NCPCS")		63,046	63,035	63,046	63,035
Less: Transaction costs		(1,469)	(1,469)	(1,469)	(1,469)
Add: Accumulated amortisation of transaction costs		1,467	1,449	1,467	1,449
	(a)	63,044	63,015	63,044	63,015
SGD600.0 million 6.00% Innovative Tier 1 Capital Securities ("SGD600.0 million IT1CS")		1,615,942	1,624,186	1,615,942	1,624,186
Less: Transaction costs		(8,514)	(8,514)	(8,514)	(8,514)
Add: Accumulated amortisation of transaction costs		6,080	5,009	6,080	5,009
	(b)	1,613,508	1,620,681	1,613,508	1,620,681
RM1,100.0 million 6.30% Innovative Tier 1 Capital Securities ("RM1.1 billion IT1CS")		955,385	836,030	1,118,607	1,118,607
Less: Transaction costs		(1,063)	(1,063)	(1,063)	(1,063)
Add: Accumulated amortisation of transaction costs		719	590	719	590
	(c)	955,041	835,557	1,118,263	1,118,134
RM3,500 million 5.30% Additional Tier 1 Capital Securities ("RM3.5 billion AT1CS")		3,557,429	3,557,429	3,557,429	3,557,429
Less: Transaction costs		(185,598)	(185,598)	(185,598)	(185,598)
Add: Accumulated amortisation of transaction costs		45,951	11,399	45,951	11,399
	(d)	3,417,782	3,383,230	3,417,782	3,383,230
		6,049,375	5,902,483	6,212,597	6,185,060

(a) NCPCS

On 27 June 2008, the Bank issued RM3.5 billion securities in nominal value comprising:

- (a) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by the Bank and stapled to the Subordinated Notes described below; and
- (b) Subordinated Notes ("Sub-Notes"), which are issued by Cepak Mentari Berhad ("CMB"), a wholly-owned subsidiary of the Bank.

(collectively known as "Stapled Capital Securities").

Until an assignment event occurs, the Stapled Capital Securities cannot be transferred, dealt with or traded separately. Upon occurrence of an assignment event, the Stapled Capital Securities will unstaple, leaving the investors to hold only the NCPCS while ownership of the Sub-Notes will be re-assigned to the Bank pursuant to a forward purchase contract entered into by the Bank. Unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities, the assignment event would occur on the twentieth (20th) interest payment date or ten (10) years from the issuance date of the Sub-Notes.

Each of the NCPCS and Sub-Notes has a fixed interest rate of 6.85% per annum. However, the NCPCS distribution will not begin to accrue until the Sub-Notes are re-assigned to the Bank as referred to above. Thus effectively, the Stapled Capital Securities are issued by the Bank at a fixed rate of 6.85% per annum. Interest is payable semi-annually in arrears.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of the Bank on the twentieth (20th) interest payment date or ten (10) years from the issuance date of the Sub-Notes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The Sub-Notes have a tenor of thirty (30) years unless redeemed earlier under the terms of the Sub-Notes. The Sub-Notes are redeemable at the option of CMB on any interest payment date, which cannot be earlier than the occurrence of an assignment event, subject to redemption conditions being satisfied.

The Stapled Capital Securities comply with BNM Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of the Group. Claims in respect of the NCPCS rank pari passu and without preference among themselves, other Tier 1 capital securities of the Bank and with the most junior class of preference shares of the Bank but in priority to the rights and claims of the ordinary shareholders of the Bank. The Sub-Notes rank pari passu and without preference among themselves and with the most junior class of notes or preference shares of CMB.

An "assignment event" means the occurrence of any of the following events:

- (a) The Bank is in breach of BNM's minimum capital adequacy ratio requirements applicable to the NCPCS Issuer; or
- (b) Commencement of a winding-up proceeding in respect of the Bank or CMB; or
- (c) Appointment of an administrator in connection with a restructuring of the Bank; or
- (d) Occurrence of a default of the NCPCS distribution payments or Sub-Notes interest payments; or
- (e) CMB ceases to be, directly or indirectly, a wholly-owned subsidiary of the Bank; or
- (f) BNM requires that an assignment event occur; or
- (g) The Bank elects that an assignment event occurs; or
- (h) The twentieth (20th) Interest Payment Date of the Sub-Notes; or

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30. CAPITAL SECURITIES (CONT'D.)

(a) NCPCS (cont'd.)

An "assignment event" means the occurrence of any of the following events (cont'd.):

- (i) Sixty (60) days after a regulatory event (means at any time there is more than an insubstantial risk, as determined by the Bank, that the NCPCS will no longer qualify as Non-Innovative Tier 1 capital of the Bank for the purposes of BNM's capital adequacy requirements under any applicable regulations) has occurred, subject to such regulatory event continuing to exist at the end of such sixty (60) days; or
- (j) Any deferral of interest payment of the Sub-Notes; or
- (k) Thirty (30) years from the issue date of the Sub-Notes.

In addition to the modes of redemption, the NCPCS and the Sub-Notes can be redeemed in the following circumstances:

- (a) If the NCPCS and the Sub-Notes were issued for the purpose of funding a merger or acquisition which is subsequently aborted, at the option of the Bank and CMB subject to BNM's prior approval;
- (b) At any time if there is more than an insubstantial risk in relation to changes in applicable tax regulations, as determined by the Bank or CMB, that could result in the Bank or CMB paying additional amounts or will no longer be able to deduct interest in respect of the Sub-Notes or the inter-company loan (between the Bank and CMB) for taxation purposes; and
- (c) At any time if there is more than an insubstantial risk in relation to changes in applicable regulatory capital requirements, as determined by the Bank or CMB, that could disqualify the NCPCS to be regarded as part of Non-Innovative Tier 1 capital for the purpose of regulatory capital requirements.

On 10 September 2014, the Bank had completed a partial redemption of RM3,437.0 million in nominal value.

(b) SGD600.0 million IT1CS

On 11 August 2008, the Bank issued SGD600.0 million IT1CS callable with step-up in 2018 at a fixed rate of 6.00%.

The SGD600.0 million IT1CS bears a fixed interest rate payment from and including 11 August 2008 to (but excluding) 11 August 2018 (the first Reset Date), payable semi-annually in arrears on 11 February and 11 August in each year commencing on 11 February 2009. The SGD600.0 million IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the sixtieth (60th) year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the tenth (10th) anniversary of the issue date and on any interest payment date thereafter.

On the tenth (10th) anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus one hundred (100) basis points above the three (3) months SGD Swap Offer Rate.

The SGD600.0 million IT1CS will constitute direct, unsecured and subordinated obligations of the Bank and will rank pari passu and without any preference among themselves and will rank pari passu with other Tier 1 securities.

On 21 January 2015, the Bank had purchased SGD78.0 million out of the SGD600.0 million IT1CS through a private treaty arrangement. The SGD78.0 million IT1CS bought back was cancelled on 28 January 2015.

(c) RM1.1 billion IT1CS

On 25 September 2008, the Bank issued RM1.1 billion IT1CS callable with a step-up in 2018 at a fixed rate of 6.30% under its RM4.0 billion Innovative Tier 1 Capital Securities. The RM1.1 billion IT1CS which matures on 25 September 2068 also bears a fixed interest rate and is callable on 25 September 2018 and on every interest payment date thereafter. On the tenth (10th) anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus one hundred (100) basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3-months RM deposits.

The RM1.1 billion IT1CS will constitute direct, unsecured and subordinated obligations of the Bank and will rank pari passu and without any preference among themselves and will rank pari passu with other Tier 1 securities.

(d) RM3.5 billion AT1CS

On 10 September 2014, the Bank issued RM3.5 billion of Basel III-compliant AT1CS in nominal value with a tenor of Perpetual Non-Callable five (5) years pursuant to the AT1CS Programme of up to RM10.0 billion and/or its foreign currency equivalent in nominal value established on 19 August 2014.

The AT1CS bears a fixed interest rate of 5.30% per annum, payable semi-annually.

The Bank may, subject to the prior consent of BNM, redeem the AT1CS, in whole or in part, on 10 September 2019 (first Call Date) and thereafter on every coupon payment date.

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31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST

Group and Bank	Number of ordinary shares of RM1.00 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised:				
At 1 January	10,000,000	10,000,000	10,000,000	10,000,000
Created during the financial year	5,000,000	-	5,000,000	-
At 31 December	15,000,000	10,000,000	15,000,000	10,000,000
Issued and fully paid:				
At 1 January	9,319,030	8,862,079	9,319,030	8,862,079
Shares issued under the:				
- Dividend Reinvestment Plan ("DRP") issued on:				
- 11 November 2015	222,452	-	222,452	-
- 26 May 2015	203,533	-	203,533	-
- 28 October 2014	-	165,329	-	165,329
- 30 May 2014	-	229,810	-	229,810
- Maybank Group Employees' Share Scheme ("ESS"):				
- Employee Share Option Scheme ("ESOS")	13,842	58,680	13,842	58,680
- Restricted Share Unit ("RSU")	2,784	2,832	2,784	2,832
- Supplemental Restricted Share Unit ("SRSU")	110	300	110	300
At 31 December	9,761,751	9,319,030	9,761,751	9,319,030

(a) Increase in issued and paid-up capital

During the current financial year ended 31 December 2015, the Bank increased its issued and paid-up share capital from RM9,319,029,941 to RM9,761,751,327 via:

- Issuance of 13,842,100 new ordinary shares of RM1.00 each for cash, to eligible persons who exercised their share options under the ESS, as disclosed in Note 31(d)(ii);
- Issuance of 2,784,242 new ordinary shares of RM1.00 each arising from the Restricted Share Unit ("RSU"), as disclosed in Note 31(c)(v);
- Issuance of 110,000 new ordinary shares of RM1.00 each arising from the Supplemental Restricted Share Unit ("SRSU"), as disclosed in Note 31(e)(vii);
- Issuance of 203,533,085 new ordinary shares (including 415,502 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 23 sen per ordinary share in respect of the financial year ended 31 December 2014, as disclosed in Note 49(c)(i); and
- Issuance of 222,451,959 new ordinary shares (including 356,761 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the DRP relating to electable portion of the interim dividend of 20 sen per ordinary share in respect of the financial year ended 31 December 2015, as disclosed in Note 49(c)(ii).

(b) Dividend Reinvestment Plan ("DRP")

Maybank via the announcement on 25 March 2010 proposed to undertake a recurrent and optional dividend reinvestment plan that allows shareholders of Maybank ("shareholders") to reinvest their dividend into new ordinary share(s) of RM1.00 each in Maybank ("Maybank Shares") (collectively known as the Dividend Reinvestment Plan ("DRP")).

The rationale of Maybank embarking on the DRP are as follows:

- To enhance and maximise shareholders' value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount;
- To provide the shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Bank through subscription of additional Maybank Shares without having to incur material transaction or other related costs;

- To benefit from the participation by shareholders in the DRP to the extent that if the shareholders elect to reinvest into new Maybank Shares, the cash which would otherwise be payable by way of dividend will be reinvested to fund the continuing business growth of the Group. The DRP will not only enlarge Maybank's share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

Whenever a cash dividend (either an interim, final, special or other dividend) is announced, the Board may, in its absolute discretion, determine that the DRP will apply to the whole or a portion of the cash dividend ("Electable Portion") and where applicable any remaining portion of the dividend will be paid in cash; and

- Each shareholder has the following options in respect of the Electable Portion:

- elect to receive the Electable Portion in cash; or
- elect to reinvest the entire Electable Portion into new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals.

(c) Maybank Group Employees' Share Scheme ("ESS") and Cash-settled Performance-based Employees' Share Scheme ("CESS")

The Maybank Group Employees' Share Scheme ("ESS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011. It is in force for a maximum period of seven (7) years from the effective date and is administered by the ESS Committee. The ESS consists of two (2) types of performance-based awards in the form of Employee Share Option Scheme ("ESOS") and Restricted Share Unit ("RSU").

The Maybank Group Cash-settled Performance-based Employees' Share Scheme ("CESS") is governed by the guidelines approved by the members of the ESS Committee on 15 June 2011.

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31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(c) Maybank Group Employees' Share Scheme ("ESS") and Cash-settled Performance-based Employees' Share Scheme ("CESS") (cont'd.)

The maximum number of ordinary shares of RM1.00 each in the Bank available under the ESS should not exceed 10% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme. Other principal features of the ESS are as follows:

- (i) The employees eligible to participate in the ESS must be employed on a full time basis and on the payroll of the Participating Maybank Group and is confirmed in service.

Participating Maybank Group includes the Bank and its overseas branches and subsidiaries which include PT Bank Maybank Indonesia Tbk, but excluding listed subsidiaries, overseas subsidiaries and dormant subsidiaries.
- (ii) The entitlement under the ESS for the Executive Directors, including any persons connected to the directors, is subject to the approval of the shareholders of the Bank in a general meeting.
- (iii) The ESS shall be valid for a period of seven (7) years from the effective date.

Notwithstanding the above, the Bank may terminate the ESS at any time during the duration of the scheme subject to:
 - consent of Maybank's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of termination; and
 - written consent of all participants of ESS who have yet to exercise their ESS option, either in part or in whole, and all participants whose Restricted Shares Unit ("RSU") Agreement are still subsisting.

Upon the termination of the ESS, all unexercised ESS and/or unvested RSU shall be deemed to have been cancelled and be null and void.

- (iv) ESS consists of Employee Share Option Scheme ("ESOS") and Restricted Shares Unit ("RSU").

(1) ESOS

Under the ESOS award, the Bank may from time to time within the offer period, offer to eligible employees a certain number of options at the Offer Date. Subject to acceptance, the participants will be granted the ESOS options which can then be exercised within a period of five (5) years to subscribe for fully paid-up ordinary shares of RM1.00 each in the Bank, provided all the conditions including performance-related conditions are duly and fully satisfied.

(2) RSU

Under the RSU award, the Bank may from time to time within the offer period, invite selected participants to enter into an agreement with the Bank, whereupon the Bank shall agree to award the scheme's shares to the participants, subject to fulfilling the relevant service and performance objectives and provided all performance-related conditions are duly and fully satisfied. The scheme's shares as specified under the RSU award will only vest based on a three (3) years cliff vesting schedule or a two (2) years cliff vesting schedule in the case of supplemental RSU award, provided all the RSU vesting conditions are fully and duly satisfied.

- (v) Key features of the ESOS award are as follows:

- On 23 June 2011, the Bank originally granted five (5) tranches of ESOS amounting to 405,308,500 options based on the assumption that the eligible employees met the average performance target ("ESOS First Grant"). The first tranche of ESOS under ESOS First Grant amounting to 80,871,000 options have been vested and exercisable as at 30 June 2011. The second tranche of ESOS under ESOS First Grant amounting to 42,136,100 options have been vested and exercisable as at 30 April 2012. The third tranche of ESOS under ESOS First Grant amounting to 78,885,100 options have been vested and exercisable as at 30 April 2013. The fourth tranche of ESOS under ESOS First Grant amounting to 74,253,400 options have been vested and exercisable as at 30 April 2014. During the financial year ended 31 December 2015, the Bank also granted 600 options for appeal cases for fourth tranche of ESOS First Grant. The fifth tranche of ESOS under ESOS First Grant amounting to 69,854,500 options have been vested and exercisable as at 30 April 2015.

On 10 August 2015, ESS Committee approved the vesting of an additional sixth tranche of ESOS under ESOS First Grant amounting to 34,951,500 options effective 30 September 2015. The sixth tranche is awarded to the eligible employees after taking into consideration the change in the financial year end from 30 June to 31 December, where the second tranche of ESOS was brought forward and prorated based on six months. The ESOS quantum to be allotted under the sixth tranche prorated based on six months period.
- On 30 April 2012, the Bank granted five (5) tranches of ESOS amounting to 62,339,000 options to confirmed new recruits in the Group ("ESOS Second Grant"). The first tranche of ESOS under ESOS Second Grant amounting to 6,185,800 options have been vested and exercisable as at 7 May 2012. The second tranche of ESOS under ESOS Second Grant amounting to 12,870,600 options have been vested and exercisable as at 30 April 2013. The third tranche of ESOS under ESOS Second Grant amounting to 12,002,000 options have been vested and exercisable as at 30 April 2014. The fourth tranche of ESOS under ESOS Second Grant amounting to 10,808,600 options have been vested and exercisable as at 30 April 2015, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period. During the financial year ended 31 December 2015, the Bank also granted options for appeal cases for the first tranche and second tranche of ESOS Second Grant amounting to 1,300 and 3,100 respectively.
- On 30 April 2013, the Bank granted five (5) tranches of ESOS amounting to 53,593,800 options to confirmed new recruits in the Group ("ESOS Third Grant"). The first tranche of ESOS under ESOS Third Grant amounting to 9,199,800 options have been vested and exercisable as at 21 May 2013. The second tranche of ESOS under ESOS Third Grant amounting to 10,523,300 options have been vested and exercisable as at 30 April 2014. The third tranche of ESOS under ESOS Third Grant amounting to 9,197,600 options have been vested and exercisable as at 30 April 2015, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- On 30 April 2014, the Bank granted five (5) tranches of ESOS amounting to 54,027,800 options to confirmed new recruits in the Group ("ESOS Fourth Grant"). The first tranche of ESOS under ESOS Fourth Grant amounting to 9,651,900 options have been vested and exercisable as at 21 May 2014. The second tranche of ESOS under ESOS Fourth Grant amounting to 10,591,900 options have been vested and exercisable as at 30 April 2015, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period. During the financial year ended 31 December 2015, the Bank also granted 100,000 options relates to change of staff grade and 100 options for appeal cases for the first tranche of ESOS Fourth Grant.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(c) Maybank Group Employees' Share Scheme ("ESS") and Cash-settled Performance-based Employees' Share Scheme ("CESS") (cont'd.)

(v) Key features of the ESOS award are as follows (cont'd.):

- On 30 April 2015, the Bank granted four (4) tranches of ESOS amounting to 48,170,100 options to confirmed new recruits in the Group ("ESOS Fifth Grant"). The first tranche of ESOS under ESOS Fifth Grant amounting to 11,439,300 options have been vested and exercisable as at 21 May 2015, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- On 30 September 2015, the Bank granted three (3) tranches of ESOS amounting to 992,400 options to confirmed new recruits in the Group ("ESOS Special Grant"). The first tranche of ESOS under ESOS Special Grant amounting to 309,400 options have been vested and exercisable as at 21 October 2015, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- The new ordinary shares in the Bank allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all aspects with the then existing ordinary shares in the Bank, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares and will be subject to all the provisions of the Article of Association of the Bank relating to transfer, transmission and otherwise.
- The subscription price of the ESOS shall be at the Volume Weighted Average Market Price ("VWAMP") of Maybank Shares for the five (5) market days immediately preceding the offer date with no entitlement to any discount.
- In the implementation of ESS, the Bank has established a Trust of which to be administered by the Trustee. To enable the Trustee to subscribe for new shares for the purposes of the ESS implementation, the Trustee will be entitled from time to time to accept funding and/or assistance from the Bank.
- The first tranche of ESOS First Grant was exercisable by way of self-funding by the respective eligible employees within twelve (12) months from the ESOS commencement date.
- Subsequent tranches and any ESOS which are unexercised after the initial twelve (12) months from the ESOS commencement date may be exercised during the remainder of the ESOS option period by way of self-funding or ESOS Trust Funding ("ETF") mechanism.
- ETF mechanism is a trust funding mechanism for the ESOS award involving an arrangement under which Maybank will fund a certain quantum of money for the subscription of Maybank Shares by the Trustee, to be held in a pool and placed into an omnibus Central Depository System ("CDS") account of the Trustee or an authorised nominee, to facilitate the exercise of ESOS options by the eligible employees and at the request of selected employees whereupon part of the proceeds of such sale shall be utilised towards payment of the ESOS option price and the related costs. The shares to be issued and allotted under the ETF mechanism will rank equally in all respects with the existing issued Maybank shares. On 12 April 2012, the ESS Committee approved the subscription of new Maybank shares with value of RM100 million for ETF mechanism pool.

Maybank had on 28 June 2012 announced the issuance of 11,454,700 new ordinary shares of RM1.00 each under the ETF mechanism. The new Maybank shares are recorded as "shares held-in-trust" in the financial statements.

Maybank had on 7 May 2013 issued additional 4,000 new ordinary shares of RM1.00 each under the ETF mechanism. The new Maybank shares are recorded as "shares held-in-trust" in the financial statements.

Maybank had on 23 June 2014 issued additional 2,831,509 new ordinary shares of RM1.00 each under the ETF mechanism due to Restricted Shares Unit ("RSU"). Subsequent to the issuance, 2,794,826 options have been vested to eligible Senior Management of the Group and of the Bank. The remaining Maybank shares are recorded as "shares held-in-trust" in the financial statements.

Maybank had on 23 April 2015 and 14 May 2015 issued additional 2,753,823 and 30,419 new ordinary shares of RM1.00 each respectively under the ETF mechanism due to Restricted Shares Unit ("RSU"). Subsequent to the issuance, 2,784,277 options have been vested to eligible Senior Management of the Group and of the Bank.

The movements of shares held-in-trust for the financial years ended 31 December 2015 and 31 December 2014 are as follows:

Group and Bank	Number of ordinary shares of RM1.00 each	Amount RM'000
As at 31 December 2015		
At 1 January 2015	12,963,102	113,463
Exercise of ESOS options by eligible employees	(12,880,800)	(112,828)
	82,302	635
Replenishment of shares held-in-trust	12,880,800	112,828
	12,963,102	113,463
Additional shares issued under ETF mechanism due to election under DRP	772,263	6,291
Additional shares issued under ETF mechanism due to Restricted Shares Unit ("RSU")	2,784,242	26,553
RSU vested to the Eligible Senior Management of the Group and of the Bank	(2,784,277)	(26,562)
At 31 December 2015	13,735,330	119,745
As at 31 December 2014		
At 1 January 2014	12,281,894	107,248
Exercise of ESOS options by eligible employees	(56,425,600)	(496,138)
	(44,143,706)	(388,890)
Replenishment of shares held-in-trust	56,425,600	496,138
	12,281,894	107,248
Additional shares issued under ETF mechanism due to election under DRP	644,525	5,864
Additional shares issued under ETF mechanism due to Restricted Shares Unit ("RSU")	2,831,509	27,098
RSU vested to the Eligible Senior Management of the Group and of the Bank	(2,794,826)	(26,747)
At 31 December 2014	12,963,102	113,463

Notes to the Financial Statements

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31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(c) Maybank Group Employees' Share Scheme ("ESS") and Cash-settled Performance-based Employees' Share Scheme ("CESS") (cont'd.)

(vi) Key features of the RSU award are as follows:

- The RSU granted will be vested and awarded upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- The scheme shares on RSU may be settled by way of issuance and transfer of new Maybank Shares or by cash at the absolute discretion of the ESS Committee. The new Maybank Shares to be issued and transferred to eligible employees pursuant to physical settlement will not require any payment to the Bank by the RSU participants.
- In the case of settlement by way of cash, the RSU vesting price will be based on the value of the scheme shares with no entitlement to any discount, taking into account the VWAMP of Maybank Shares for the five (5) market days immediately preceding the RSU vesting date.
- The ESS Committee may, from time to time during the ESS period, make further RSU grant designated as Supplemental RSU Grant ("SRSU grant") to a selected group of eligible employees to participate in the RSU award. This selected group may consist of senior management, selected key retentions and selected senior external recruits and such SRSU grant may contain terms and conditions which may vary from earlier RSU grant made to selected senior management. The SRSU will be vested on a two (2) to three (3) years cliff vesting schedule.

(vii) Cash-settled Performance-based Employees' Share Scheme ("CESS")

A separate Cash-settled Performance-based Employees' Share Scheme ("CESS") comprising of Cash-settled Performance-based Option Scheme ("CESOS") and Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") are made available at the appropriate time to the eligible employees of overseas branches and subsidiaries of the Bank which include PT Bank Maybank Indonesia Tbk, PT Bank Maybank Syariah Indonesia and Maybank Philippines Incorporated, subject to achievement of performance criteria set out by the Board of Directors and prevailing market practices in the respective countries.

Key features of the CESS award are as follows:

- The CESS award is a cash plan and may be awarded from time to time up to five (5) tranches. The award will be subject to fulfilling the performance targets, performance period, service period and other vesting conditions as stipulated in the CESS Guidelines.
- The amount payable for each CESS tranche will correspond to the number of reference shares awarded multiplied by the appreciation in the Bank's share price between the price at the time of award and the time of vesting of which the vesting date shall be at the end of the three (3) years from the grant date of each CESS tranche.

(d) Details of share options under ESOS

(i) Details of share options granted:

Grant date	Number of share options '000	Original exercise price RM/option	Exercise period
23.6.2011 - ESOS First Grant	405,309 [#]	8.82 [*]	30.6.2011 - 22.6.2018
30.4.2012 - ESOS Second Grant	62,339 [#]	8.83 [*]	7.5.2012 - 22.6.2018
30.4.2013 - ESOS Third Grant	53,594 [#]	9.61 [*]	21.5.2013 - 22.6.2018
30.4.2014 - ESOS Fourth Grant	53,983 [#]	9.91 [*]	21.5.2014 - 22.6.2018
30.4.2015 - ESOS Fifth Grant	48,170 [#]	9.35	21.5.2015 - 22.6.2018
30.9.2015 - ESOS Special Grant	992 [#]	8.39	21.10.2015 - 22.6.2018

The aggregate maximum allocation of share options to Chief Executive Officer and senior management of the Group and of the Bank shall not exceed 50% of the Maximum Allowable Scheme Shares. The actual allocation of share options to Chief Executive Officer and senior management is 20.8% as at 31 December 2015 (2014: 19.1%).

[#] The number of share options granted are based on the assumptions that the eligible employees met average performance targets.

^{*} The ESS Committee approved the reduction of the ESOS exercise prices following the issuance of new ordinary shares of RM1.00 each pursuant to the implementation of DRP.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Details of share options under ESOS (cont'd.)

(i) Details of share options granted (cont'd.):

Following the issuance of new ordinary shares of RM1.00 each pursuant to the implementation of DRP, the revision to the exercise prices are as follows:

Grant date	Exercise price RM/option	Exercise period
23.6.2011 - ESOS First Grant	8.82	30.6.2011 - 28.12.2011
	8.78	29.12.2011 - 4.6.2012
	8.76	5.6.2012 - 28.10.2012
	8.75	29.10.2012 - 22.6.2018
30.4.2012 - ESOS Second Grant	8.83	7.5.2012 - 28.10.2012
	8.82	29.10.2012 - 22.6.2018
30.4.2013 - ESOS Third Grant	9.61	21.5.2013 - 27.6.2013
	9.59	28.6.2013 - 21.11.2013
	9.58	22.11.2013 - 24.6.2014
	9.56	25.6.2014 - 29.6.2015
	9.54	30.6.2015 - 22.6.2018
30.4.2014 - ESOS Fourth Grant	9.91	21.5.2014 - 24.6.2014
	9.88	25.6.2014 - 28.10.2014
	9.87	29.10.2014 - 29.6.2015
	9.84	30.6.2015 - 22.6.2018

The following tables illustrate the number and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

ESOS First Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Adjustment ¹ '000	Vested '000	Exercised ² '000	Forfeited '000		
30.6.2011	26,866	-	-	(2,033)	(184)	24,649	24,649
30.4.2012	16,948	-	-	(959)	(103)	15,886	15,886
30.4.2013	41,541	-	-	(1,964)	(273)	39,304	39,304
30.4.2014	51,916	1	-	(2,473)	(514)	48,930	48,930
30.4.2015	-	-	69,855	(4,571)	(448)	64,836	64,836
30.9.2015	-	-	34,951	(2)	(85)	34,864	34,864
	137,271	1	104,806	(12,002)	(1,607)	228,469	228,469
WAEP (RM)	8.75	8.75	8.75	8.75	-	-	-

¹ Adjustment relates to appeal cases approved during the financial year ended 31 December 2015.

² 61,300 of the share options which exercised in the previous financial year ended 31 December 2014 were issued and quoted in the Main Market of Bursa Malaysia Securities Berhad in the current financial year ended 31 December 2015.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Details of share options under ESOS (cont'd.)

(i) Details of share options granted (cont'd.):

ESOS Second Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Adjustment ³ '000	Vested '000	Exercised ⁴ '000	Forfeited '000		
7.5.2012	2,492	1	-	(127)	(88)	2,278	2,278
30.4.2013	6,699	3	-	(372)	(238)	6,092	6,092
30.4.2014	8,324	-	-	(507)	(301)	7,516	7,516
30.4.2015	-	-	10,809	(770)	(267)	9,772	9,772
	17,515	4	10,809	(1,776)	(894)	25,658	25,658
WAEP (RM)	8.82	8.82	8.82	8.82	-	-	-

³ Adjustment relates to appeal cases approved during the financial year ended 31 December 2015.

⁴ 3,500 of the share options which exercised in the previous financial year ended 31 December 2014 were issued and quoted in the Main Market of Bursa Malaysia Securities Berhad in the current financial year ended 31 December 2015.

ESOS Third Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Vested '000	Forfeited '000		
21.5.2013	6,617	-	(517)	6,100	6,100
30.4.2014	8,919	-	(778)	8,141	8,141
30.4.2015	-	9,198	(501)	8,697	8,697
	15,536	9,198	(1,796)	22,938	22,938
WAEP (RM)	9.56	9.54 [#]	-	9.54 [#]	9.54 [#]

[#] Revised from RM9.56 to RM9.54 during the financial year ended 31 December 2015 as disclosed above.

ESOS Fourth Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Adjustment ⁵ '000	Vested '000	Exercised '000	Forfeited '000		
21.5.2014	9,140	100	-	-	(702)	8,538	8,538
30.4.2015	-	-	10,592	- [^]	(472)	10,120	10,120
	9,140	100	10,592	-	(1,174)	18,658	18,658
WAEP (RM)	9.87	9.84 ^{##}	9.84 ^{##}	9.87	-	9.84 ^{##}	9.84 ^{##}

⁵ Adjustment relates to change of staff grade approved during the financial year ended 31 December 2015.

[^] Denotes 100 of the share options exercised during the financial year ended 31 December 2015.

^{##} Revised from RM9.87 to RM9.84 during the financial year ended 31 December 2015 as disclosed above.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Details of share options under ESOS (cont'd.)

(i) Details of share options granted (cont'd.):

ESOS Fifth Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Vested '000	Forfeited '000		
21.5.2015	-	11,439	(316)	11,123	11,123
WAEP (RM)	-	9.35	-	9.35	9.35

ESOS Special Grant (Vested)

Vesting date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000	Exercisable as at 31.12.2015 '000
		Vested '000	Forfeited '000		
21.10.2015	-	309	(11)	298	298
WAEP (RM)	-	8.39	-	8.39	8.39

Total share options granted to the directors of the Bank as at 31 December 2015 are disclosed under the directors' interests section in the Directors' Report.

(ii) Share options exercised during the financial year

The options exercised under ESOS First Grant, ESOS Second Grant and ESOS Fourth Grant during the financial year, are as disclosed above.

Options exercised under ESOS First Grant have resulted in the issuance of approximately 12,062,700 (2014: 49,661,800) new ordinary shares as at 31 December 2015, at WAEP of RM8.75 (2014: RM8.75) each. The related weighted average share price of ESOS First Grant at the date of exercise was RM8.90 (2014: RM9.93) per share.

Options exercised under the ESOS Second Grant have resulted in the issuance of approximately 1,779,300 (2014: 6,495,300) new ordinary shares as at 31 December 2015, at WAEP of RM8.82 (2014: RM8.82) each. The related weighted average share price of ESOS Second Grant at the date of exercise was RM8.94 (2014: RM9.93) per share.

Options exercised under the ESOS Fourth Grant have resulted in the issuance of approximately 100 (2014: 5,500) new ordinary shares as at 31 December 2015, at WAEP of RM9.84 (2014: RM9.88) each. The related weighted average share price of ESOS Fourth Grant at the date of exercise was RM8.11 (2014: RM10.00) per share.

No options exercised under the ESOS Third Grant, ESOS Fifth Grant and ESOS Special Grant as at 31 December 2015.

(iii) Fair value of share options granted on 23 June 2011

The fair value of share options granted on 23 June 2011 was estimated by an external valuer using the Binomial-Lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured, weighted average exercise price and the assumptions were as follows:

	Before DRP	After DRP
Fair value of share options under ESOS First Grant:		
- tranche 1: vested on 30 June 2011 (RM)	0.627	0.627
- tranche 2: vested on 30 April 2012 (RM)	0.687	0.687
- tranche 3: vested on 30 April 2013 (RM)	0.732	0.740
- tranche 4: vested on 30 April 2014 (RM)	0.752	0.760
- tranche 5: vested on 30 April 2015 (RM)	0.769	0.776
- tranche 6: vested on 30 September 2015 (RM)	0.550	0.558
Weighted average exercise price (RM)	8.82	8.75
Expected volatility (%)	14.59	14.24
Expected life (years)	3 - 5	3 - 5
Risk free rate (%)	3.24 - 3.64	3.13 - 3.27
Expected dividend yield (%)	4.49	5.35

The expected life of the options was based on historical data, therefore it is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Details of share options under ESOS (cont'd.)

(iv) Fair value of share options granted on 30 April 2012

The fair value of share options granted on 30 April 2012 was estimated by an external valuer using the Binomial-Lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured, weighted average exercise price and the assumptions were as follows:

	Before DRP	After DRP
Fair value of share options under ESOS Second Grant:		
- tranche 1: vested on 7 May 2012 (RM)	0.452	0.452
- tranche 2: vested on 30 April 2013 (RM)	0.486	0.489
- tranche 3: vested on 30 April 2014 (RM)	0.502	0.505
- tranche 4: vested on 30 April 2015 (RM)	0.514	0.517
- tranche 5 to 6: not yet vested (RM)	0.523 - 0.529	0.526 - 0.532
Weighted average exercise price (RM)	8.83	8.82
Expected volatility (%)	14.11	14.24
Expected life (years)	3 - 5	3 - 5
Risk free rate (%)	3.13 - 3.42	3.12 - 3.33
Expected dividend yield (%)	5.49	5.35

The expected life of the options was based on historical data, therefore it is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

(v) Fair value of share options granted on 30 April 2013

The fair value of share options granted on 30 April 2013 was estimated by an external valuer using the Binomial-Lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured, weighted average exercise price and the assumptions were as follows:

	Before DRP	After DRP
Fair value of share options under ESOS Third Grant:		
- tranche 1: vested on 21 May 2013 (RM)	0.558	0.558
- tranche 2: vested on 30 April 2014 (RM)	0.588	0.598
- tranche 3: vested on 30 April 2015 (RM)	0.603	0.619
- tranche 4 to 5: not yet vested (RM)	0.613 - 0.619	0.632 - 0.638
Weighted average exercise price (RM)	9.61	9.54
Expected volatility (%)	13.96	13.02
Expected life (years)	1 - 5	1 - 5
Risk free rate (%)	2.96 - 3.18	3.16 - 3.24
Expected dividend yield (%)	5.35	6.37

The expected life of the options was based on historical data, therefore it is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Details of share options under ESOS (cont'd.)

(vi) Fair value of share options granted on 30 April 2014

The fair value of share options granted on 30 April 2014 was estimated by an external valuer using the Binomial-Lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured, weighted average exercise price and the assumptions were as follows:

	Before DRP	After DRP
Fair value of share options under ESOS Fourth Grant:		
- tranche 1: vested on 21 May 2014 (RM)	0.519	0.519
- tranche 2: vested on 30 April 2015 (RM)	0.557	0.569
- tranche 3 to 5: not yet vested (RM)	0.577 - 0.598	0.593 - 0.614
Weighted average exercise price (RM)	9.91	9.84
Expected volatility (%)	13.87	13.37
Expected life (years)	1 - 3	1 - 3
Risk free rate (%)	3.27 - 3.60	3.45 - 3.57
Expected dividend yield (%)	5.84	5.84

The expected life of the options was based on historical data, therefore it is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

(vii) Fair value of share options granted on 30 April 2015

The fair value of share options granted on 30 April 2015 was estimated by an external valuer using the Binomial-Lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured, weighted average exercise price and the assumptions were as follows:

	Before DRP	After DRP
Fair value of share options under ESOS Fifth Grant:		
- tranche 1: vested on 21 May 2015 (RM)	0.355	0.355
- tranche 2 to 5: not yet vested (RM)	0.379 - 0.396	0.379 - 0.396
Weighted average exercise price (RM)	9.35	9.35
Expected volatility (%)	13.08	13.08
Expected life (years)	1 - 3	1 - 3
Risk free rate (%)	3.17 - 3.35	3.17 - 3.35
Expected dividend yield (%)	6.37	6.37

The expected life of the options was based on historical data, therefore it is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Details of share options under ESOS (cont'd.)

(viii) Fair value of share options granted on 30 September 2015

The fair value of share options granted on 30 September 2015 was estimated by an external valuer using the Binomial-Lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured, weighted average exercise price and the assumptions were as follows:

	Before DRP	After DRP
Fair value of share options under ESOS Special Grant:		
- tranche 1: vested on 21 October 2015 (RM)	0.495	0.495
- tranche 2 to 3: not yet vested (RM)	0.526 - 0.541	0.526 - 0.541
Weighted average exercise price (RM)	8.39	8.39
Expected volatility (%)	14.45	14.45
Expected life (years)	1 - 3	1 - 3
Risk free rate (%)	3.28 - 3.55	3.28 - 3.55
Expected dividend yield (%)	6.23	6.23

The expected life of the options was based on historical data, therefore it is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

(e) Details of RSU

(i) Details of RSU granted

All the RSU granted by the Bank were allocated to eligible senior management of the Group and of the Bank. Details of the RSU granted are as follows:

Grant date	Number of share options '000	Fair value RM	Vesting date
23.6.2011 - RSU First Grant	3,690	7.247	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2012 - RSU Second Grant	4,355	6.902	
30.4.2013 - RSU Third Grant	4,820	7.732	
30.4.2014 - RSU Fourth Grant	5,520	7.850	
30.4.2015 - RSU Fifth Grant	6,610	7.159	

The following table illustrates the number of, and movements in, RSU during the financial year 31 December 2015:

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000	Vesting date
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000		
23.6.2011 - RSU First Grant	4 [^]	-	-	-	-	4	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2012 - RSU Second Grant	3,490	61 [*]	-	(2,784)	(767)	-	
30.4.2013 - RSU Third Grant	4,150	25 ^{**}	-	-	(235)	3,940	
30.4.2014 - RSU Fourth Grant	5,380	50 ^{**}	-	-	(280)	5,150	
30.4.2015 - RSU Fifth Grant	-	-	6,610	-	(130)	6,480	
	13,024	136	6,610	(2,784)	(1,412)	15,574	

[^] Pending transfer of RSU shares to deceased employee's next of kin.

^{*} Adjustment pursuant to DRP which vested during the financial year ended 31 December 2015.

^{**} Adjustment relates to change in employee grade approved during the financial year ended 31 December 2015.

Total RSU granted to the directors of the Bank as at 31 December 2015 are disclosed under the directors' interests section in the Directors' Report.

During the financial year ended 31 December 2015, the RSU Second Grant amounting to 2,784,277 options (including DRP) had been vested and awarded to a selected group of eligible employees. The RSU First Grant amounting to 2,794,826 options (including DRP) had been vested and awarded to a selected group of eligible employees during the previous financial year ended 31 December 2014. The remaining grants have not been vested as at 31 December 2015.

Notes to the Financial Statements

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31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(e) Details of RSU (cont'd.)

(ii) Fair value of RSU granted on 23 June 2011

The fair value of RSU granted on 23 June 2011 was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the RSU were granted. The fair value of RSU measured, closing share price at grant date and the assumptions were as follows:

Fair value of RSU under RSU First Grant (RM)	7.247
Closing share price at grant date (RM)	8.82
Expected volatility (%)	14.59
Vesting period (years)	3
Risk free rate (%)	3.31
Expected dividend yield (%)	4.49

The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the RSU granted were incorporated into the measurement of fair value.

(iii) Fair value of RSU granted on 30 April 2012

The fair value of RSU granted on 30 April 2012 was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the RSU were granted. The fair value of RSU measured, closing share price at grant date and the assumptions were as follows:

Fair value of RSU under RSU Second Grant (RM)	6.902
Closing share price at grant date (RM)	8.63
Expected volatility (%)	14.11
Vesting period (years)	3
Risk free rate (%)	3.19
Expected dividend yield (%)	5.49

The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the RSU granted were incorporated into the measurement of fair value.

(iv) Fair value of RSU granted on 30 April 2013

The fair value of RSU granted on 30 April 2013 was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the RSU were granted. The fair value of RSU measured, closing share price at grant date and the assumptions were as follows:

Fair value of RSU under RSU Third Grant (RM)	7.732
Closing share price at grant date (RM)	9.62
Expected volatility (%)	13.96
Vesting period (years)	3
Risk free rate (%)	3.03
Expected dividend yield (%)	5.35

The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the RSU granted were incorporated into the measurement of fair value.

(v) Fair value of RSU granted on 30 April 2014

The fair value of RSU granted on 30 April 2014 was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the RSU were granted. The fair value of RSU measured, closing share price at grant date and the assumptions were as follows:

Fair value of RSU under RSU Fourth Grant (RM)	7.850
Closing share price at grant date (RM)	9.90
Expected volatility (%)	13.87
Vesting period (years)	3
Risk free rate (%)	3.45
Expected dividend yield (%)	5.84

The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the RSU granted were incorporated into the measurement of fair value.

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31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(e) Details of RSU (cont'd.)

(vi) Fair value of RSU granted on 30 April 2015

The fair value of RSU granted on 30 April 2015 was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the RSU were granted. The fair value of RSU measured, closing share price at grant date and the assumptions were as follows:

Fair value of RSU under RSU Fifth Grant (RM)	7.159
Closing share price at grant date (RM)	9.21
Expected volatility (%)	13.08
Vesting period (years)	3
Risk free rate (%)	3.40
Expected dividend yield (%)	6.37

The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the RSU granted were incorporated into the measurement of fair value.

(vii) Details of SRSU granted

During the financial year ended 31 December 2015, a total of 20,000 SRSU (2014: 364,000) had been granted to a selected group of eligible employees. A total of 110,000 SRSU (2014: 299,533) had been vested as at 31 December 2015. The remaining grants have not been vested as at 31 December 2015.

The following table illustrates the number of, and movements in, SRSU during the financial year:

Grant date	Fair value of SRSU (RM)	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000
			Granted '000	Vested '000	
3.12.2012	8.111	5	-	(5)	-
1.3.2013	8.209	15	-	(15)	-
26.3.2014	8.724	270	-	(90)	180
30.4.2014	8.843	34	-	-	34
15.7.2014	8.924	60	-	-	60
1.3.2015	8.165	-	20	-	20
		384	20	(110)	294

The fair value of SRSU was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the SRSU were granted. The fair value of SRSU measured, closing share price at grant date and the assumptions were as follows:

	Grant Date				
	2015	2014	2013	2012	2011
Fair value of SRSU (RM)	8.165	8.724 - 8.924*	8.209	7.825 - 8.453	7.104 - 7.548*
Closing share price at grant date (RM)	9.20	9.66 - 9.99	9.10	8.69 - 9.04	7.91 - 8.67
Expected volatility (%)	14.20	12.80 - 14.00	13.85	14.12 - 14.92	15.03 - 16.12
Vesting period (years)	2	2 - 3	2	2	2 - 3
Risk free rate (%)	3.43	3.22 - 3.40	2.98	2.88 - 3.10	2.94 - 3.35
Expected dividend yield (%)	6.14	5.84	5.35	5.35	5.35

* Aggregate fair value of SRSU

(f) Details of CESOS

The Bank granted a total of 719,500 CESOS to eligible employees in overseas branches on 23 June 2011 ("CESOS First Grant"). On 30 April 2012, the Bank granted second tranche of CESOS under the CESOS First Grant amounting to 394,800 to promoted employees in overseas branches. On 30 April 2013, the Bank granted third tranche of CESOS under the CESOS First Grant amounting to 671,600. On 30 April 2014, the Bank granted fourth tranche of CESOS under the CESOS First Grant amounting to 591,300. On 30 April 2015 and 30 September 2015, the Bank granted fifth and sixth tranche of CESOS under the CESOS First Grant amounting to 548,900 and 273,000 respectively. The second tranche of CESOS under the CESOS First Grant amounting to 286,500 options have been vested as at 31 December 2015 (2014: 559,400), whilst the remaining tranches have not been vested as at 31 December 2015.

During the financial year ended 31 December 2015, the Bank also granted 800 options for appeal cases for second tranche of CESOS First Grant.

Notes to the Financial Statements

31 December 2015

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(f) Details of CESOS (cont'd.)

On 30 April 2012, the Bank granted a first tranche under the CESOS Second Grant of 554,000 CESOS to selected employees in overseas branches and selected key retention employees of PT Bank Maybank Indonesia Tbk. The second tranche of CESOS Second Grant of 1,302,800 has been granted on 30 April 2013. On 30 April 2014, the Bank granted third tranche of CESOS under the CESOS Second Grant amounting to 1,011,800. On 30 April 2015, the Bank granted fourth tranche of CESOS under the CESOS Second Grant amounting to 779,600 and during the financial year ended 31 December 2015, the Bank also granted 400 options for appeal cases for first tranche of CESOS Second Grant. The first tranche of CESOS under the CESOS Second Grant amounting to 749,600 options have been vested as at 31 December 2015, whilst the remaining tranches have not been vested as at 31 December 2015.

On 30 April 2013, the Bank granted first tranche of CESOS under the CESOS Third Grant amounting to 614,700 to selected employees in overseas branches and selected key retention employees of PT Bank Maybank Indonesia Tbk. The second tranche of CESOS Third Grant of 695,000 has been granted on 30 April 2014. The third tranche of CESOS Third Grant of 518,700 has been granted on 30 April 2015.

On 30 April 2014, the Bank granted first tranche of CESOS under the CESOS Fourth Grant amounting to 556,500 to selected employees in overseas branches and selected key retention employees of PT Bank Maybank Indonesia Tbk. The second tranche of CESOS Fourth Grant of 576,700 has been granted on 30 April 2015. During the financial year ended 31 December 2015, the Bank also granted 5,100 options for appeal cases for first tranche of CESOS Fourth Grant.

On 30 April 2015, the Bank granted first tranche of CESOS under the CESOS Fifth Grant amounting to 773,200 to selected employees in overseas branches and selected key retention employees of PT Bank Maybank Indonesia Tbk.

The following tables illustrate the number of, and movements in, CESOS during the financial year:

CESOS First Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year				Outstanding as at 31.12.2015 '000
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	
30.4.2012	292	1*	-	(287)	(6)	-
30.4.2013	561	-	-	-	(43)	518
30.4.2014	551	-	-	-	(40)	511
30.4.2015	-	-	549	-	(25)	524
30.9.2015	-	-	273	-	(4)	269
	1,404	1	822	(287)	(118)	1,822

* Adjustment relates to appeal cases approved by the ESS Committee during the financial year ended 31 December 2015.

CESOS Second Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year			Outstanding as at 31.12.2015 '000
		Granted '000	Vested and awarded '000	Forfeited '000	
23.2.2012	700	-	(670)	(30)	-
30.4.2012	82	-	(80)	(2)	-
30.4.2013	1,170	-	-	(300)	870
30.4.2014	1,000	-	-	(125)	875
30.4.2015	-	780	-	(42)	738
	2,952	780	(750)	(499)	2,483

CESOS Third Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000
		Granted '000	Forfeited '000	
30.4.2013	504	-	(123)	381
30.4.2014	633	-	(119)	514
30.4.2015	-	519	(32)	487
	1,137	519	(274)	1,382

Notes to the Financial Statements

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31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(f) Details of CESOS (cont'd.)

The following tables illustrate the number of, and movements in, CESOS during the financial year (cont'd.):

CESOS Fourth Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year			Outstanding as at 31.12.2015 '000
		Adjustment '000	Granted '000	Forfeited '000	
30.4.2014	514	5**	-	(207)	312
30.4.2015	-	-	577	(146)	431
	514	5	577	(353)	743

** Adjustment relates to appeal cases approved by the ESS Committee during the financial year ended 31 December 2015.

CESOS Fifth Grant

Grant date	Outstanding as at 1.1.2015 '000	Movements during the financial year		Outstanding as at 31.12.2015 '000
		Granted '000	Forfeited '000	
30.4.2015	-	773	(38)	735

Other than the first tranche and second tranche of CESOS First Grant, and first tranche of CESOS Second Grant, the remaining CESOS granted have not been vested as at 31 December 2015.

(g) Details of CRSU

(i) Details of CRSU granted

All the CRSU granted by the Bank were allocated to eligible senior management of the Group and of the Bank. Details of the CRSU granted are as follows:

Grant date	Number of share options '000	Fair value RM	Vesting date
23.6.2011 - CRSU First Grant	15	7.247	Based on 3-year cliff vesting from the grant date and performance metrics.
30.4.2012 - CRSU Second Grant	15	6.902	
30.4.2013 - CRSU Third Grant	185	7.732	
30.4.2014 - CRSU Fourth Grant	145	7.850	
30.4.2015 - CRSU Fifth Grant	238	7.159	

The CRSU Second Grant amounting to 54,117 options (including DRP) had been vested during the financial year ended 31 December 2015 (2014: 16,160). The remaining CRSU granted have not been vested as at 31 December 2015.

(ii) Fair value of CRSU granted

The fair value of CRSU granted was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the CRSU were granted. The fair value of CRSU measured, closing share price at grant date and the assumptions were as follows:

	Grant date				
	30.4.2015	30.4.2014	30.4.2013	30.4.2012	23.6.2011
Fair value of CRSU (RM)	7.159	7.850	7.732	6.902	7.247
Closing share price at grant date (RM)	9.21	9.90	9.62	8.63	8.82
Expected volatility (%)	13.08	13.87	13.96	14.11	14.59
Vesting period (years)	3	3	3	3	3
Risk free rate (%)	3.40	3.45	3.03	3.19	3.31
Expected dividend yield (%)	6.37	5.84	5.35	5.49	4.49

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32. RETAINED PROFITS

(a) The Group's retained profits

The retained profits of the Group include the non-distributable Non-DPF unallocated surplus of an insurance subsidiary as a result of the Revised Bank Negara Malaysia ("BNM") Guidelines on Financial Reporting for Insurers. This non-distributable Non-DPF unallocated surplus is only available for distribution to shareholders based on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

The breakdown of distributable and non-distributable retained profits of the Group are as follows:

Group As at 31 December 2015	Non-Distributable Non-DPF Unallocated Surplus RM'000	Distributable Retained Profits RM'000	Total Retained Profits RM'000
At 1 January 2015	973,498	11,414,479	12,387,977
Profit for the financial year	103,329	6,732,610	6,835,939
Total comprehensive income for the financial year	103,329	6,732,610	6,835,939
Effects of changes in corporate structure within the Group	-	5,537	5,537
Transfer to Non-DPF unallocated surplus	(2,660)	2,660	-
Transfer from non-par surplus upon recommendation by the Appointed Actuary	(206)	206	-
Transfer to statutory reserve	-	(60,462)	(60,462)
Transfer to regulatory reserve	-	(973,009)	(973,009)
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note 31(a)(ii))	-	(4,007)	(4,007)
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note 31(a)(iii))	-	(32)	(32)
Dividends (Note 49)	-	(5,358,939)	(5,358,939)
Total transactions with shareholders	(2,866)	(6,388,046)	(6,390,912)
At 31 December 2015	1,073,961	11,759,043	12,833,004

Group As at 31 December 2014	Non-Distributable Non-DPF Unallocated Surplus RM'000	Distributable Retained Profits RM'000	Total Retained Profits RM'000
At 1 January 2014	820,817	10,926,667	11,747,484
Profit for the financial year	151,767	6,564,688	6,716,455
Total comprehensive income for the financial year	151,767	6,564,688	6,716,455
Effects of changes in corporate structure within the Group	-	697	697
Transfer to Non-DPF unallocated surplus	914	(914)	-
Transfer to statutory reserve	-	(855,864)	(855,864)
Transfer to regulatory reserve	-	(274,500)	(274,500)
Issue of shares pursuant to Restricted Share Unit ("RSU")	-	(6,494)	(6,494)
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	-	(735)	(735)
Dividends (Note 49)	-	(4,939,066)	(4,939,066)
Total transactions with shareholders	914	(6,076,876)	(6,075,962)
At 31 December 2014	973,498	11,414,479	12,387,977

(b) The Bank's retained profits

The retained profits of the Bank as at 31 December 2015 and 31 December 2014 are distributable profits and may be distributed as dividends under the single-tier system based on the tax regulations in Malaysia.

The breakdown of retained profits of the Bank are disclosed in the statement of changes in equity.

Notes to the Financial Statements

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33. RESERVES

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable:					
Statutory reserve	(a)	10,456,462	10,396,000	9,866,550	9,860,875
Regulatory reserve	(b)	1,247,509	274,500	813,800	-
Other reserves	(c)	(455,986)	(96,421)	-	-
AFS reserve	2.3(v)(b)(4)	(503,048)	(321,842)	(600,664)	(362,553)
Exchange fluctuation reserve	2.3(xix)(c)	2,245,044	(1,917,500)	2,414,054	821,824
ESS reserve	2.3(xxvi)(e)	329,523	298,366	329,523	298,366
		13,319,504	8,633,103	12,823,263	10,618,512

- (a) The statutory reserves are maintained in compliance with the requirements of BNM and certain Central Banks of the respective countries in which the Group and the Bank operate and are not distributable as cash dividends.
- (b) Regulatory reserve is maintained in addition to the collective impairment allowance that has been assessed and recognised in accordance with MFRS and which has been transferred from the retained profits, in accordance with BNM's revised Policy Document as disclosed in Note 2.5(i).
- (c) Other reserves

Group	Capital Reserve (Note 33(c)(i)) RM'000	Revaluation Reserve (Note 33(c)(ii)) RM'000	Profit Equalisation Reserve (Note 33(c)(iii)) RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve (Note 12) RM'000	Total Other Reserves RM'000
As at 31 December 2015						
At 1 January 2015	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)
Other comprehensive income/(loss)	-	62	-	36,906	(396,533)	(359,565)
Defined benefit plan actuarial gain	-	-	-	36,906	-	36,906
Net loss on net investment hedge	-	-	-	-	(399,314)	(399,314)
Net gain on cash flow hedge	-	-	-	-	2,781	2,781
Net gain on revaluation reserve	-	62	-	-	-	62
Total comprehensive income/(loss) for the financial year	-	62	-	36,906	(396,533)	(359,565)
At 31 December 2015	13,557	11,836	34,456	(52,111)	(463,724)	(455,986)
As at 31 December 2014						
At 1 January 2014	14,254	11,726	34,456	(82,033)	-	(21,597)
Other comprehensive income/(loss)	-	48	-	(6,984)	(67,191)	(74,127)
Defined benefit plan actuarial loss	-	-	-	(6,984)	-	(6,984)
Net loss on net investment hedge	-	-	-	-	(65,567)	(65,567)
Net loss on cash flow hedge	-	-	-	-	(1,624)	(1,624)
Net gain on revaluation reserve	-	48	-	-	-	48
Total comprehensive income/(loss) for the financial year	-	48	-	(6,984)	(67,191)	(74,127)
Effects of changes in corporate structure within the Group	(697)	-	-	-	-	(697)
Total transactions with shareholders	(697)	-	-	-	-	(697)
At 31 December 2014	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)

Notes to the Financial Statements

31 December 2015

33. RESERVES (CONT'D.)

(c) Other reserves (cont'd.)

- (i) The capital reserve of the Group arose from the corporate exercises undertaken by certain subsidiaries in previous years.
- (ii) Revaluation reserve relates to the transfer of self-occupied properties to investment properties subsequent to the change on occupation intention.
- (iii) The Profit Equalisation Reserve ("PER") of Islamic Banking Institution ("IBI") is classified as a separate reserve in equity as per BNM Revised Guidelines on *Profit Equalisation Reserve* issued on 1 July 2012.

34. OPERATING REVENUE

Operating revenue of the Group comprises all types of revenue derived from the business of banking, income from Islamic Banking Scheme ("IBS") operations, finance, investment banking, general and life insurance (including takaful), stockbroking, leasing and factoring, trustee and nominee services, asset management and venture capital but excluding all transactions between related companies.

Operating revenue of the Bank comprises gross interest income, gross fee and gross commission income, investment income, gross dividends and other income derived from banking and finance operations.

	Note	Group		Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income	35	19,792,821	17,851,688	14,751,535	13,123,548
Income derived from investment of depositors' and investment account funds	61(b)	6,810,583	5,545,645	-	-
Income derived from investment of Islamic Banking Funds	61(b)	380,545	325,187	-	-
Net earned insurance premiums	37	4,196,699	3,946,068	-	-
Interest income on derivatives*		4,053,832	2,616,516	4,038,210	2,615,915
Dividends from subsidiaries and associates	38	-	-	1,534,033	1,750,612
Other operating income	39	5,772,867	5,540,439	3,389,635	3,098,079
Excluding non-operating revenue which comprises of the following items:					
- Gain on disposal of subsidiaries	39	(189,037)	(26,120)	(513,748)	(14)
- Gain on disposal/liquidation of associates	39	-	(222)	-	(8,284)
- Rental income	39	(43,141)	(42,182)	(32,278)	(27,599)
- Gain on disposal of property, plant and equipment	39	(165,848)	(20,945)	(8,600)	(4,729)
- Other non-operating income	39	(52,950)	(24,068)	(47,151)	(40,658)
		5,321,891	5,426,902	2,787,858	3,016,795
		40,556,371	35,712,006	23,111,636	20,506,870

* Interest income on derivatives forms part of the "net interest on derivatives" as disclosed in Note 36.

35. INTEREST INCOME

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans, advances and financing	15,394,724	13,676,415	11,056,864	9,856,837
Money at call and deposits and placements with financial institutions	718,096	572,337	647,249	645,274
Financial assets purchased under resale agreements	10,882	5,908	7,477	728
Financial assets at FVTPL	640,255	789,593	143,217	167,832
Financial investments AFS	2,498,990	2,468,170	2,223,566	2,080,018
Financial investments HTM	509,150	276,124	538,227	302,350
	19,772,097	17,788,547	14,616,600	13,053,039
Accretion of discounts, net	20,724	63,141	134,935	70,509
	19,792,821	17,851,688	14,751,535	13,123,548

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM257,815,000 (2014: RM210,640,000) for the Group and RM192,740,000 (2014: RM169,035,000) for the Bank.

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36. INTEREST EXPENSE

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits and placements from financial institutions	567,065	411,131	527,162	394,786
Deposits from customers	6,484,060	6,164,807	4,776,436	4,511,384
Floating rate certificates of deposits	28,691	34,704	28,691	34,704
Loans sold to Cagamas	36,025	9,823	36,025	9,823
Borrowings	692,800	461,035	340,022	167,330
Subordinated notes	670,044	579,182	531,874	473,111
Subordinated bonds	34,210	28,675	-	-
Capital securities	380,234	384,497	394,273	401,192
Net interest on derivatives	(214,453)	74,131	(211,320)	63,318
	8,678,676	8,147,985	6,423,163	6,055,648

37. NET EARNED INSURANCE PREMIUMS

Group	2015 RM'000	2014 RM'000
Gross earned premiums	5,335,590	4,947,944
Premiums ceded to reinsurers	(1,138,891)	(1,001,876)
	4,196,699	3,946,068

38. DIVIDENDS FROM SUBSIDIARIES AND ASSOCIATES

Bank	2015 RM'000	2014 RM'000
Subsidiaries	1,533,245	1,747,040
Associates	788	3,572
	1,534,033	1,750,612

39. OTHER OPERATING INCOME

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fee income:				
Commission	1,249,003	1,060,288	989,515	930,063
Service charges and fees	1,512,368	1,433,438	1,141,227	1,030,140
Underwriting fees	87,989	117,289	38,540	44,307
Brokerage income	638,145	672,653	10	52
Fees on loans, advances and financing	333,023	426,866	232,606	258,995
	3,820,528	3,710,534	2,401,898	2,263,557

Notes to the Financial Statements

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39. OTHER OPERATING INCOME (CONT'D.)

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Investment income:				
Net gain on disposal of financial assets at FVTPL	157,700	206,996	20,976	139,922
Net gain on disposal of financial investments AFS	353,906	659,809	221,110	180,089
Net gain on redemption of financial investments HTM	308	304	308	304
Gain on disposal of subsidiaries	189,037	26,120	513,748	14
Gain on disposal/liquidation of associates	-	222	-	8,284
	700,951	893,451	756,142	328,613
Gross dividends from:				
Financial investments AFS				
- Quoted in Malaysia	102,653	85,829	4,726	4,726
- Unquoted in Malaysia	13,074	13,591	9,942	7,457
- Quoted outside Malaysia	4,148	2,259	-	-
- Unquoted outside Malaysia	7	-	-	-
	119,882	101,679	14,668	12,183
Financial assets at FVTPL				
- Quoted in Malaysia	17,894	15,380	-	-
- Quoted outside Malaysia	3,660	1,658	-	-
	141,436	118,717	14,668	12,183
Unrealised (loss)/gain of:				
Financial assets at FVTPL				
- Designated upon initial recognition	(114,837)	48,681	-	-
- Held-for-trading	(3,183)	(23,668)	(1,275)	15,937
Derivatives	(388,638)	(82,350)	(368,140)	(120,579)
	(506,658)	(57,337)	(369,415)	(104,642)
Other income:				
Foreign exchange gain, net	1,071,476	587,629	453,522	521,453
Rental income	43,141	42,182	32,278	27,599
Gain on disposal of property, plant and equipment	165,848	20,945	8,600	4,729
Gain on disposal of foreclosed properties	23,027	6,105	-	-
Sale of development properties	-	9,110	-	-
Other operating income	260,168	185,035	44,791	3,929
Other non-operating income	52,950	24,068	47,151	40,658
	1,616,610	875,074	586,342	598,368
Total other operating income	5,772,867	5,540,439	3,389,635	3,098,079

40. NET INSURANCE BENEFITS AND CLAIMS INCURRED, NET FEE AND COMMISSION EXPENSES, CHANGE IN EXPENSE LIABILITIES AND TAXATION OF LIFE AND TAKAFUL FUND

Group	2015 RM'000	2014 RM'000
Gross benefits and claims paid	4,241,211	4,195,336
Claims ceded to reinsurers	(614,302)	(1,260,353)
Gross change to contract liabilities	(786,254)	2,999,935
Change in contract liabilities ceded to reinsurers	623,724	(2,351,570)
Net insurance benefits and claims incurred	3,464,379	3,583,348
Net fee and commission expenses	257,165	236,344
Change in expense liabilities	73,559	44,000
Taxation of life and takaful fund	(10,676)	67,127
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	320,048	347,471
	3,784,427	3,930,819

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41. OVERHEAD EXPENSES

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Personnel expenses				
Salaries, allowances and bonuses	4,345,932	3,808,438	2,760,836	2,330,908
Social security cost	35,718	30,635	15,437	13,647
Pension costs - defined contribution plan	502,201	417,828	392,765	310,525
ESS expenses ¹	64,109	79,303	45,935	54,590
Other staff related expenses	817,187	683,092	458,573	390,869
	5,765,147	5,019,296	3,673,546	3,100,539
Establishment costs				
Depreciation of property, plant and equipment (Note 19)	374,649	331,175	189,828	163,768
Amortisation of core deposit intangibles (Note 20)	13,241	19,185	-	-
Amortisation of agency force (Note 20)	9,283	10,653	-	-
Amortisation of customer relationship (Note 20)	20,408	22,033	-	-
Amortisation of computer software (Note 20)	222,665	179,632	112,277	101,366
Rental of leasehold land and premises	316,056	267,387	141,868	120,573
Repairs and maintenance of property, plant and equipment	155,270	138,652	85,502	71,330
Information technology expenses	659,957	545,881	802,875	786,048
Fair value adjustments on investment properties (Note 15)	(101,850)	272	-	-
Others	51,414	71,377	7,956	8,227
	1,721,093	1,586,247	1,340,306	1,251,312
Marketing costs				
Advertisement and publicity	304,678	352,414	167,186	214,255
Others	302,635	237,029	267,208	198,572
	607,313	589,443	434,394	412,827
Administration and general expenses				
Fees and brokerage	814,326	751,361	575,844	479,954
Administrative expenses	640,118	614,615	297,920	227,105
General expenses	682,021	455,422	236,388	124,606
Cost of development property	-	5,992	-	-
Others	55,022	88,936	39,498	70,899
	2,191,487	1,916,326	1,149,650	902,564
Overhead expenses allocated to subsidiaries	-	-	(967,995)	(833,270)
Total overhead expenses	10,285,040	9,111,312	5,629,901	4,833,972
Cost to income ratio ²	48.2%	48.9%	42.5%	40.6%
Included in overhead expenses are:				
Directors' fees and remuneration (Note 42)	80,494	50,106	12,801	9,066
Rental of equipment	90,659	101,973	16,783	25,720
Direct operating expenses of investment properties	3,081	3,166	-	-
Auditors' remuneration:				
Statutory audit:	15,320	14,282	7,788	7,192
- Ernst & Young Malaysia	7,056	6,589	4,518	4,255
- Other member firms of Ernst & Young Global	7,871	7,159	3,051	2,580
- Other auditors ³	393	534	219	357
Assurance and compliance related services:				
- Reporting accountants, review engagements and regulatory-related services	6,441	4,808	4,304	2,493
Non-audit services:				
- Other services	6,545	3,278	5,824	3,016
Employee benefit expenses (Note 24(a)(ii))	82,114	74,764	-	-

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41. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Included in overhead expenses are (cont'd.):				
Property, plant and equipment written-off (Note 19)	1,127	376	610	180
Intangible assets written-off (Note 20)	-	19,459	-	32

- ¹ ESS expenses comprise of cash-settled and equity-settled share-based payment transactions. The amount arising from equity-settled share-based payment transactions for the Group and the Bank are approximately RM63,863,000 and RM45,118,000 (2014: RM78,678,000 and RM53,597,000) respectively.
- ² Cost to income ratio is computed using 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 of RM13,241,000 and RM29,691,000 (2014: RM19,185,000 and RM32,686,000) respectively. Income is the net operating income amount, as disclosed on the face of income statements.
- ³ Relates to fees paid and payable to accounting firms other than Ernst & Young.

42. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Bank:				
Executive directors:				
Salary	1,800	1,560	1,800	1,560
Bonus	2,250	1,950	2,250	1,950
Pension cost - defined contribution plan	651	571	651	571
ESS expenses	1,359	1,139	1,359	1,139
Other remuneration	294	207	294	207
Estimated monetary value of benefits-in-kind	37	23	37	23
	6,391	5,450	6,391	5,450
Non-executive directors:				
Fees	9,887	6,118	5,460	2,697
Other remuneration	1,347	1,394	987	942
Estimated monetary value of benefits-in-kind	59	82	59	82
	11,293	7,594	6,506	3,721
Sub-total for directors of the Bank	17,684	13,044	12,897	9,171

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42. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the subsidiaries:				
Executive directors:				
Salary and other remuneration, including meeting allowance	35,312	20,472	-	-
Bonus	12,196	7,269	-	-
Pension cost - defined contribution plan	1,001	806	-	-
ESS expenses	742	20	-	-
Estimated monetary value of benefits-in-kind	916	53	-	-
	50,167	28,620	-	-
Non-executive directors:				
Fees	10,126	5,487	-	-
Other remuneration	991	566	-	-
ESS expenses	2,538	2,547	-	-
	13,655	8,600	-	-
Sub-total for directors of the subsidiaries	63,822	37,220	-	-
Total (including benefits-in-kind) (Note 46(a)(iii))	81,506	50,264	12,897	9,171
Total (excluding benefits-in-kind) (Note 41)	80,494	50,106	12,801	9,066

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42. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

The remuneration attributable to the Group President & Chief Executive Officer of the Bank including benefits-in-kind during the financial year amounted to RM6,391,000 (2014: RM5,450,000).

The total remuneration (including benefits-in-kind) of the directors of the Bank are as follows:

	Group				Bank			
	Fees** RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000	Fees** RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000
2015								
Executive director:								
Datuk Abdul Farid bin Alias	-	6,354	37	6,391	-	6,354	37	6,391
Non-executive directors:								
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	1,660	701	27	2,388	920	574	27	1,521
Tan Sri Datuk Dr Hadenan bin A. Jalil	614	38	3	655	498	30	3	531
Dato' Seri Ismail bin Shahudin	654	58	-	712	480	46	-	526
Dato' Dr Tan Tat Wai	610	55	-	665	505	50	-	555
Dato' Johan bin Ariffin	1,135	77	3	1,215	460	46	3	509
Datuk Mohaiyani binti Shamsudin	915	74	-	989	434	35	-	469
Datuk R. Karunakaran	1,082	124	3	1,209	447	58	3	508
Mr Cheng Kee Check	367	52	-	419	367	52	-	419
Mr Erry Riyana Hardjapamekas ¹	262	11	-	273	262	11	-	273
Mr Edwin Gerungan ²	129	22	-	151	129	22	-	151
Mr Cheah Teik Seng ³	856	63	2	921	336	28	2	366
Dato' Mohd Salleh bin Hj Harun ⁴	1,603	72	21	1,696	622	35	21	678
	9,887	1,347	59	11,293	5,460	987	59	6,506
Total directors' remuneration	9,887	7,701	96	17,684	5,460	7,341	96	12,897

* Includes bonus, pension cost, ESS, duty allowances, social allowances, leave passage and meeting allowances.

** Includes the arrears payment for the financial year ended 31 December 2014.

¹ Cessation of office with effect from 24 June 2015

² Appointed on 24 August 2015

³ Cessation of office with effect from 25 August 2015

⁴ Cessation of office with effect from 17 November 2015

Notes to the Financial Statements

31 December 2015

42. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the directors of the Bank are as follows (cont'd.):

	Group				Bank			
	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000
2014								
Executive director:								
Datuk Abdul Farid bin Alias	-	5,427	23	5,450	-	5,427	23	5,450
Non-executive directors:								
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	921	692	38	1,651	300	571	38	909
Dato' Mohd Salleh bin Hj Harun	896	57	34	987	375	36	34	445
Tan Sri Datuk Dr Hadenan bin A. Jalil	370	61	3	434	295	53	3	351
Dato' Seri Ismail bin Shahudin	378	46	-	424	265	37	-	302
Dato' Dr Tan Tat Wai	345	53	-	398	295	49	-	344
Dato' Johan bin Ariffin	593	81	3	677	250	47	3	300
Mr Cheah Teik Seng	740	104	3	847	250	45	3	298
Datuk Mohaiyani binti Shamsudin	525	77	-	602	220	36	-	256
Mr Erry Riyana Hardjapamekas	220	30	-	250	220	30	-	250
Encik Zainal Abidin bin Jamal ¹	390	43	1	434	75	11	1	87
Datuk R. Karunakaran ²	713	146	-	859	125	23	-	148
Mr Cheng Kee Check ³	27	4	-	31	27	4	-	31
	6,118	1,394	82	7,594	2,697	942	82	3,721
Total directors' remuneration	6,118	6,821	105	13,044	2,697	6,369	105	9,171

* Includes bonus, pension cost, ESS, duty allowances, social allowances, leave passage and meeting allowances.

¹ Retired on 7 April 2014

² Appointed on 16 July 2014

³ Appointed on 19 November 2014

Notes to the Financial Statements

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43. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT LOSSES ON LOANS, ADVANCES, FINANCING AND OTHER DEBTS, NET

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- Individual allowance (Note 11(ix))				
Allowance made	1,863,135	774,901	1,261,093	350,055
Amount written back	(189,747)	(235,824)	(143,166)	(198,312)
Net	1,673,388	539,077	1,117,927	151,743
- Collective allowance (Note 11(ix))				
Allowance made	572,638	676,123	-	295,219
Amount written back	(136,522)	-	(104,006)	-
Net	436,116	676,123	(104,006)	295,219
Bad debts and financing:				
- Written-off	107,034	170,426	62,500	85,187
- Recovered	(541,331)	(936,372)	(401,178)	(759,652)
	1,675,207	449,254	675,243	(227,503)
Allowances for/(writeback of) impairment losses on other debts	8,350	(48,862)	1,472	3,388
	1,683,557	400,392	676,715	(224,115)

44. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial investments AFS (Note 9(c))	330,123	84,657	(38,010)	(23,476)
Financial investments HTM (Note 10(c))	(1,101)	(14,217)	(1,101)	(14,217)
	329,022	70,440	(39,111)	(37,693)

45. TAXATION AND ZAKAT

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysian income tax	1,976,847	1,945,621	1,240,887	1,392,927
Foreign income tax	402,039	435,338	259,198	243,339
Less: Double taxation relief	(256,263)	(240,768)	(256,263)	(240,768)
	2,122,623	2,140,191	1,243,822	1,395,498
Overprovision in respect of prior years:				
Malaysian income tax	(39,897)	(752,632)	(76,248)	(562,288)
Foreign income tax	(2,082)	(4,407)	(71)	-
	2,080,644	1,383,152	1,167,503	833,210
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	64,168	8,213	(19,760)	50,965
Reversal of deferred tax provided in prior years	-	779,344	-	555,393
Relating to reduction in tax rate	2,505	4,579	2,505	1,844
	66,673	792,136	(17,255)	608,202
Tax expense for the financial year	2,147,317	2,175,288	1,150,248	1,441,412
Zakat	17,843	25,252	-	-
	2,165,160	2,200,540	1,150,248	1,441,412

The Group's and the Bank's effective tax rate for the financial year ended 31 December 2015 was lower than the statutory tax rate due to certain income not subject to tax.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated chargeable profit for the financial year. As announced in the Budget 2014, the domestic statutory tax rate will be reduced to 24% from year assessment 2016 onwards.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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45. TAXATION AND ZAKAT (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation	9,151,548	9,111,583	6,984,535	7,344,427
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	2,287,887	2,277,896	1,746,134	1,836,107
Different tax rates in other countries	32,464	22,476	14,305	13,632
Income not subject to tax	(104,110)	(230,005)	(605,657)	(453,197)
Expenses not deductible for tax purposes	114,327	154,162	69,280	49,921
Overprovision in income tax expense in prior years	(41,979)	(757,039)	(76,319)	(562,288)
Reversal of deferred tax no longer required	-	779,344	-	555,393
Share of profits in associates and joint ventures	(143,777)	(76,125)	-	-
Effect of reduction in income tax rate	2,505	4,579	2,505	1,844
Tax expense for the financial year	2,147,317	2,175,288	1,150,248	1,441,412

46. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel includes all the directors and chief executive officers of the Group and of the Bank.

The Group and the Bank have related party relationships with their substantial shareholders, subsidiaries, associates and key management personnel.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows:

(a) Significant related party transactions

(i) Subsidiaries

	Bank	
	2015 RM'000	2014 RM'000
Income:		
Interest on deposits	867,752	565,672
Dividend income	1,533,245	1,747,040
Rental of premises	3,350	3,361
Other income	203,362	140,402
	2,607,709	2,456,475
Expenditure:		
Interest on deposits	72,678	239,833
Information technology expenses	424,289	475,217
Other expenses	90,030	84,644
	586,997	799,694
Others:		
ESS expenses charged to subsidiaries	18,617	24,217
Overhead expenses allocated to subsidiaries	967,995	833,270
	986,612	857,487

Transactions between the Bank and its subsidiaries are eliminated on consolidation at Group level.

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46. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

(a) Significant related party transactions (cont'd.):

(ii) Associates

	Bank	
	2015 RM'000	2014 RM'000
Income:		
Dividend income	788	3,572

There were no significant transactions with joint ventures for the financial year ended 31 December 2015.

(iii) Key management personnel

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits				
- Fees	20,013	11,605	5,460	2,697
- Salaries, allowances and bonuses	64,647	49,768	5,331	4,659
- Pension cost - defined contribution plan	3,094	3,058	651	571
- Other staff benefits	2,747	1,348	96	105
Share-based payment				
- ESS expenses	7,281	6,251	1,359	1,139
Post employment benefits				
- Retirement gratuity	-	293	-	-
	97,782	72,323	12,897	9,171

Included in the total key management personnel compensation are:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration including benefits-in-kind (Note 42)	81,506	50,264	12,897	9,171

The movements in the number of ESOS granted and vested to key management personnel are as follows:

	Group		Bank	
	2015 '000	2014 '000	2015 '000	2014 '000
Granted during the financial year:				
- ESOS Fifth Grant	1,134	-	-	-
- ESOS Fourth Grant	-	2,493	-	-
- ESOS Third Grant	-	156	-	-
- ESOS First Grant	-	1,184	-	-

	Group		Bank	
	2015 '000	2014 '000	2015 '000	2014 '000
At 1 January	5,817	2,756	901	575
Adjustment*	534	645	-	-
Vested and exercisable	3,260	2,416	600	326
At 31 December	9,611	5,817	1,501	901

* Adjustment relates to changes in key management personnel during the financial year.

The ESOS granted to key management personnel during the financial year ended 31 December 2015 are on the same terms and conditions as those offered to other employees of the Group and of the Bank, as disclosed in Note 31(c).

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46. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

(a) Significant related party transactions (cont'd.):

(iii) Key management personnel (cont'd.)

The movements in the number of RSU granted to key management personnel are as follows:

	Group		Bank	
	2015 '000	2014 '000	2015 '000	2014 '000
Granted during the financial year:				
- RSU Fifth Grant	1,035	-	200	-
- RSU Fourth Grant	-	820	-	200

None of the above RSU granted has been vested as at 31 December 2015.

(b) Significant related party balances

(i) Subsidiaries

	Bank	
	2015 RM'000	2014 RM'000
Amounts due from:		
Current accounts and deposits	16,962,516	13,715,080
Negotiable instruments of deposits	5,452,650	12,328,008
Interest and other receivable on deposits	1,765,919	1,538,643
Private debt securities	710,415	734,117
Derivative assets	588,119	26,918
	25,479,619	28,342,766
Amounts due to:		
Current accounts and deposits	3,182,922	2,173,306
Negotiable instruments of deposits	19,697	18,982
Private debt securities	170,548	302,963
Interest payable on deposits	10,307	11,189
Deposits and other creditors	3,789,824	8,293,886
Derivative liabilities	424,879	1,324
	7,598,177	10,801,650
Commitments and contingencies	347,074	109,000

Balances between the Bank and its subsidiaries are eliminated on consolidation at Group level.

(ii) Associates

	Bank	
	2015 RM'000	2014 RM'000
Amount due from:		
Current accounts and deposits	6,818	5,965

There were no significant balances with joint ventures as at 31 December 2015.

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46. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

(b) Significant related party balances (cont'd.)

(iii) Key management personnel

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans, advances and financing	40,625	23,741	9,704	5,220
Deposits from customers	73,152	55,958	43,781	36,207

(c) Government-related entities

Permodalan Nasional Berhad ("PNB"), a government-linked entity and a shareholder with significant influence on the Bank, with direct shareholding of 5.65% (2014: 5.37%) and indirect shareholding of 36.82% (2014: 38.46%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at 31 December 2015. PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Bank.

All the transactions entered into by the Group and the Bank with the government-related entities are conducted in the ordinary course of the Group's and of the Bank's business on terms comparable to those with other entities that are not government-related. The Group has established credit policies, pricing strategy and approval process for loans and financing, which are independent of whether the counterparties are government-related entities or not.

(i) Individually significant transactions and balances with PNB due to its size of transactions:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Transactions during the financial year:				
Interest and finance income	306,744	240,358	173,925	154,589

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Balances as at reporting dates:				
Loans, advances and financing	7,459,188	7,457,680	4,307,680	4,307,680

(ii) Collectively, but not individually, significant transactions

The Group has transactions with other government-related entities including but not limited to provision of loans and financing, deposits placement, brokerage services and underwriting of insurance and takaful.

For the financial year ended 31 December 2015, management estimates that the aggregate amount of the Group's and of the Bank's significant transactions with other government-related entities is 0.1% of their total interest and finance income (2014: 0.2% for the Group and the Bank).

For the financial year ended 31 December 2015, management estimates that the aggregate amount of the significant balances due from other government-related entities for the Group and the Bank are 0.1% and 0.1% respectively of their total loans, advances and financing (2014: 0.1% and 0.2% respectively for the Group and the Bank).

47. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

The credit exposures disclosed below are based on requirement of Paragraph 9.1 of BNM revised Guidelines on Credit Transactions and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to the following:

- Directors of the Bank and their close relatives;
- Controlling shareholder of the Bank and his close relatives;
- Influential shareholder of the Bank and his close relatives;
- Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling activities of the Bank and his close relatives;
- Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually and their close relatives;
- Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

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47. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES (CONT'D.)

The credit exposures disclosed below are based on requirement of Paragraph 9.1 of BNM revised Guidelines on Credit Transactions and Exposures with Connected Parties (cont'd.).

Based on these guidelines, a connected party refers to the following (cont'd.):

- (vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; and
- (viii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed below include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments.

	Group		Bank	
	2015	2014	2015	2014
Outstanding credit exposures with connected parties (RM'000)	23,923,271	20,144,156	25,459,081	26,381,577
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	3.4%	3.1%	4.8%	5.5%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	-	-	-	-

48. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

The basic EPS of the Group and of the Bank are calculated by dividing the net profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	2015	2014	2015	2014
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	6,835,939	6,716,455	5,834,287	5,903,015
Weighted average number of ordinary shares in issue ('000)	9,489,893	9,057,541	9,489,893	9,057,541
Basic earnings per share (sen)	72.0	74.2	61.5	65.2

(b) Diluted EPS

The diluted EPS of the Group and of the Bank are calculated by dividing the net profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue, which has been adjusted for the number of ordinary shares that could have been issued under the Maybank Group Employees' Share Scheme ("ESS"). The details of ESS are disclosed in Note 31(c).

In the diluted EPS calculation, it is 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 last 5-day Volume Weighted Average Market Price ("VWAMP") of the Bank's ordinary shares during the financial year) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted. This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment is made to the net profit for the financial year.

	Group		Bank	
	2015	2014	2015	2014
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	6,835,939	6,716,455	5,834,287	5,903,015
Weighted average number of ordinary shares in issue ('000)	9,489,893	9,057,541	9,489,893	9,057,541
Effects of dilution ('000)	675	1,287	675	1,287
Adjusted weighted average number of ordinary shares in issue ('000)	9,490,568	9,058,828	9,490,568	9,058,828
Diluted earnings per share (sen)	72.0	74.1	61.5	65.2

ESOS granted to employees under the ESS have not been included in the calculation of diluted earnings per share as the ESOS are non-dilutive potential ordinary shares as at 31 December 2015 and 31 December 2014.

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49. DIVIDENDS

Group and Bank	Net dividends per share			
	2015 RM'000	2014 RM'000	2015 sen	2014 sen
Final dividend of 33 sen single-tier dividend in respect of the financial year ended 31 December 2014 (Note 49(c)(i))	3,077,907	-	33.00	-
First single-tier interim dividend of 24 sen in respect of the financial year ended 31 December 2015 (Note 49(c)(ii))	2,289,430	-	24.00	-
Final dividend of 31 sen single-tier dividend in respect of the financial year ended 31 December 2013	-	2,749,761	-	31.00
First single-tier interim dividend of 24 sen in respect of the financial year ended 31 December 2014	-	2,196,170	-	24.00
	5,367,337	4,945,931	57.00	55.00
Less: Dividend on shares held-in-trust pursuant to ETF mechanism	(8,398)	(6,865)		
	5,358,939	4,939,066		

(a) Proposed final dividend

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2015 of 30 sen single-tier dividend per ordinary share of RM1.00 each, amounting to a net dividend payable of RM2,928,525,398 (based on 9,761,751,327 ordinary shares of RM1.00 each in issue as at 31 December 2015) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 6 sen per ordinary share to be paid in cash amounting to RM585,705,080 and an electable portion of 24 sen per ordinary share amounting to RM2,342,820,318.

The electable portion can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan ("DRP") as disclosed in Note 31(b) and subject to the relevant regulatory approvals as well as shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year ended 31 December 2015 do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

(b) Dividend Reinvestment Plan ("DRP")

The Bank via the announcement on 25 March 2010 proposed to undertake a recurrent and optional DRP that allows shareholders of the Bank to reinvest electable portion of their dividends into new ordinary share(s) of RM1.00 each in the Bank.

Details of the DRP are disclosed in Note 31(b).

(c) Dividends paid during the financial year

- The final dividend consists of cash portion of 10 sen single-tier dividend per ordinary share paid in cash amounting to RM932,698,976 and an electable portion of 23 sen per ordinary share amounting to RM2,145,207,646 which elected to be reinvested in new Maybank Shares in accordance with the DRP, in respect of the financial year ended 31 December 2014.
- The interim single-tier dividend consists of cash portion of 4 sen per ordinary share paid in cash amounting to RM381,571,695 and an electable portion of 20 sen per ordinary share amounting to RM1,907,858,474 which elected to be reinvested in new Maybank Shares in accordance with the DRP, in respect of the current financial year ended 31 December 2015.

(d) Dividends paid by Maybank's subsidiaries to non-controlling interests

Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM99,043,000 during the financial year ended 31 December 2015 (2014: RM198,202,000).

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50. COMMITMENTS AND CONTINGENCIES

- (a) 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 are as follows:

Group 2015	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
Contingent liabilities			
Direct credit substitutes	12,385,389	10,934,760	6,533,559
Certain transaction-related contingent items	17,477,210	8,320,847	6,352,100
Short-term self-liquidating trade-related contingencies	5,052,863	1,017,790	698,293
	34,915,462	20,273,397	13,583,952
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	110,008,009	15,334,840	9,106,253
- Maturity exceeding one year	41,962,165	31,219,364	15,149,538
	151,970,174	46,554,204	24,255,791
Miscellaneous commitments and contingencies	7,805,772	1,496,962	594,147
Total credit-related commitments and contingencies	194,691,408	68,324,563	38,433,890
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	220,960,854	5,202,974	1,732,068
- One year to less than five years	26,886,781	1,890,425	1,021,804
- Five years and above	5,398,071	1,324,095	752,040
	253,245,706	8,417,494	3,505,912
Interest rate related contracts:			
- Less than one year	100,472,139	555,190	364,604
- One year to less than five years	116,686,681	2,595,167	1,256,635
- Five years and above	52,084,809	1,596,160	828,209
	269,243,629	4,746,517	2,449,448
Equity and commodity related contracts:			
- Less than one year	1,999,738	20,601	12,739
- One year to less than five years	480,586	4,944	3,136
- Five years and above	33,663	-	-
	2,513,987	25,545	15,875
Total treasury-related commitments and contingencies	525,003,322	13,189,556	5,971,235
Total commitments and contingencies	719,694,730	81,514,119	44,405,125

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

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31 December 2015

50. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (a) 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 (cont'd.).

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

Group 2014	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
Contingent liabilities			
Direct credit substitutes	12,187,201	9,936,606	6,666,024
Certain transaction-related contingent items	16,785,821	7,184,856	4,977,193
Short-term self-liquidating trade-related contingencies	7,821,190	1,009,034	769,542
Obligations under underwriting agreements	116,731	15,000	3,000
	36,910,943	18,145,496	12,415,759
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	104,064,366	10,622,636	7,050,985
- Maturity exceeding one year	32,517,024	25,106,218	12,403,146
	136,581,390	35,728,854	19,454,131
Miscellaneous commitments and contingencies	9,421,308	2,348,939	384,405
Total credit-related commitments and contingencies	182,913,641	56,223,289	32,254,295
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	176,403,495	3,540,491	1,199,324
- One year to less than five years	23,388,062	2,579,961	916,983
- Five years and above	4,383,218	696,938	562,525
	204,174,775	6,817,390	2,678,832
Interest rate related contracts:			
- Less than one year	35,185,558	173,406	148,405
- One year to less than five years	90,984,134	2,563,632	873,378
- Five years and above	36,052,649	2,291,274	1,048,738
	162,222,341	5,028,312	2,070,521
Equity and commodity related contracts:			
- Less than one year	1,904,917	5,335	1,062
- One year to less than five years	710,914	5,123	893
- Five years and above	33,663	-	-
	2,649,494	10,458	1,955
Total treasury-related commitments and contingencies	369,046,610	11,856,160	4,751,308
Total commitments and contingencies	551,960,251	68,079,449	37,005,603

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

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50. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (a) 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 (cont'd.).

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

Bank 2015	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Contingent liabilities</u>			
Direct credit substitutes	10,454,671	9,434,347	5,150,497
Certain transaction-related contingent items	15,229,018	6,879,503	4,867,603
Short-term self-liquidating trade-related contingencies	4,598,797	862,718	548,374
	30,282,486	17,176,568	10,566,474
<u>Commitments</u>			
Irrevocable commitments to extend credit:			
- Maturity within one year	90,296,506	10,326,949	5,732,497
- Maturity exceeding one year	31,410,946	22,146,579	9,469,321
	121,707,452	32,473,528	15,201,818
Miscellaneous commitments and contingencies	7,641,170	705,840	235,590
Total credit-related commitments and contingencies	159,631,108	50,355,936	26,003,882
<u>Derivative financial instruments</u>			
Foreign exchange related contracts:			
- Less than one year	217,659,439	5,104,708	1,678,254
- One year to less than five years	27,210,183	1,627,876	852,987
- Five years and above	5,398,071	1,092,748	600,693
	250,267,693	7,825,332	3,131,934
Interest rate related contracts:			
- Less than one year	100,337,975	525,454	354,312
- One year to less than five years	115,932,672	2,409,519	1,146,722
- Five years and above	52,084,809	1,722,257	863,822
	268,355,456	4,657,230	2,364,856
Equity and commodity related contracts:			
- Less than one year	640,564	20,601	12,739
- One year to less than five years	456,498	4,944	3,136
	1,097,062	25,545	15,875
Total treasury-related commitments and contingencies	519,720,211	12,508,107	5,512,665
Total commitments and contingencies	679,351,319	62,864,043	31,516,547

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

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50. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (a) 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 (cont'd.).

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

Bank 2014	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
Contingent liabilities			
Direct credit substitutes	10,695,235	8,827,871	5,841,881
Certain transaction-related contingent items	14,889,745	6,159,173	4,012,308
Short-term self-liquidating trade-related contingencies	7,551,016	852,141	625,394
	33,135,996	15,839,185	10,479,583
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	88,702,119	7,512,199	4,973,650
- Maturity exceeding one year	24,165,790	20,092,805	10,482,536
	112,867,909	27,605,004	15,456,186
Miscellaneous commitments and contingencies	9,151,530	2,118,400	219,942
Total credit-related commitments and contingencies	155,155,435	45,562,589	26,155,711
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	173,109,347	3,462,027	1,199,964
- One year to less than five years	24,267,821	2,422,782	885,140
- Five years and above	4,383,218	505,407	456,174
	201,760,386	6,390,216	2,541,278
Interest rate related contracts:			
- Less than one year	35,205,558	125,769	56,074
- One year to less than five years	89,144,837	2,481,986	863,438
- Five years and above	36,614,812	2,393,656	1,077,580
	160,965,207	5,001,411	1,997,092
Equity and commodity related contracts:			
- Less than one year	1,252,749	5,335	1,062
- One year to less than five years	351,852	5,123	893
	1,604,601	10,458	1,955
Total treasury-related commitments and contingencies	364,330,194	11,402,085	4,540,325
Total commitments and contingencies	519,485,629	56,964,674	30,696,036

* The credit equivalent amount and the risk-weighted amount are derived at using the credit conversion factors and risk-weights respectively as specified by BNM 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 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 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 December 2015, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM8,283.6 million (2014: RM4,544.0 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; and
- Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

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

- 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;
- The risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- The related accounting policies.

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50. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (b) Arising from the recourse obligation on loans and financing sold to Cagamas Berhad as disclosed in Note 25, the Group and the Bank are contingently liable in respect of loans and financing sold to Cagamas Berhad on the condition that they undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy back any loans and financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators.

(c) **Contingent liabilities**

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

The credit facilities consisted of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by Maybank IB and the three syndicated lenders. Maybank IB's rights as lender were subsequently vested to Malayan Banking Berhad, one of the other three syndicated lenders. Maybank IB retained its agency role. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower and a guarantor for the recovery of the said credit facilities. The two claims were heard together.

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

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

The Appeal came up for hearing on 10 February 2012, wherein all parties agreed for the matter to be mediated. As the parties could not come to any consensus at the mediation on 9 March 2012, they proceeded with the Appeal which concluded on 23 January 2013.

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

On 25 October 2013, the corporate borrower and its guarantor filed a motion for leave to appeal to the Federal Court in respect of the decision of the Court of Appeal against the corporate borrower and its guarantor dated 27 September 2013.

On 29 January 2014, the Federal Court dismissed the leave application. On 20 November 2014, the corporate borrower and its guarantor filed a motion to the Federal Court for the Federal Court to review and set aside its own decision in dismissing the leave application on 29 January 2014 ("Review Application"). The Review Application was heard by the Federal Court on 3 December 2015 and was unanimously dismissed with costs of RM20,000. Maybank IB's solicitors are of the view that the Review Application is without merit.

The actions for recovery of the loan sums will still continue as there is no stay of the Court of Appeal decision on 27 September 2013 in favour of Maybank IB.

The corporate borrower has been wound up by way of an order filed in the Court of Appeal and an Official Receiver has been appointed as liquidator of the corporate borrower. On 3 March 2015, the corporate borrower had obtained a stay of the Court of Appeal's winding-up order pending disposal of its application to the Federal Court for leave to appeal against the winding-up order.

51. FINANCIAL RISK MANAGEMENT POLICIES

(a) **Financial risk management overview**

Risk Management is a critical pillar of the Group's operating model, complementing the other two pillars, which are business sectors and support sectors. A dedicated Board-level Risk Management Committee provides risk oversight of all material risks across the Group.

The Management-level Risk Management Committees, which include the Group Executive Risk Committee, Group Operational Risk Management Committee, Group Asset and Liability Management Committee ("Group ALCO") and Group Management Credit Committee, are responsible for the management of all material risks within the Group.

The Group's approach to risk management is premised on the following Seven Principles of Risk Management:

- Establishment of a risk appetite and strategy which articulates the nature, type and level of risk the Group is willing to assume and must be approved by the Board.
- Capital management driven by the Group's strategic objectives and accounts for the relevant regulatory, economic and commercial environments in which the Group operates.
- Proper governance and oversight through a clear, effective and robust Group governance structure with well-defined, transparent and consistent lines of responsibility established within the Group.
- Promotion of a strong risk culture which supports and provides appropriate standards and incentives for professional and responsible behaviour.
- Implementation of risk frameworks and policies to ensure that risk management practices and processes are effective at all levels.
- Execution of sound risk management processes to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Group.
- Ensure sufficient resources and systems infrastructure are in place to enable effective risk management.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category

Group 2015	Held-for- trading RM'000	Designated as fair value through profit or loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Loans and receivables RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
Assets								
Cash and short-term funds	-	-	-	-	55,647,407	55,647,407	-	55,647,407
Deposits and placements with financial institutions	-	-	-	-	13,618,339	13,618,339	-	13,618,339
Financial assets purchased under resale agreements	-	-	-	-	7,692,165	7,692,165	-	7,692,165
Financial investments portfolio*	6,908,310	10,314,285	90,261,673	14,682,130	-	122,166,398	-	122,166,398
Loans, advances and financing	-	-	-	-	453,492,587	453,492,587	-	453,492,587
Derivative assets	8,283,647	-	-	-	-	8,283,647	-	8,283,647
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	528,827	528,827	3,826,827	4,355,654
Other assets	-	-	-	-	10,544,359	10,544,359	1,844,153	12,388,512
Investment properties	-	-	-	-	-	-	716,818	716,818
Statutory deposits with central banks	-	-	-	-	16,266,412	16,266,412	-	16,266,412
Interest in associates and joint ventures	-	-	-	-	-	-	3,120,548	3,120,548
Property, plant and equipment	-	-	-	-	-	-	2,661,472	2,661,472
Intangible assets	-	-	-	-	-	-	6,958,462	6,958,462
Deferred tax assets	-	-	-	-	-	-	976,082	976,082
Total assets	15,191,957	10,314,285	90,261,673	14,682,130	557,790,096	688,240,141	20,104,362	708,344,503

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Group 2015	Held-for- trading RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
Liabilities					
Deposits from customers	-	478,150,533	478,150,533	-	478,150,533
Investment accounts of customers	-	17,657,893	17,657,893	-	17,657,893
Deposits and placements from financial institutions	-	39,013,916	39,013,916	-	39,013,916
Obligations on financial assets sold under repurchase agreements	-	4,498,574	4,498,574	-	4,498,574
Bills and acceptances payable	-	1,803,180	1,803,180	-	1,803,180
Derivative liabilities	7,877,458	-	7,877,458	-	7,877,458
Insurance/takaful contract liabilities and other insurance payables	-	445,408	445,408	23,393,933	23,839,341
Other liabilities	-	9,952,041	9,952,041	3,077,547	13,029,588
Recourse obligation on loans and financing sold to Cagamas	-	1,174,345	1,174,345	-	1,174,345
Provision for taxation and zakat	-	-	-	85,224	85,224
Deferred tax liabilities	-	-	-	755,851	755,851
Borrowings	-	30,643,652	30,643,652	-	30,643,652
Subordinated obligations	-	20,252,116	20,252,116	-	20,252,116
Capital securities	-	6,049,375	6,049,375	-	6,049,375
Total liabilities	7,877,458	609,641,033	617,518,491	27,312,555	644,831,046

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category (cont'd.)

Group 2014	Held-for- trading RM'000	Designated as fair value through profit or loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Loans and receivables RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
Assets								
Cash and short-term funds	-	-	-	-	52,852,860	52,852,860	-	52,852,860
Deposits and placements with financial institutions	-	-	-	-	16,106,137	16,106,137	-	16,106,137
Financial assets purchased under resale agreements	-	-	-	-	3,625,291	3,625,291	-	3,625,291
Financial investments portfolio*	12,469,628	11,235,695	82,630,704	9,574,538	-	115,910,565	-	115,910,565
Loans, advances and financing	-	-	-	-	403,513,121	403,513,121	-	403,513,121
Derivative assets	4,544,001	-	-	-	-	4,544,001	-	4,544,001
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	584,761	584,761	4,387,302	4,972,063
Other assets	-	-	-	-	9,493,980	9,493,980	1,165,756	10,659,736
Investment properties	-	-	-	-	-	-	595,493	595,493
Statutory deposits with central banks	-	-	-	-	15,141,244	15,141,244	-	15,141,244
Interest in associates and joint ventures	-	-	-	-	-	-	2,527,940	2,527,940
Property, plant and equipment	-	-	-	-	-	-	2,688,140	2,688,140
Intangible assets	-	-	-	-	-	-	6,261,415	6,261,415
Deferred tax assets	-	-	-	-	-	-	901,950	901,950
Total assets	17,013,629	11,235,695	82,630,704	9,574,538	501,317,394	621,771,960	18,527,996	640,299,956

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Group 2014	Held-for- trading RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
Liabilities					
Deposits from customers	-	439,569,384	439,569,384	-	439,569,384
Deposits and placements from financial institutions	-	57,387,398	57,387,398	-	57,387,398
Obligations on financial assets sold under repurchase agreements	-	3,166,372	3,166,372	-	3,166,372
Bills and acceptances payable	-	2,017,579	2,017,579	-	2,017,579
Derivative liabilities	5,320,499	-	5,320,499	-	5,320,499
Insurance/takaful contract liabilities and other insurance payables	-	541,469	541,469	24,257,364	24,798,833
Other liabilities	-	8,235,993	8,235,993	2,911,572	11,147,565
Recourse obligation on loans and financing sold to Cagamas	-	1,058,860	1,058,860	-	1,058,860
Provision for taxation and zakat	-	-	-	325,192	325,192
Deferred tax liabilities	-	-	-	702,660	702,660
Borrowings	-	18,521,899	18,521,899	-	18,521,899
Subordinated obligations	-	15,640,057	15,640,057	-	15,640,057
Capital securities	-	5,902,483	5,902,483	-	5,902,483
Total liabilities	5,320,499	552,041,494	557,361,993	28,196,788	585,558,781

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category (cont'd.)

Bank 2015	Held-for- trading RM'000	Designated as fair value through profit or loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Loans and receivables RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
Assets								
Cash and short-term funds	-	-	-	-	41,278,089	41,278,089	-	41,278,089
Deposits and placements with financial institutions	-	-	-	-	14,748,271	14,748,271	-	14,748,271
Financial assets purchased under resale agreements	-	-	-	-	7,490,808	7,490,808	-	7,490,808
Financial investments portfolio*	4,221,895	-	74,950,070	14,329,231	-	93,501,196	-	93,501,196
Loans, advances and financing	-	-	-	-	287,056,974	287,056,974	-	287,056,974
Derivative assets	8,334,598	-	-	-	-	8,334,598	-	8,334,598
Other assets	-	-	-	-	7,493,783	7,493,783	879,991	8,373,774
Statutory deposits with central banks	-	-	-	-	7,855,379	7,855,379	-	7,855,379
Investment in subsidiaries	-	-	-	-	-	-	21,026,955	21,026,955
Interest in associates and joint ventures	-	-	-	-	-	-	451,518	451,518
Property, plant and equipment	-	-	-	-	-	-	1,322,097	1,322,097
Intangible assets	-	-	-	-	-	-	509,480	509,480
Deferred tax assets	-	-	-	-	-	-	441,814	441,814
Total assets	12,556,493	-	74,950,070	14,329,231	365,923,304	467,759,098	24,631,855	492,390,953

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Bank 2015	Held-for- trading RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
Liabilities					
Deposits from customers	-	330,626,519	330,626,519	-	330,626,519
Deposits and placements from financial institutions	-	37,904,688	37,904,688	-	37,904,688
Obligations on financial assets sold under repurchase agreements	-	4,498,574	4,498,574	-	4,498,574
Bills and acceptances payable	-	1,114,387	1,114,387	-	1,114,387
Derivative liabilities	7,696,334	-	7,696,334	-	7,696,334
Other liabilities	-	8,635,506	8,635,506	1,285,671	9,921,177
Recourse obligation on loans and financing sold to Cagamas	-	1,174,345	1,174,345	-	1,174,345
Provision for taxation and zakat	-	-	-	-	-
Borrowings	-	24,873,211	24,873,211	-	24,873,211
Subordinated obligations	-	16,750,738	16,750,738	-	16,750,738
Capital securities	-	6,212,597	6,212,597	-	6,212,597
Total liabilities	7,696,334	431,790,565	439,486,899	1,285,671	440,772,570

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31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category (cont'd.)

Bank 2014	Held-for- trading RM'000	Designated as fair value through profit or loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Loans and receivables RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
Assets								
Cash and short-term funds	-	-	-	-	34,778,324	34,778,324	-	34,778,324
Deposits and placements with financial institutions	-	-	-	-	15,811,015	15,811,015	-	15,811,015
Financial assets purchased under resale agreements	-	-	-	-	3,625,291	3,625,291	-	3,625,291
Financial investments portfolio*	9,425,390	-	73,630,705	9,100,155	-	92,156,250	-	92,156,250
Loans, advances and financing	-	-	-	-	264,524,441	264,524,441	-	264,524,441
Derivative assets	4,533,709	-	-	-	-	4,533,709	-	4,533,709
Other assets	-	-	-	-	5,964,158	5,964,158	524,830	6,488,988
Statutory deposits with central banks	-	-	-	-	7,576,028	7,576,028	-	7,576,028
Investment in subsidiaries	-	-	-	-	-	-	20,450,502	20,450,502
Interest in associates and joint ventures	-	-	-	-	-	-	451,518	451,518
Property, plant and equipment	-	-	-	-	-	-	1,308,775	1,308,775
Intangible assets	-	-	-	-	-	-	506,267	506,267
Deferred tax assets	-	-	-	-	-	-	348,350	348,350
Total assets	13,959,099	-	73,630,705	9,100,155	332,279,257	428,969,216	23,590,242	452,559,458

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Bank 2014	Held-for- trading RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
Liabilities					
Deposits from customers	-	306,938,972	306,938,972	-	306,938,972
Deposits and placements from financial institutions	-	47,500,184	47,500,184	-	47,500,184
Obligations on financial assets sold under repurchase agreements	-	3,166,372	3,166,372	-	3,166,372
Bills and acceptances payable	-	1,187,310	1,187,310	-	1,187,310
Derivative liabilities	5,173,575	-	5,173,575	-	5,173,575
Other liabilities	-	7,578,465	7,578,465	1,211,092	8,789,557
Recourse obligation on loans and financing sold to Cagamas	-	1,058,860	1,058,860	-	1,058,860
Provision for taxation and zakat	-	-	-	275,373	275,373
Borrowings	-	13,846,812	13,846,812	-	13,846,812
Subordinated obligations	-	12,264,578	12,264,578	-	12,264,578
Capital securities	-	6,185,060	6,185,060	-	6,185,060
Total liabilities	5,173,575	399,726,613	404,900,188	1,486,465	406,386,653

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management

1. Credit risk management overview

Credit risk definition

Credit risk is the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms.

Management of credit risk

Corporate and institutional credit risks are assessed by business units and evaluated and approved by an independent party within the Group, where each customer is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors including borrower's/customer's financial position, future cash flows, types of facilities and securities offered.

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

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

Counterparty credit risk is the risk arising from the possibility that a counterparty may default on current and future payments as required by contract for treasury-related activities. Counterparty credit risk originates from the Group's lending business, investment and treasury activities that impact the Group's trading and banking books through dealings in foreign exchange, money market instruments, fixed income securities, commodities, equities and over-the-counter ("OTC") derivatives. The primary distinguishing feature of counterparty credit risk compared to other forms of credit risk is that the future value of the underlying contract is uncertain, and may be either positive or negative depending on the value of all future cash flows. Counterparty credit risk exposures are managed via counterparty limits either on a single counterparty basis or counterparty group basis that adheres to BNM's Single Counterparty Exposure Limits. The Group actively monitors and manages its exposure to ensure that exposures to a single counterparty or a group of connected counterparties are within prudent limits at all times. Counterparty risk exposures which may be materially affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees.

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

In managing large exposures and to avoid undue concentration of credit risk in its loans and financing portfolio, the Group has implemented, amongst others, the following limits and related lending guidelines, for:

- Countries;
- Business segments;
- Economic sectors;
- Single customer groups;
- Banks and non-bank financial institutions;
- Counterparties; and
- Collaterals.

The Group has dedicated teams at Head Office and Regional Offices to effectively manage vulnerable corporate, institutional and consumer credits of the Group. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial action.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. Group Risk is responsible for developing, enhancing and communicating an effective and consistent credit risk management policies, tools and methodologies across the Group to ensure appropriate standards are in place to identify, measure, control, monitor and report such risks.

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

Credit Risk Measurement

The Group's retail portfolios are under Basel II Advanced Internal Ratings-Based ("AIRB") Approach. This approach calls for more extensive reliance on the Bank's own internal experience whereby estimations for all the three components of Risk-Weighted Assets ("RWA") calculation namely Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") are based on its own historical data. Separate PD, EAD and LGD statistical models were developed at retail portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio. The estimates derived from the models are used as input for RWA calculations.

For non-retail portfolios, the Group uses internal credit models for evaluating the majority of its credit risk exposures. For Corporate and Bank portfolios, the Group has adopted the Foundation Internal Ratings-Based ("FIRB") Approach, which allows the Group to use its internal PD estimates to determine an asset risk weighting and apply supervisory estimates for LGD and EAD.

CRRS is developed to allow the Group to identify, assess and measure corporate, commercial and small business borrowers' credit risk. CRRS is a statistical default prediction model. The model was developed and recalibrated to suit the Group's banking environment using internal data. The model development process was conducted and documented in line with specific criteria for model development in accordance to Basel II. The EL principles employed in the Group enables the calculation of expected loss using PD estimates (facilitated by the CRRS), LGD and EAD.

To account for differences in risk due to industry and size, CRRS is designed to rate all corporate and commercial borrowers by their respective industry segments (i.e. manufacturing, services, trading, contractors, property developers (single project) and property investors (single property)).

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

2. Maximum exposure to credit risk

The following analysis represents the Group's maximum exposure to credit risk of on-balance sheet financial assets and off-balance sheet exposure, excluding any collateral held or other credit enhancements. For on-balance sheet financial assets, the exposure to credit risk equals their carrying amount. For off-balance sheet exposure, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers/borrowers.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

2. Maximum exposure to credit risk (cont'd.)

Group	Maximum exposure	
	2015 RM'000	2014 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	55,647,407	52,852,860
Deposits and placements with financial institutions	13,618,339	16,106,137
Financial assets purchased under resale agreements	7,692,165	3,625,291
Financial investments portfolio*	117,394,310	110,894,580
Loans, advances and financing	453,492,587	403,513,121
Derivative assets	8,283,647	4,544,001
Reinsurance/retakaful assets and other insurance receivables	528,827	584,761
Other assets	10,544,359	9,493,980
Statutory deposits with central banks	16,266,412	15,141,244
	683,468,053	616,755,975
Credit exposure for off-balance sheet items:		
Direct credit substitutes	12,385,389	12,187,201
Certain transaction-related contingent items	17,477,210	16,785,821
Short-term self-liquidating trade-related contingencies	5,052,863	7,821,190
Obligations under underwriting agreements	-	116,731
Irrevocable commitments to extend credit	151,970,174	136,581,390
Miscellaneous	7,805,772	9,421,308
	194,691,408	182,913,641
Total maximum credit risk exposure	878,159,461	799,669,616

Bank	Maximum exposure	
	2015 RM'000	2014 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	41,278,089	34,778,324
Deposits and placements with financial institutions	14,748,271	15,811,015
Financial assets purchased under resale agreements	7,490,808	3,625,291
Financial investments portfolio*	93,353,179	92,005,853
Loans, advances and financing	287,056,974	264,524,441
Derivative assets	8,334,598	4,533,709
Other assets	7,493,783	5,964,158
Statutory deposits with central banks	7,855,379	7,576,028
	467,611,081	428,818,819
Credit exposure for off-balance sheet items:		
Direct credit substitutes	10,454,671	10,695,235
Certain transaction-related contingent items	15,229,018	14,889,745
Short-term self-liquidating trade-related contingencies	4,598,797	7,551,016
Irrevocable commitments to extend credit	121,707,452	112,867,909
Miscellaneous	7,641,170	9,151,530
	159,631,108	155,155,435
Total maximum credit risk exposure	627,242,189	583,974,254

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing as at 31 December 2015 for the Group is at 61% (2014: 58%) and the Bank is at 60% (2014: 58%). The financial effect of collateral held for other financial assets is not significant.

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31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile

Concentration risk is the risk that can materialise from excessive exposures to single counterparty and persons connected to it, a particular instrument or a particular market segment/sector. The Group analysed the concentration of credit risk by geographic purpose and industry sector as follows:

(a) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by geographic purpose are as follows:

Group 2015	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Reinsurance/ retakaful assets and other insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Malaysia	20,086,777	2,618,395	-	83,550,643	255,010,504	5,363,648	483,342	7,809,731	7,947,276	382,870,316	120,855,866
Singapore	5,759,584	1,596,591	7,490,808	20,694,542	113,468,929	876,687	44,558	372,372	3,539,585	153,843,656	52,499,052
Indonesia	5,894,890	226,915	201,357	3,324,875	35,726,974	108,164	-	1,108,839	3,213,559	49,805,573	2,407,365
Labuan Offshore	610,976	-	-	-	18,431,009	-	-	2,963	-	19,044,948	-
Hong Kong SAR	7,207,729	2,579,227	-	4,113,295	14,080,055	561,362	-	223,205	-	28,764,873	6,296,508
United States of America	4,132,046	3,788,605	-	2,004,883	1,234,846	51,582	-	222,624	-	11,434,586	2,206,632
People's Republic of China	1,382,700	485,436	-	503,343	3,301,721	300,468	-	11,301	-	5,984,969	3,999,743
Vietnam	311,128	56,697	-	42,523	631,295	976	-	11,155	140,610	1,194,384	951,268
United Kingdom	1,553,050	64,652	-	505,362	1,466,935	719,607	-	32,011	-	4,341,617	848,751
Philippines	1,253,525	158,318	-	994,921	5,265,261	14,263	-	370,206	1,028,186	9,084,680	327,050
Brunei	25,140	-	-	34,763	513,353	-	927	19	55,263	629,465	224,805
Cambodia	271,453	803,429	-	-	2,036,787	-	-	-	335,184	3,446,853	433,535
Bahrain	43,791	284	-	-	487,941	-	-	-	-	532,016	2,431
Papua New Guinea	225,761	-	-	-	-	-	-	-	-	225,761	193,424
Thailand	65,276	5,739	-	3,913	1,693,834	863	-	300,083	-	2,069,708	305,898
India	188,640	10,681	-	77,733	-	-	-	7,374	-	284,428	774,946
Others	6,634,941	1,223,370	-	1,543,514	143,143	286,027	-	72,476	6,749	9,910,220	2,364,134
	55,647,407	13,618,339	7,692,165	117,394,310	453,492,587	8,283,647	528,827	10,544,359	16,266,412	683,468,053	194,691,408

Group 2014	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Reinsurance/ retakaful assets and other insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Malaysia	24,326,297	2,667,747	-	79,776,283	239,702,318	1,416,077	551,719	6,594,500	8,464,205	363,499,146	118,333,964
Singapore	7,264,140	4,866,893	3,625,291	21,074,753	93,291,589	2,985,863	31,330	493,908	2,852,661	136,486,428	46,652,501
Indonesia	2,768,334	67,890	-	3,186,150	30,886,342	56,437	-	805,781	2,769,061	40,539,995	2,193,016
Labuan Offshore	1,591,471	1,546,601	-	1,084,130	13,268,568	497	-	23,288	-	17,514,555	3,399,927
Hong Kong SAR	2,476,938	1,917,775	-	2,732,875	13,122,234	54,304	-	379,621	-	20,683,747	3,230,302
United States of America	6,735,126	1,696,719	-	1,145,345	1,097,194	11,069	-	75,056	-	10,760,509	1,799,334
People's Republic of China	1,728,086	96,217	-	203,478	2,990,476	15,306	-	1,939	-	5,035,502	2,485,869
Vietnam	148,620	320,582	-	3,626	479,117	-	-	44,066	3,733	999,744	388,013
United Kingdom	1,336,500	226,945	-	369,803	1,221,354	712	-	15,333	-	3,170,647	552,675
Philippines	834,706	174,353	-	786,435	3,818,345	3,629	-	327,587	771,237	6,716,292	171,330
Brunei	49,060	-	-	26,438	361,773	-	1,712	2	30,954	469,939	183,951
Cambodia	366,043	537,109	-	-	1,196,364	-	-	-	195,771	2,295,287	241,298
Bahrain	507	-	-	-	311,875	-	-	4	-	312,386	-
Papua New Guinea	16,731	249,265	-	373,179	224,723	-	-	16,406	51,041	931,345	245,478
Thailand	65,578	3,240	-	7,742	1,419,317	-	-	695,624	-	2,191,501	20,252
India	10,621	9,054	-	78,803	-	-	-	4,930	-	103,408	296
Others	3,134,102	1,725,747	-	45,540	121,532	107	-	15,935	2,581	5,045,544	3,015,435
	52,852,860	16,106,137	3,625,291	110,894,580	403,513,121	4,544,001	584,761	9,493,980	15,141,244	616,755,975	182,913,641

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile (cont'd.)

(a) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by geographic purpose are as follows (cont'd.):

Bank 2015	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Malaysia	12,697,485	4,618,801	-	64,217,591	135,845,742	5,544,232	7,076,257	4,113,170	234,113,278	88,510,395
Singapore	5,487,327	1,411,505	7,490,808	20,315,294	112,661,893	871,914	265,680	3,539,585	152,044,006	52,477,462
Indonesia	293,093	204,775	-	173,806	-	2,814	-	-	674,488	357,997
Labuan Offshore	610,975	-	-	-	17,416,009	-	-	-	18,026,984	-
Hong Kong SAR	7,165,137	2,579,227	-	4,100,566	13,527,482	561,362	34,950	-	27,968,724	6,274,936
United States of America	4,081,326	3,788,605	-	1,810,913	1,234,846	50,111	102,117	-	11,067,918	2,203,466
People's Republic of China	1,382,401	485,436	-	457,352	3,301,721	300,468	11,098	-	5,938,476	3,999,743
Vietnam	293,028	17,172	-	42,523	499,786	976	325	140,610	994,420	909,099
United Kingdom	1,516,866	64,652	-	505,362	1,466,893	710,937	3,337	-	4,268,047	842,862
Philippines	617,843	94,798	-	212,157	-	5,938	-	-	930,736	163,246
Brunei	25,139	-	-	34,763	513,353	-	19	55,263	628,537	224,805
Cambodia	20,973	257,580	-	-	-	-	-	-	278,553	46,425
Bahrain	43,791	284	-	-	487,941	-	-	-	532,016	2,431
Papua New Guinea	225,761	-	-	-	-	-	-	-	225,761	193,424
Thailand	16,922	-	-	-	-	202	-	-	17,124	285,784
India	185,849	2,066	-	-	-	-	-	-	187,915	774,899
Others	6,614,173	1,223,370	-	1,482,852	101,308	285,644	-	6,751	9,714,098	2,364,134
	41,278,089	14,748,271	7,490,808	93,353,179	287,056,974	8,334,598	7,493,783	7,855,379	467,611,081	159,631,108

Bank 2014	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Malaysia	10,161,824	3,328,869	-	65,839,460	141,360,877	1,477,669	5,489,806	4,686,099	232,344,604	93,615,257
Singapore	7,000,539	4,754,335	3,625,291	20,814,479	92,635,768	2,985,827	434,647	2,852,661	135,103,547	46,541,850
Indonesia	134,047	45,442	-	-	-	-	-	-	179,489	-
Labuan Offshore	1,591,470	1,546,601	-	1,084,130	11,313,253	497	10,735	-	15,546,686	3,399,928
Hong Kong SAR	2,465,643	1,917,775	-	2,724,299	12,784,638	54,304	4,400	-	19,951,059	3,202,684
United States of America	6,669,009	1,696,719	-	975,914	1,097,194	106	24,189	-	10,463,131	1,795,847
People's Republic of China	1,727,832	96,217	-	171,330	2,990,476	15,306	19	-	5,001,180	2,485,870
Vietnam	123,243	255,364	-	-	359,792	-	275	3,733	742,407	368,064
United Kingdom	1,296,107	226,945	-	369,803	1,221,318	-	1	-	3,114,174	546,549
Philippines	208,968	112,136	-	-	-	-	-	-	321,104	-
Brunei	49,060	-	-	26,438	361,773	-	2	30,954	468,227	183,951
Cambodia	202,231	104,865	-	-	-	-	-	-	307,096	-
Bahrain	507	-	-	-	311,875	-	4	-	312,386	-
Papua New Guinea	3,742	-	-	-	-	-	-	-	3,742	-
Thailand	27,603	-	-	-	-	-	-	-	27,603	-
India	9,835	-	-	-	-	-	-	-	9,835	-
Others	3,106,664	1,725,747	-	-	87,477	-	80	2,581	4,922,549	3,015,435
	34,778,324	15,811,015	3,625,291	92,005,853	264,524,441	4,533,709	5,964,158	7,576,028	428,818,819	155,155,435

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile (cont'd.)

(b) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by industry sector are as follows:

Group 2015	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Reinsurance/ retakaful assets and other insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	1,401,871	12,552,772	334,613	-	21	-	14,289,277	1,445,909
Mining and quarrying	-	-	-	740,296	4,828,196	204	-	96	-	5,568,792	706,157
Manufacturing	-	-	-	386,691	30,182,401	698,386	-	124	-	31,267,602	9,292,125
Construction	-	-	-	1,637,388	45,752,719	8,356	-	52	-	47,398,515	17,705,009
Electricity, gas and water supply	-	-	-	8,345,614	14,575,752	55,337	-	1,131	-	22,977,834	1,057,764
Wholesale, retail trade, restaurants and hotels	-	-	-	862,777	41,413,553	58,471	-	8,744	-	42,343,545	29,311,563
Finance, insurance, real estate and business	55,330,921	13,618,339	7,692,165	81,989,157	59,855,002	6,711,814	528,827	8,892,558	16,266,412	250,885,195	63,551,085
Transport, storage and communication	-	-	-	2,876,308	15,746,797	127,172	-	1,260	-	18,751,537	2,809,645
Education, health and others	-	-	-	209,723	10,726,323	3,737	-	85	-	10,939,868	5,181,234
Household	-	-	-	9,694	193,917,296	1,285	-	491,934	-	194,420,209	45,697,707
Others	316,486	-	-	18,934,791	23,941,776	284,272	-	1,148,354	-	44,625,679	17,933,210
	55,647,407	13,618,339	7,692,165	117,394,310	453,492,587	8,283,647	528,827	10,544,359	16,266,412	683,468,053	194,691,408

Group 2014	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Reinsurance/ retakaful assets and other insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	1,097,083	8,120,468	119,504	-	-	-	9,337,055	1,291,797
Mining and quarrying	-	-	-	132,269	3,273,825	535	-	118	-	3,406,747	744,782
Manufacturing	-	-	-	659,075	31,494,623	425,152	-	29	-	32,578,879	8,606,097
Construction	-	-	-	3,616,652	38,854,015	13,339	-	11	-	42,484,017	8,619,506
Electricity, gas and water supply	-	-	-	4,026,536	16,174,232	24,784	-	907	-	20,226,459	9,049,057
Wholesale, retail trade, restaurants and hotels	-	-	-	762,563	35,380,054	54,507	-	520	-	36,197,644	24,412,523
Finance, insurance, real estate and business	52,852,351	16,106,137	3,625,291	77,540,538	56,349,443	3,320,332	584,761	8,196,379	15,141,244	233,716,476	58,565,642
Transport, storage and communication	-	-	-	4,828,862	13,439,603	141,848	-	1,513	-	18,411,826	2,460,508
Education, health and others	-	-	-	197,846	9,884,125	7,241	-	151	-	10,089,363	4,975,107
Household	-	-	-	-	170,692,182	1,804	-	594,118	-	171,288,104	37,124,646
Others	509	-	-	18,033,156	19,850,551	434,955	-	700,234	-	39,019,405	27,063,976
	52,852,860	16,106,137	3,625,291	110,894,580	403,513,121	4,544,001	584,761	9,493,980	15,141,244	616,755,975	182,913,641

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile (cont'd.)

(b) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by industry sector are as follows (cont'd.):

Bank 2015	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	961,210	6,122,861	327,185	-	-	7,411,256	1,001,875
Mining and quarrying	-	-	-	694,664	1,549,519	204	-	-	2,244,387	548,289
Manufacturing	-	-	-	386,691	18,029,054	689,524	-	-	19,105,269	8,070,937
Construction	-	-	-	1,248,646	38,200,980	8,356	-	-	39,457,982	15,024,923
Electricity, gas and water supply	-	-	-	3,627,533	12,549,695	25,599	-	-	16,202,827	835,972
Wholesale, retail trade, restaurants and hotels	-	-	-	786,459	28,080,353	58,466	-	-	28,925,278	28,162,240
Finance, insurance, real estate and business	40,965,820	14,748,271	7,490,808	70,065,886	54,129,452	6,808,798	7,493,651	7,855,379	209,558,065	47,863,077
Transport, storage and communication	-	-	-	2,508,025	12,003,118	127,172	-	-	14,638,315	2,325,648
Education, health and others	-	-	-	191,444	8,788,019	3,737	-	-	8,983,200	4,592,171
Household	-	-	-	-	105,399,652	1,285	-	-	105,400,937	35,470,602
Others	312,269	-	-	12,882,621	2,204,271	284,272	132	-	15,683,565	15,735,374
	41,278,089	14,748,271	7,490,808	93,353,179	287,056,974	8,334,598	7,493,783	7,855,379	467,611,081	159,631,108

Bank 2014	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	571,926	5,188,838	117,898	-	-	5,878,662	784,732
Mining and quarrying	-	-	-	123,549	1,465,343	535	-	-	1,589,427	669,475
Manufacturing	-	-	-	565,598	21,296,642	416,199	-	-	22,278,439	7,981,410
Construction	-	-	-	2,787,380	32,340,622	13,339	-	-	35,141,341	6,875,288
Electricity, gas and water supply	-	-	-	1,981,057	13,356,752	3,222	-	-	15,341,031	8,357,516
Wholesale, retail trade, restaurants and hotels	-	-	-	687,406	24,771,925	54,501	-	-	25,513,832	23,628,166
Finance, insurance, real estate and business	34,777,817	15,811,015	3,625,291	71,925,306	52,595,076	3,342,511	5,964,078	7,576,028	195,617,122	56,800,439
Transport, storage and communication	-	-	-	2,327,453	10,214,304	141,848	-	-	12,683,605	2,030,215
Education, health and others	-	-	-	187,493	7,816,972	7,241	-	-	8,011,706	4,932,603
Household	-	-	-	-	93,853,742	1,804	-	-	93,855,546	29,419,981
Others	507	-	-	10,848,685	1,624,225	434,611	80	-	12,908,108	13,675,610
	34,778,324	15,811,015	3,625,291	92,005,853	264,524,441	4,533,709	5,964,158	7,576,028	428,818,819	155,155,435

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

4. Collateral

The main types of collateral obtained by the Group and the Bank to mitigate credit risk are as follows:

- For mortgages - charges over residential properties;
- For auto loans and financing - ownership claims over the vehicles financed;
- For share margin financing - pledges over securities from listed exchanges;
- For commercial property loans and financing - charges over the properties financed;
- For other loans and financing - charges over business assets such as premises, inventories, trade receivables or deposits; and
- For derivatives - cash and securities collateral for over-the-counter ("OTC") traded derivatives.

5. Credit quality of financial assets

Credit classification for financial assets

For the purposes of disclosure relating to MFRS 7, all financial assets are categorised into the following:

- Neither past due nor impaired;
- Past due but not impaired; and
- Past due and impaired.

The four (4) risks categories as set out and defined below and on the following page, from very low to high, apart from impaired, describe the credit quality of the Group's lending. These classifications encompass a range of more granular, internal gradings assigned to loans, advances and financing whilst external gradings are applied to financial investments. There is no direct correlation between the internal and external ratings at a granular level, except to the extent that each falls within a single credit quality band.

Risk Category (Non-Retail)	Probability of default ("PD") Grade	External credit ratings based on S&P's ratings	External credit ratings based on RAM's ratings
Very low	1 - 5	AAA to A-	AAA to AA
Low	6 - 10	A- to BB+	AA to A
Medium	11 - 15	BB+ to B+	A to BB
High	16 - 21	B+ to CCC	BB to C

Risk Category (Retail)	Probability of default ("PD") Grade	External credit ratings based on S&P's ratings	External credit ratings based on RAM's ratings
Very low	1 - 2	AAA to BBB-	AAA to A
Low	3 - 5	BB+ to BB-	A to BBB
Medium	6 - 8	B+ to CCC	BB to B
High	9 - 11	CCC to C	B to C

Risk category is as described below:

- Very low : Obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.
- Low : Obligors rated in this category have a good capacity to meet financial commitments with low credit risk.
- Medium : Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.
- High : Obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.

Other than the above rated risk categories, other categories used internally are as follows:

- Impaired/default : Obligors with objective evidence of impairment as a result of one or more events that have an impact on the estimated future cash flows of the obligors that can be reliably estimated. The detailed definition is further disclosed in Note 2.3(v)(d).
- Unrated : Refer to obligors which are currently not assigned with obligors' ratings due to unavailability of ratings models.
- Sovereign : Refer to obligors which are governments and/or government-related agencies.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

6. Credit quality of financial assets - gross loans, advances and financing

Group 2015	Neither past due nor impaired RM'000	<-----Past due but not impaired----->			Non- impaired total RM'000	Impaired RM'000	Total RM'000
		Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000			
Overdrafts	18,830,987	155,066	140,905	14,204	19,141,162	1,130,839	20,272,001
Term loans	339,387,683	14,594,667	4,554,076	1,481,347	360,017,773	6,425,478	366,443,251
Others	71,343,802	500,545	78,411	14,938	71,937,696	998,690	72,936,386
Gross loans, advances and financing	429,562,472	15,250,278	4,773,392	1,510,489	451,096,631	8,555,007	459,651,638
Less:							
- Individual allowance							(2,259,910)
- Collective allowance							(3,899,141)
							(6,159,051)
Net loans, advances and financing							453,492,587
As a percentage of total gross loans, advances and financing	93.45%	3.32%	1.04%	0.33%	98.14%	1.86%	100.00%

Summary of risk categories of gross loans, advances and financing of the Group are assessed based on credit quality classification as described in Note 51(c)(5).

Group 2015	<-----Neither past due nor impaired----->					Total RM'000
	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	
Overdrafts	1,827,739	2,166,713	4,782,990	966,329	9,087,216	18,830,987
Term loans	86,994,442	97,261,384	84,029,408	11,790,260	59,312,189	339,387,683
Others	14,216,749	19,769,215	17,034,929	2,501,445	17,821,464	71,343,802
Total - Neither past due nor impaired	103,038,930	119,197,312	105,847,327	15,258,034	86,220,869	429,562,472
As a percentage of total gross loans, advances and financing	22.41%	25.93%	23.03%	3.32%	18.76%	93.45%

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

6. Credit quality of financial assets - gross loans, advances and financing (cont'd.)

Group 2014	Neither past due nor impaired RM'000	< -----Past due but not impaired----- >			Non- impaired total RM'000	Impaired RM'000	Total RM'000
		Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000			
Overdrafts	15,975,689	588,052	119,310	26,279	16,709,330	1,428,819	18,138,149
Term loans	295,189,502	16,036,071	4,199,980	1,186,653	316,612,206	4,392,858	321,005,064
Others	69,403,912	436,593	62,910	12,564	69,915,979	412,484	70,328,463
Gross loans, advances and financing	380,569,103	17,060,716	4,382,200	1,225,496	403,237,515	6,234,161	409,471,676
Less:							
- Individual allowance							(1,989,856)
- Collective allowance							(3,968,699)
							(5,958,555)
Net loans, advances and financing							403,513,121
As a percentage of total gross loans, advances and financing	92.94%	4.17%	1.07%	0.30%	98.48%	1.52%	100.00%

Summary of risk categories of gross loans, advances and financing of the Group are assessed based on credit quality classification as described in Note 51(c)(5).

Group 2014	< -----Neither past due nor impaired----- >					Total RM'000
	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	
Overdrafts	1,150,259	1,878,041	3,915,662	895,870	8,135,857	15,975,689
Term loans	63,750,996	86,571,371	72,169,607	10,448,255	62,249,273	295,189,502
Others	12,327,411	18,313,411	16,029,905	1,430,940	21,302,245	69,403,912
Total - Neither past due nor impaired	77,228,666	106,762,823	92,115,174	12,775,065	91,687,375	380,569,103
As a percentage of total gross loans, advances and financing	18.86%	26.07%	22.50%	3.12%	22.39%	92.94%

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

6. Credit quality of financial assets - gross loans, advances and financing (cont'd.)

Bank 2015	Neither past due nor impaired RM'000	<-----Past due but not impaired----->			Non- impaired total RM'000	Impaired RM'000	Total RM'000
		Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000			
Overdrafts	9,798,390	130,022	84,804	9,550	10,022,766	882,250	10,905,016
Term loans	210,299,411	5,485,808	2,173,464	742,650	218,701,333	3,724,413	222,425,746
Others	56,508,953	396,492	65,538	12,697	56,983,680	791,963	57,775,643
Gross loans, advances and financing	276,606,754	6,012,322	2,323,806	764,897	285,707,779	5,398,626	291,106,405
Less:							
- Individual allowance							(1,422,090)
- Collective allowance							(2,627,341)
							(4,049,431)
Net loans, advances and financing							287,056,974
As a percentage of total gross loans, advances and financing	95.02%	2.07%	0.80%	0.26%	98.15%	1.85%	100.00%

Summary of risk categories of gross loans, advances and financing of the Bank are assessed based on credit quality classification as described in Note 51(c)(5).

Bank 2015	<-----Neither past due nor impaired----->					Total RM'000
	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	
Overdrafts	675,350	1,559,336	2,180,858	588,040	4,794,806	9,798,390
Term loans	49,410,677	56,583,549	58,807,878	8,799,581	36,697,726	210,299,411
Others	9,610,571	13,295,043	11,435,983	1,376,153	20,791,203	56,508,953
Total - Neither past due nor impaired	59,696,598	71,437,928	72,424,719	10,763,774	62,283,735	276,606,754
As a percentage of total gross loans, advances and financing	20.50%	24.54%	24.88%	3.70%	21.40%	95.02%

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

6. Credit quality of financial assets - gross loans, advances and financing (cont'd.)

Bank 2014	Neither past due nor impaired RM'000	< -----Past due but not impaired----- >			Non- impaired total RM'000	Impaired RM'000	Total RM'000
		Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000			
Overdrafts	9,096,331	530,676	78,380	20,670	9,726,057	1,219,722	10,945,779
Term loans	188,255,243	6,955,905	2,267,348	701,943	198,180,439	2,778,711	200,959,150
Others	56,333,182	354,427	49,322	8,757	56,745,688	251,396	56,997,084
Gross loans, advances and financing	253,684,756	7,841,008	2,395,050	731,370	264,652,184	4,249,829	268,902,013
Less:							
- Individual allowance							(1,437,215)
- Collective allowance							(2,940,357)
							(4,377,572)
Net loans, advances and financing							264,524,441
As a percentage of total gross loans, advances and financing	94.34%	2.92%	0.89%	0.27%	98.42%	1.58%	100.00%

Summary of risk categories of gross loans, advances and financing of the Bank are assessed based on credit quality classification as described in Note 51(c)(5).

Bank 2014	< -----Neither past due nor impaired----- >					Total RM'000
	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	
Overdrafts	756,400	1,341,499	2,236,809	580,116	4,181,507	9,096,331
Term loans	36,664,817	53,104,011	50,493,175	8,176,911	39,816,329	188,255,243
Others	8,414,236	15,032,085	12,253,860	1,269,719	19,363,282	56,333,182
Total - Neither past due nor impaired	45,835,453	69,477,595	64,983,844	10,026,746	63,361,118	253,684,756
As a percentage of total gross loans, advances and financing	17.05%	25.84%	24.17%	3.73%	23.55%	94.34%

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

7. Credit quality of financial assets - financial investments portfolio and other financial assets

Group 2015	Neither past due nor impaired RM'000	<-----Past due but not impaired----->			Non- impaired total RM'000	Impaired RM'000	Total RM'000	Impairment allowance RM'000	Net total RM'000
		Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000					
Cash and short-term funds	55,647,407	-	-	-	55,647,407	-	55,647,407	-	55,647,407
Deposits and placements with financial institutions	13,618,339	-	-	-	13,618,339	-	13,618,339	-	13,618,339
Financial assets purchased under resale agreements	7,692,165	-	-	-	7,692,165	-	7,692,165	-	7,692,165
Financial investments portfolio*	117,024,286	-	-	-	117,024,286	594,542	117,618,828	(224,518)	117,394,310
Derivative assets	8,283,647	-	-	-	8,283,647	-	8,283,647	-	8,283,647
Reinsurance/retakaful assets and other insurance receivables	528,827	-	-	-	528,827	42,121	570,948	(42,121)	528,827
Other assets	10,483,326	-	-	-	10,483,326	118,786	10,602,112	(57,753)	10,544,359
Statutory deposits with central banks	16,266,412	-	-	-	16,266,412	-	16,266,412	-	16,266,412
	229,544,409	-	-	-	229,544,409	755,449	230,299,858	(324,392)	229,975,466
As a percentage of gross balances	99.67%	0.00%	0.00%	0.00%	99.67%	0.33%	100.00%		

Summary of risk categories of financial investments portfolio and other financial assets of the Group are assessed based on credit quality classification as described in Note 51(c)(5).

Group 2015	<-----Neither past due nor impaired----->							Netting effects under MFRS 132 Amendments RM'000	Total RM'000
	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000			
Cash and short-term funds	19,331,626	24,683,608	2,709,635	3,231,676	418	5,690,444	-	-	55,647,407
Deposits and placements with financial institutions	1,818,910	4,098,658	5,864,401	1,052,611	257,580	526,179	-	-	13,618,339
Financial assets purchased under resale agreements	7,609,244	82,921	-	-	-	-	-	-	7,692,165
Financial investments portfolio*	44,399,166	39,436,288	16,057,323	6,154,144	190,703	10,786,662	-	-	117,024,286
Derivative assets	2,886	3,753,755	2,599,696	1,339,999	189,108	686,556	(288,353)	-	8,283,647
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	528,827	-	-	528,827
Other assets	5,374	6,311	384,001	1,155,604	-	8,932,036	-	-	10,483,326
Statutory deposits with central banks	16,266,412	-	-	-	-	-	-	-	16,266,412
Total - Neither past due nor impaired	89,433,618	72,061,541	27,615,056	12,934,034	637,809	27,150,704	(288,353)	-	229,544,409
As a percentage of gross balances	38.83%	31.29%	11.99%	5.62%	0.28%	11.79%	(0.13%)		99.67%

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

7. Credit quality of financial assets - financial investments portfolio and other financial assets (cont'd.)

Group 2014	Neither past due nor impaired RM'000	<-----Past due but not impaired----->			Non- impaired total RM'000	Impaired RM'000	Total RM'000	Impairment allowance RM'000	Net total RM'000
		Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000					
Cash and short-term funds	52,852,860	-	-	-	52,852,860	-	52,852,860	-	52,852,860
Deposits and placements with financial institutions	16,106,137	-	-	-	16,106,137	-	16,106,137	-	16,106,137
Financial assets purchased under resale agreements	3,625,291	-	-	-	3,625,291	-	3,625,291	-	3,625,291
Financial investments portfolio*	110,749,161	-	-	-	110,749,161	1,004,364	111,753,525	(858,945)	110,894,580
Derivative assets	4,544,001	-	-	-	4,544,001	-	4,544,001	-	4,544,001
Reinsurance/retakaful assets and other insurance receivables	584,761	-	-	-	584,761	48,031	632,792	(48,031)	584,761
Other assets	9,444,477	14,386	2,019	3,569	9,464,451	89,171	9,553,622	(59,642)	9,493,980
Statutory deposits with central banks	15,141,244	-	-	-	15,141,244	-	15,141,244	-	15,141,244
	213,047,932	14,386	2,019	3,569	213,067,906	1,141,566	214,209,472	(966,618)	213,242,854
As a percentage of gross balances	99.46%	0.01%	0.00%	0.00%	99.47%	0.53%	100.00%		

Summary of risk categories of financial investments portfolio and other financial assets of the Group are assessed based on credit quality classification as described in Note 51(c)(5).

Group 2014	<-----Neither past due nor impaired----->							Netting effects under MFRS 132 Amendments RM'000	Total RM'000
	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000			
Cash and short-term funds	19,804,106	19,276,537	1,888,336	461,751	208,331	11,213,799	-	-	52,852,860
Deposits and placements with financial institutions	3,430,617	9,447,649	1,813,254	547,315	209,730	657,572	-	-	16,106,137
Financial assets purchased under resale agreements	3,625,291	-	-	-	-	-	-	-	3,625,291
Financial investments portfolio*	36,336,954	48,238,981	13,830,248	3,059,171	38,602	9,245,205	-	-	110,749,161
Derivative assets	4,832	3,435,929	1,088,661	450,563	6,392	105,614	(547,990)	-	4,544,001
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	584,761	-	-	584,761
Other assets	279	1,677,816	442,089	162,856	-	7,161,437	-	-	9,444,477
Statutory deposits with central banks	15,141,244	-	-	-	-	-	-	-	15,141,244
Total - Neither past due nor impaired	78,343,323	82,076,912	19,062,588	4,681,656	463,055	28,968,388	(547,990)	-	213,047,932
As a percentage of gross balances	36.57%	38.32%	8.90%	2.19%	0.22%	13.52%	(0.26%)	-	99.46%

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

7. Credit quality of financial assets - financial investments portfolio and other financial assets (cont'd.)

Bank 2015	Neither past due nor impaired RM'000	Impaired RM'000	Total RM'000	Impairment allowance RM'000	Net total RM'000
Cash and short-term funds	41,278,089	-	41,278,089	-	41,278,089
Deposits and placements with financial institutions	14,748,271	-	14,748,271	-	14,748,271
Financial assets purchased under resale agreements	7,490,808	-	7,490,808	-	7,490,808
Financial investments portfolio*	93,007,665	434,808	93,442,473	(89,294)	93,353,179
Derivative assets	8,334,598	-	8,334,598	-	8,334,598
Other assets	7,472,561	38,912	7,511,473	(17,690)	7,493,783
Statutory deposits with central banks	7,855,379	-	7,855,379	-	7,855,379
	180,187,371	473,720	180,661,091	(106,984)	180,554,107
As a percentage of gross balances	99.74%	0.26%	100.00%		

Summary of risk categories of financial investments portfolio and other financial assets of the Bank are assessed based on credit quality classification as described in Note 51(c)(5).

Bank 2015	-----Neither past due nor impaired-----							Total RM'000
	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Netting effects under MFRS 132 Amendments RM'000	
Cash and short-term funds	8,908,636	22,091,311	1,310,594	1,437,180	414	7,529,954	-	41,278,089
Deposits and placements with financial institutions	1,818,910	3,843,209	5,839,949	1,029,165	257,580	1,959,458	-	14,748,271
Financial assets purchased under resale agreements	7,490,808	-	-	-	-	-	-	7,490,808
Financial investments portfolio*	43,020,136	32,047,638	6,496,172	5,833,581	127,808	5,482,330	-	93,007,665
Derivative assets	-	4,106,953	2,513,595	1,237,443	159,268	605,692	(288,353)	8,334,598
Other assets	5,374	133	383,940	1,155,604	-	5,927,510	-	7,472,561
Statutory deposits with central banks	7,855,379	-	-	-	-	-	-	7,855,379
Total - Neither past due nor impaired	69,099,243	62,089,244	16,544,250	10,692,973	545,070	21,504,944	(288,353)	180,187,371
As a percentage of gross balances	38.25%	34.37%	9.16%	5.92%	0.30%	11.90%	(0.16%)	99.74%

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

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31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

7. Credit quality of financial assets - financial investments portfolio and other financial assets (cont'd.)

Bank 2014	Neither past due nor impaired RM'000	Impaired RM'000	Total RM'000	Impairment allowance RM'000	Net total RM'000
Cash and short-term funds	34,778,324	-	34,778,324	-	34,778,324
Deposits and placements with financial institutions	15,811,015	-	15,811,015	-	15,811,015
Financial assets purchased under resale agreements	3,625,291	-	3,625,291	-	3,625,291
Financial investments portfolio*	91,941,116	789,710	92,730,826	(724,973)	92,005,853
Derivative assets	4,533,709	-	4,533,709	-	4,533,709
Other assets	5,938,103	46,359	5,984,462	(20,304)	5,964,158
Statutory deposits with central banks	7,576,028	-	7,576,028	-	7,576,028
	164,203,586	836,069	165,039,655	(745,277)	164,294,378
As a percentage of gross balances	99.49%	0.51%	100.00%		

Summary of risk categories of financial investments portfolio and other financial assets of the Bank are assessed based on credit quality classification as described in Note 51(c)(5).

Bank 2014	< -----Neither past due nor impaired----- >							Total RM'000
	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Netting effects under MFRS 132 Amendments RM'000	
Cash and short-term funds	6,410,641	18,268,772	591,385	375,050	208,196	8,924,280	-	34,778,324
Deposits and placements with financial institutions	2,871,755	9,305,703	1,731,257	479,163	209,730	1,213,407	-	15,811,015
Financial assets purchased under resale agreements	3,625,291	-	-	-	-	-	-	3,625,291
Financial investments portfolio*	39,617,838	38,788,497	5,879,166	2,666,939	-	4,988,676	-	91,941,116
Derivative assets	155	3,517,927	1,084,104	427,872	6,393	45,248	(547,990)	4,533,709
Other assets	279	1,659,864	442,037	162,856	-	3,673,067	-	5,938,103
Statutory deposits with central banks	7,576,028	-	-	-	-	-	-	7,576,028
Total - Neither past due nor impaired	60,101,987	71,540,763	9,727,949	4,111,880	424,319	18,844,678	(547,990)	164,203,586
As a percentage of gross balances	36.41%	43.35%	5.89%	2.49%	0.26%	11.42%	(0.33%)	99.49%

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

8. Credit quality of impaired financial assets

(i) Impaired financial assets analysed by geographic purpose are as follows:

Group	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Reinsurance/retakaful assets and other insurance receivables RM'000	Other assets RM'000	Total RM'000
2015					
Malaysia	4,695,622	312,150	41,670	46,891	5,096,333
Singapore	531,250	135,374	451	12,981	680,056
Indonesia	1,676,366	73,810	-	666	1,750,842
Labuan Offshore	201,218	-	-	24	201,242
Hong Kong SAR	848,090	-	-	8,100	856,190
United States of America	608	-	-	482	1,090
People's Republic of China	124,591	-	-	-	124,591
Vietnam	51,691	-	-	-	51,691
Philippines	238,863	17,329	-	44,541	300,733
Brunei	14,693	-	-	-	14,693
Cambodia	76,704	-	-	-	76,704
Thailand	30,450	1,753	-	5,101	37,304
Others	64,861	54,126	-	-	118,987
	8,555,007	594,542	42,121	118,786	9,310,456
2014					
Malaysia	4,527,493	696,135	47,454	60,901	5,331,983
Singapore	230,236	111,791	503	16,003	358,533
Indonesia	1,019,853	113,206	-	-	1,133,059
Labuan Offshore	36,274	-	-	25	36,299
Hong Kong SAR	15,884	-	-	6,597	22,481
United States of America	495	1,253	-	971	2,719
People's Republic of China	8,781	-	-	-	8,781
Vietnam	20,510	-	-	1,655	22,165
United Kingdom	126,535	23,733	-	2	150,270
Philippines	120,194	14,848	-	462	135,504
Brunei	11,536	-	74	-	11,610
Cambodia	53,607	-	-	-	53,607
Bahrain	5,276	-	-	-	5,276
Thailand	27,143	1,563	-	2,519	31,225
Others	30,344	41,835	-	36	72,215
	6,234,161	1,004,364	48,031	89,171	7,375,727

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

8. Credit quality of impaired financial assets (cont'd.)

(i) Impaired financial assets analysed by geographic purpose are as follows (cont'd.):

Bank	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
2015				
Malaysia	3,805,711	311,696	38,912	4,156,319
Singapore	509,504	123,112	-	632,616
Labuan Offshore	18,709	-	-	18,709
Hong Kong SAR	848,090	-	-	848,090
People's Republic of China	124,591	-	-	124,591
Vietnam	49,738	-	-	49,738
Brunei	14,693	-	-	14,693
Laos	27,590	-	-	27,590
	5,398,626	434,808	38,912	5,872,346
2014				
Malaysia	3,835,383	664,865	46,359	4,546,607
Singapore	210,755	101,112	-	311,867
Labuan Offshore	15,169	-	-	15,169
Hong Kong SAR	15,884	-	-	15,884
People's Republic of China	8,781	-	-	8,781
Vietnam	20,510	-	-	20,510
United Kingdom	126,535	23,733	-	150,268
Brunei	11,536	-	-	11,536
Bahrain	5,276	-	-	5,276
	4,249,829	789,710	46,359	5,085,898

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

8. Credit quality of impaired financial assets (cont'd.)

(ii) Impaired financial assets analysed by industry sectors are as follows:

Group	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Reinsurance/retakaful assets and other insurance receivables RM'000	Other assets RM'000	Total RM'000
2015					
Agriculture	323,611	17,329	-	-	340,940
Mining and quarrying	270,939	-	-	-	270,939
Manufacturing	788,475	-	-	-	788,475
Construction	896,761	123,512	-	-	1,020,273
Electricity, gas and water supply	631,533	4,900	-	-	636,433
Wholesale, retail trade, restaurants and hotels	1,792,535	-	-	-	1,792,535
Finance, insurance, real estate and business	1,591,439	105,666	42,121	55,044	1,794,270
Transport, storage and communication	841,638	51,394	-	-	893,032
Education, health and others	231,464	-	-	-	231,464
Household	1,064,315	-	-	16,675	1,080,990
Others	122,297	291,741	-	47,067	461,105
	8,555,007	594,542	42,121	118,786	9,310,456
2014					
Agriculture	246,337	3,980	-	-	250,317
Mining and quarrying	188,370	-	-	-	188,370
Manufacturing	1,546,896	-	-	-	1,546,896
Construction	631,900	116,353	-	-	748,253
Electricity, gas and water supply	187,640	154,965	-	-	342,605
Wholesale, retail trade, restaurants and hotels	487,213	30,776	-	-	517,989
Finance, insurance, real estate and business	1,103,237	176,518	48,031	74,934	1,402,720
Transport, storage and communication	750,888	94,918	-	-	845,806
Education, health and others	142,043	-	-	-	142,043
Household	845,371	-	-	13,280	858,651
Others	104,266	426,854	-	957	532,077
	6,234,161	1,004,364	48,031	89,171	7,375,727

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

8. Credit quality of impaired financial assets (cont'd.)

(ii) Impaired financial assets analysed by industry sectors are as follows (cont'd.):

Bank	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
2015				
Agriculture	82,685	-	-	82,685
Mining and quarrying	2,524	-	-	2,524
Manufacturing	582,444	-	-	582,444
Construction	830,762	123,512	-	954,274
Electricity, gas and water supply	132,781	-	-	132,781
Wholesale, retail trade, restaurants and hotels	1,386,708	-	-	1,386,708
Finance, insurance, real estate and business	1,234,129	103,458	38,912	1,376,499
Transport, storage and communication	419,219	-	-	419,219
Education, health and others	100,275	-	-	100,275
Household	613,501	-	-	613,501
Others	13,598	207,838	-	221,436
	5,398,626	434,808	38,912	5,872,346
2014				
Agriculture	54,403	3,980	-	58,383
Mining and quarrying	7,169	-	-	7,169
Manufacturing	1,385,974	-	-	1,385,974
Construction	571,784	116,353	-	688,137
Electricity, gas and water supply	15,519	150,976	-	166,495
Wholesale, retail trade, restaurants and hotels	277,778	-	-	277,778
Finance, insurance, real estate and business	893,002	159,613	46,359	1,098,974
Transport, storage and communication	411,869	-	-	411,869
Education, health and others	108,693	-	-	108,693
Household	508,338	-	-	508,338
Others	15,300	358,788	-	374,088
	4,249,829	789,710	46,359	5,085,898

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity, excluding quoted equity investments.

9. Possessed collateral

Assets obtained by taking possession of collateral held as security against loans, advances and financing and held as at the financial year end are as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Residential properties	46,184	20,808	-	1,575
Others	130,774	104,846	34,411	34,294
	176,958	125,654	34,411	35,869

Repossessed collaterals are sold as soon as practicable. Repossessed collaterals are included under 'other assets' on the statement of financial position. The Group and the Bank do not occupy repossessed properties or assets for its business use.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

10. Reconciliation of allowance account

Movements in allowances for impairment losses for financial assets are as follows:

Group	Loans, advances and financing RM'000	Financial investments available-for-sale* RM'000	Financial investments held-to-maturity RM'000	Reinsurance/retakaful assets and other insurance receivables RM'000	Other assets RM'000	Total RM'000
As at 31 December 2015						
<u>Individual allowance</u>						
At 1 January 2015	1,989,856	836,381	22,564	48,031	59,642	2,956,474
Allowance made during the financial year	1,863,135	47,831	-	8,271	4,161	1,923,398
Amount written back	(189,747)	(299,816)	(1,101)	(13,478)	(9,332)	(513,474)
Amount written-off	(1,501,415)	(420,649)	-	(708)	(470)	(1,923,242)
Transferred to collective allowance	(23,759)	-	-	-	-	(23,759)
Exchange differences	121,840	36,523	2,785	5	3,752	164,905
At 31 December 2015	2,259,910	200,270	24,248	42,121	57,753	2,584,302
<u>Collective allowance</u>						
At 1 January 2015	3,968,699	-	-	-	-	3,968,699
Allowance made during the financial year	572,638	-	-	-	-	572,638
Amount written back	(136,522)	-	-	-	-	(136,522)
Amount written-off	(721,838)	-	-	-	-	(721,838)
Transferred from individual allowance	23,759	-	-	-	-	23,759
Disposal of a subsidiary	(2,245)	-	-	-	-	(2,245)
Exchange differences	194,650	-	-	-	-	194,650
At 31 December 2015	3,899,141	-	-	-	-	3,899,141
As at 31 December 2014						
<u>Individual allowance</u>						
At 1 January 2014	1,939,320	1,098,377	35,819	101,905	53,484	3,228,905
Allowance made during the financial year	774,901	20,523	-	6,955	7,967	810,346
Amount written back	(235,824)	(210,100)	(14,217)	(14,048)	(2,446)	(476,635)
Amount written-off	(507,946)	(88,444)	-	(46,793)	(90)	(643,273)
Transferred from collective allowance	842	-	-	-	-	842
Exchange differences	18,563	16,025	962	12	727	36,289
At 31 December 2014	1,989,856	836,381	22,564	48,031	59,642	2,956,474
<u>Collective allowance</u>						
At 1 January 2014	3,823,303	-	-	-	-	3,823,303
Allowance made during the financial year	676,123	-	-	-	-	676,123
Amount written-off	(579,822)	-	-	-	-	(579,822)
Transferred to individual allowance	(842)	-	-	-	-	(842)
Exchange differences	49,937	-	-	-	-	49,937
At 31 December 2014	3,968,699	-	-	-	-	3,968,699

* Financial investments available-for-sale exclude quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

10. Reconciliation of allowance account (cont'd.)

Movements in allowances for impairment losses for financial assets are as follows (cont'd.):

Bank	Loans, advances and financing RM'000	Financial investments available- for-sale* RM'000	Financial investments held-to- maturity RM'000	Other assets RM'000	Total RM'000
As at 31 December 2015					
<u>Individual allowance</u>					
At 1 January 2015	1,437,215	720,096	4,877	20,304	2,182,492
Allowance made during the financial year	1,261,093	-	-	-	1,261,093
Amount written back	(143,166)	(299,807)	(1,101)	(2,614)	(446,688)
Amount written-off	(1,193,343)	(356,563)	-	-	(1,549,906)
Transferred to collective allowance	(16,436)	-	-	-	(16,436)
Exchange differences	76,727	21,792	-	-	98,519
At 31 December 2015	1,422,090	85,518	3,776	17,690	1,529,074
<u>Collective allowance</u>					
At 1 January 2015	2,940,357	-	-	-	2,940,357
Amount written back	(104,006)	-	-	-	(104,006)
Amount written-off	(340,922)	-	-	-	(340,922)
Transferred from individual allowance	16,436	-	-	-	16,436
Exchange differences	115,476	-	-	-	115,476
At 31 December 2015	2,627,341	-	-	-	2,627,341

Bank	Loans, advances and financing RM'000	Financial investments available- for-sale* RM'000	Financial investments held-to- maturity RM'000	Other assets RM'000	Total RM'000
As at 31 December 2014					
<u>Individual allowance</u>					
At 1 January 2014	1,502,010	827,378	19,094	22,595	2,371,077
Allowance made during the financial year	350,055	14,246	-	-	364,301
Amount written back	(198,312)	(45,353)	(14,217)	(2,291)	(260,173)
Amount written-off	(239,488)	(88,402)	-	-	(327,890)
Transferred to collective allowance	(7,985)	-	-	-	(7,985)
Transferred from a subsidiary	18,366	-	-	-	18,366
Exchange differences	12,569	12,227	-	-	24,796
At 31 December 2014	1,437,215	720,096	4,877	20,304	2,182,492
<u>Collective allowance</u>					
At 1 January 2014	2,885,470	-	-	-	2,885,470
Allowance made during the financial year	295,219	-	-	-	295,219
Amount written-off	(295,711)	-	-	-	(295,711)
Transferred from individual allowance	7,985	-	-	-	7,985
Transferred from a subsidiary	21,321	-	-	-	21,321
Exchange differences	26,073	-	-	-	26,073
At 31 December 2014	2,940,357	-	-	-	2,940,357

* Financial investments available-for-sale exclude quoted equity investments.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management

1. Market risk management overview

Market risk management

Market risk is defined as the risk of loss or adverse impact on earnings or capital arising from changes in the level of volatility of market rates or prices such as interest rates/profit rates, foreign exchange rates, commodity prices and equity prices. The primary categories of market risk for the Group are:

- (i) Interest/profit rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- (ii) Foreign exchange rate risk: arising from adverse movements in the exchange rates of two currencies; and
- (iii) Equity price risk: arising from changes in the prices of equities, equity indices and equity baskets.

2. Market risk management

Management of trading activities

The Group's traded market risk exposures are primarily from proprietary trading, client servicing and market making. The risk measurement techniques employed by the Group comprise of both quantitative and qualitative measures.

Value at Risk ("VaR") measures the potential loss of value resulting from market movements over a specified period of time within a specified probability of occurrence under normal business situations. The method adopted is based on historical simulation, at a 99% confidence level using a 1 day holding period. The VaR model is back tested and is subject to periodic independent validation to ensure it meets its intended use.

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

Management and measurement of Interest Rate Risk ("IRR")/Rate of Return Risk ("RoR") in the banking book

The Group emphasises the importance of managing IRR/RoR in the banking book as most of the balance sheet items of the Group generate interest income and interest expense, which are indexed to interest rates. Volatility of earnings can pose a threat to the Group's profitability while economic value provides a more comprehensive view of the potential long-term effects on the Group's overall capital adequacy.

IRR/RoR in the banking book encompasses repricing risk, yield curve risk and basis risk arising from different interest rate benchmarks and embedded optionality. In addition, Islamic operation is exposed to displace commercial risk. The objective of the Group's IRR/RoR in the banking book framework is to ensure that all IRR/RoR in the banking book is managed within its risk appetite.

IRR/RoR in the banking book is measured and monitored proactively, using the following principal measurement techniques:

- Repricing Gap Analysis
- Dynamic Simulation
- Economic Value at Risk
- Stress Testing

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows. Interest rate risk exposure is identified, measured, monitored and controlled through limits and procedures set by the Group ALCO to protect total net interest income from changes in market interest rates.

The tables below summarise the Group's and the Bank's exposure to interest rate risk as at 31 December 2015 and 31 December 2014. The tables indicate effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier.

Group 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	45,234,603	-	-	-	-	10,412,804	-	55,647,407	2.21
Deposits and placements with financial institutions	931,599	2,949,049	4,872,453	2,996,882	1,002,012	866,344	-	13,618,339	2.27
Financial assets purchased under resale agreements	4,720,589	2,971,576	-	-	-	-	-	7,692,165	0.99
Financial assets at fair value through profit or loss	-	-	-	-	-	-	17,222,595	17,222,595	4.75
Financial investments available-for-sale	8,552,353	6,174,300	7,816,354	24,957,365	31,419,790	8,497,205	2,844,306	90,261,673	3.50
Financial investments held-to-maturity	107,567	150,813	2,443,089	3,970,158	7,847,976	162,527	-	14,682,130	4.90
Loans, advances and financing									
- Non-impaired	278,099,802	48,808,179	47,958,569	38,426,766	37,803,315	-	-	451,096,631	5.37
- Impaired*	6,295,097	-	-	-	-	-	-	6,295,097	-
- Collective allowance	-	-	-	-	-	(3,899,141)	-	(3,899,141)	-
Derivative assets	-	-	-	-	-	-	8,283,647	8,283,647	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	4,355,654	-	4,355,654	-
Other assets	-	-	-	-	-	12,388,512	-	12,388,512	-
Other non-interest sensitive balances	-	-	-	-	-	30,699,794	-	30,699,794	-
Total assets	343,941,610	61,053,917	63,090,465	70,351,171	78,073,093	63,483,699	28,350,548	708,344,503	

* This is arrived after deducting the individual allowance from gross impaired loans.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Group 2015 (cont'd.)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and shareholders' equity									
Deposits from customers	201,419,425	58,771,558	115,992,294	101,958,636	8,620	-	-	478,150,533	1.85
Investment accounts of customers	7,005,630	66,044	10,585,424	795	-	-	-	17,657,893	3.47
Deposits and placements from financial institutions	21,421,164	10,045,236	3,796,329	1,598,804	-	2,152,383	-	39,013,916	1.48
Obligations on financial assets sold under repurchase agreements	1,046,509	3,452,065	-	-	-	-	-	4,498,574	2.14
Bills and acceptances payable	868,197	9,652	1,710	-	-	923,621	-	1,803,180	2.34
Derivative liabilities	-	-	-	-	-	-	7,877,458	7,877,458	-
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	23,839,341	-	23,839,341	-
Other liabilities	-	-	-	-	-	13,029,588	-	13,029,588	-
Recourse obligation on loans and financing sold to Cagamas	-	186,026	-	988,319	-	-	-	1,174,345	3.94
Borrowings	2,395,989	5,424,686	7,275,813	14,273,567	1,273,597	-	-	30,643,652	2.76
Subordinated obligations	279,411	4,047,709	2,751,189	12,282,505	891,302	-	-	20,252,116	4.23
Capital securities	-	-	-	6,049,375	-	-	-	6,049,375	6.01
Other non-interest sensitive balances	-	-	-	-	-	841,075	-	841,075	-
Total liabilities	234,436,325	82,002,976	140,402,759	137,152,001	2,173,519	40,786,008	7,877,458	644,831,046	
Shareholders' equity	-	-	-	-	-	61,694,990	-	61,694,990	-
Non-controlling interests	-	-	-	-	-	1,818,467	-	1,818,467	-
	-	-	-	-	-	63,513,457	-	63,513,457	
Total liabilities and shareholders' equity	234,436,325	82,002,976	140,402,759	137,152,001	2,173,519	104,299,465	7,877,458	708,344,503	
On-balance sheet interest sensitivity gap	109,505,285	(20,949,059)	(77,312,294)	(66,800,830)	75,899,574	(40,815,766)	20,473,090		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,408,568)	1,210,118	(1,499,520)	1,991,949	(293,979)	-	-		
Total interest sensitivity gap	108,096,717	(19,738,941)	(78,811,814)	(64,808,881)	75,605,595	(40,815,766)	20,473,090		
Cumulative interest rate sensitivity gap	108,096,717	88,357,776	9,545,962	(55,262,919)	20,342,676	(20,473,090)	-		

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Group 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	36,055,012	-	-	-	-	16,797,848	-	52,852,860	2.47
Deposits and placements with financial institutions	1,875,675	5,977,861	5,641,760	957,658	1,952	1,651,231	-	16,106,137	1.78
Financial assets purchased under resale agreements	3,625,291	-	-	-	-	-	-	3,625,291	2.61
Financial assets at fair value through profit or loss	-	-	-	-	-	-	23,705,323	23,705,323	4.30
Financial investments available-for-sale	6,523,579	6,059,245	3,915,293	25,629,353	28,698,522	8,485,186	3,319,526	82,630,704	4.14
Financial investments held-to-maturity	290,821	233,740	260,383	2,396,325	6,273,470	119,799	-	9,574,538	4.97
Loans, advances and financing									
- Non-impaired	246,441,402	41,753,382	35,803,538	42,348,602	36,890,591	-	-	403,237,515	5.30
- Impaired*	4,244,305	-	-	-	-	-	-	4,244,305	-
- Collective allowance	-	-	-	-	-	(3,968,699)	-	(3,968,699)	-
Derivative assets	-	-	-	-	-	-	4,544,001	4,544,001	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	4,972,063	-	4,972,063	-
Other assets	-	-	-	-	-	10,659,736	-	10,659,736	-
Other non-interest sensitive balances	-	-	-	-	-	28,116,182	-	28,116,182	-
Total assets	299,056,085	54,024,228	45,620,974	71,331,938	71,864,535	66,833,346	31,568,850	640,299,956	

* This is arrived after deducting the individual allowance from gross impaired loans.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Group 2014 (cont'd.)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and shareholders' equity									
Deposits from customers	211,187,359	51,247,182	90,498,173	86,564,768	71,902	-	-	439,569,384	2.08
Deposits and placements from financial institutions	16,413,034	18,150,537	7,127,045	1,301,053	-	14,395,729	-	57,387,398	1.96
Obligations on financial assets sold under repurchase agreements	3,115,089	-	51,283	-	-	-	-	3,166,372	2.98
Bills and acceptances payable	905,787	144,744	2,255	-	-	964,793	-	2,017,579	2.24
Derivative liabilities	-	-	-	-	-	-	5,320,499	5,320,499	-
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	24,798,833	-	24,798,833	-
Other liabilities	-	-	-	-	-	11,147,565	-	11,147,565	-
Recourse obligation on loans and financing sold to Cagamas	2,981	10,420	-	1,045,459	-	-	-	1,058,860	3.90
Borrowings	866,561	1,622,842	1,454,972	13,966,810	610,714	-	-	18,521,899	3.25
Subordinated obligations	-	-	-	14,820,330	819,727	-	-	15,640,057	4.16
Capital securities	-	-	-	5,902,483	-	-	-	5,902,483	5.73
Other non-interest sensitive balances	-	-	-	-	-	1,027,852	-	1,027,852	-
Total liabilities	232,490,811	71,175,725	99,133,728	123,600,903	1,502,343	52,334,772	5,320,499	585,558,781	
Shareholders' equity	-	-	-	-	-	52,974,569	-	52,974,569	-
Non-controlling interests	-	-	-	-	-	1,766,606	-	1,766,606	-
	-	-	-	-	-	54,741,175	-	54,741,175	
Total liabilities and shareholders' equity	232,490,811	71,175,725	99,133,728	123,600,903	1,502,343	107,075,947	5,320,499	640,299,956	
On-balance sheet interest sensitivity gap	66,565,274	(17,151,497)	(53,512,754)	(52,268,965)	70,362,192	(40,242,601)	26,248,351		
Off-balance sheet interest sensitivity gap (interest rate swaps)	1,806,685	(1,957,137)	1,563,147	(1,620,861)	208,166	-	-		
Total interest sensitivity gap	68,371,959	(19,108,634)	(51,949,607)	(53,889,826)	70,570,358	(40,242,601)	26,248,351		
Cumulative interest rate sensitivity gap	68,371,959	49,263,325	(2,686,282)	(56,576,108)	13,994,250	(26,248,351)	-		

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Bank 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	32,078,505	-	-	-	-	9,199,584	-	41,278,089	1.23
Deposits and placements with financial institutions	577,738	3,748,180	4,860,269	3,991,288	1,000,000	570,796	-	14,748,271	1.75
Financial assets purchased under resale agreements	4,519,232	2,971,576	-	-	-	-	-	7,490,808	1.02
Financial assets at fair value through profit or loss	-	-	-	-	-	-	4,221,895	4,221,895	3.62
Financial investments available-for-sale	6,883,516	4,715,679	9,758,709	25,146,903	27,517,802	927,461	-	74,950,070	3.04
Financial investments held-to-maturity	-	55,111	2,358,483	4,060,132	7,693,350	162,155	-	14,329,231	4.40
Loans, advances and financing									
- Non-impaired	190,072,468	37,567,534	37,019,369	16,329,454	4,718,954	-	-	285,707,779	4.19
- Impaired*	3,976,536	-	-	-	-	-	-	3,976,536	-
- Collective allowance	-	-	-	-	-	(2,627,341)	-	(2,627,341)	-
Derivative assets	-	-	-	-	-	-	8,334,598	8,334,598	-
Other assets	-	-	-	-	-	8,373,774	-	8,373,774	-
Other non-interest sensitive balances	-	-	-	-	-	31,607,243	-	31,607,243	-
Total assets	238,107,995	49,058,080	53,996,830	49,527,777	40,930,106	48,213,672	12,556,493	492,390,953	

* This is arrived after deducting the individual allowance from gross impaired loans.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Bank 2015 (cont'd.)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and shareholders' equity									
Deposits from customers	118,492,301	44,932,227	97,449,144	69,752,847	-	-	-	330,626,519	1.28
Deposits and placements from financial institutions	22,540,662	9,270,206	3,662,092	667,187	-	1,764,541	-	37,904,688	1.27
Obligations on financial assets sold under repurchase agreements	1,046,509	3,452,065	-	-	-	-	-	4,498,574	2.14
Bills and acceptances payable	209,915	9,652	1,710	-	-	893,110	-	1,114,387	3.79
Derivative liabilities	-	-	-	-	-	-	7,696,334	7,696,334	-
Other liabilities	-	-	-	-	-	9,921,177	-	9,921,177	-
Recourse obligation on loans and financing sold to Cagamas	-	186,026	-	988,319	-	-	-	1,174,345	3.94
Borrowings	607,446	4,770,163	5,574,116	12,647,889	1,273,597	-	-	24,873,211	1.95
Subordinated obligations	279,411	3,036,927	2,750,000	10,684,400	-	-	-	16,750,738	4.04
Capital securities	-	-	-	6,212,597	-	-	-	6,212,597	5.70
Total liabilities	143,176,244	65,657,266	109,437,062	100,953,239	1,273,597	12,578,828	7,696,334	440,772,570	
Shareholders' equity	-	-	-	-	-	51,618,383	-	51,618,383	-
Total liabilities and shareholders' equity	143,176,244	65,657,266	109,437,062	100,953,239	1,273,597	64,197,211	7,696,334	492,390,953	
On-balance sheet interest sensitivity gap	94,931,751	(16,599,186)	(55,440,232)	(51,425,462)	39,656,509	(15,983,539)	4,860,159		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,165,720)	859,778	(1,392,028)	1,991,949	(293,979)	-	-		
Total interest sensitivity gap	93,766,031	(15,739,408)	(56,832,260)	(49,433,513)	39,362,530	(15,983,539)	4,860,159		
Cumulative interest rate sensitivity gap	93,766,031	78,026,623	21,194,363	(28,239,150)	11,123,380	(4,860,159)	-		

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Bank 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	24,144,796	-	-	-	-	10,633,528	-	34,778,324	1.54
Deposits and placements with financial institutions	1,543,859	5,932,271	6,058,000	1,138,341	-	1,138,544	-	15,811,015	1.75
Financial assets purchased under resale agreements	3,625,291	-	-	-	-	-	-	3,625,291	2.61
Financial assets at fair value through profit or loss	-	-	-	-	-	-	9,425,390	9,425,390	3.86
Financial investments available-for-sale	7,424,622	7,064,742	5,904,855	27,754,284	24,649,980	832,222	-	73,630,705	3.30
Financial investments held-to-maturity	-	7,934	18,504	2,840,692	6,141,485	91,540	-	9,100,155	4.59
Loans, advances and financing									
- Non-impaired	180,713,418	32,498,163	28,448,345	15,719,590	7,272,668	-	-	264,652,184	4.13
- Impaired*	2,812,614	-	-	-	-	-	-	2,812,614	-
- Collective allowance	-	-	-	-	-	(2,940,357)	-	(2,940,357)	-
Derivative assets	-	-	-	-	-	-	4,533,709	4,533,709	-
Other assets	-	-	-	-	-	6,488,988	-	6,488,988	-
Other non-interest sensitive balances	-	-	-	-	-	30,641,440	-	30,641,440	-
Total assets	220,264,600	45,503,110	40,429,704	47,452,907	38,064,133	46,885,905	13,959,099	452,559,458	

* This is arrived after deducting the individual allowance from gross impaired loans.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Bank 2014 (cont'd.)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and shareholders' equity									
Deposits from customers	124,930,547	43,822,103	79,752,677	58,433,645	-	-	-	306,938,972	1.45
Deposits and placements from financial institutions	19,075,262	16,944,228	6,376,735	790,084	-	4,313,875	-	47,500,184	1.44
Obligations on financial assets sold under repurchase agreements	3,115,089	-	51,283	-	-	-	-	3,166,372	2.98
Bills and acceptances payable	81,465	138,797	2,255	-	-	964,793	-	1,187,310	3.81
Derivative liabilities	-	-	-	-	-	-	5,173,575	5,173,575	-
Other liabilities	-	-	-	-	-	8,789,557	-	8,789,557	-
Recourse obligation on loans and financing sold to Cagamas	2,981	10,420	-	1,045,459	-	-	-	1,058,860	3.90
Borrowings	-	942,718	235,744	12,057,636	610,714	-	-	13,846,812	2.04
Subordinated obligations	-	-	-	12,264,578	-	-	-	12,264,578	3.92
Capital securities	-	-	-	6,185,060	-	-	-	6,185,060	5.73
Other non-interest sensitive balances	-	-	-	-	-	275,373	-	275,373	-
Total liabilities	147,205,344	61,858,266	86,418,694	90,776,462	610,714	14,343,598	5,173,575	406,386,653	
Shareholders' equity	-	-	-	-	-	46,172,805	-	46,172,805	
Total liabilities and shareholders' equity	147,205,344	61,858,266	86,418,694	90,776,462	610,714	60,516,403	5,173,575	452,559,458	
On-balance sheet interest sensitivity gap	73,059,256	(16,355,156)	(45,988,990)	(43,323,555)	37,453,419	(13,630,498)	8,785,524		
Off-balance sheet interest sensitivity gap (interest rate swaps)	2,436,503	(2,055,223)	1,513,108	(2,144,553)	250,165	-	-		
Total interest sensitivity gap	75,495,759	(18,410,379)	(44,475,882)	(45,468,108)	37,703,584	(13,630,498)	8,785,524		
Cumulative interest rate sensitivity gap	75,495,759	57,085,380	12,609,498	(32,858,610)	4,844,974	(8,785,524)	-		

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Yield/Profit rate risk on IBS portfolio

The Group and the Bank are exposed to the risk associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in profit rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the ALCO to protect the income from IBS operations.

The tables below summarise the Group's exposure to yield/profit rate risk for the IBS operations as at 31 December 2015 and 31 December 2014. The tables indicate effective average yield/profit rates at the reporting date and the periods in which the financial instruments are either repriced or mature, whichever is earlier.

Group 2015	Up to 1 month RM'000	> 1 to 3 months RM'000	> 3 to 12 months RM'000	> 1 to 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	8,842,429	-	-	-	-	2,434	-	8,844,863	3.33
Deposits and placements with financial institutions	12,448	-	-	-	-	-	-	12,448	8.00
Financial assets at fair value through profit or loss	-	-	-	-	-	-	335,384	335,384	0.74
Financial investments available-for-sale	2,559,502	1,185,833	237,701	2,234,876	2,774,517	-	-	8,992,429	2.24
Financial investments held- to-maturity	45,889	-	-	94,990	-	-	-	140,879	7.33
Financing and advances									
- Non-impaired	76,266,721	5,554,759	4,692,710	14,355,036	30,383,238	-	-	131,252,464	5.16
- Impaired*	709,417	-	-	-	-	-	-	709,417	-
- Collective allowance	-	-	-	-	-	(755,997)	-	(755,997)	-
Derivative assets	-	-	-	-	-	-	497,905	497,905	-
Other assets	-	-	-	-	-	4,105,053	-	4,105,053	-
Other non-yield/profit sensitive balances	-	-	-	-	-	3,873,399	-	3,873,399	-
Total assets	88,436,406	6,740,592	4,930,411	16,684,902	33,157,755	7,224,889	833,289	158,008,244	
Liabilities and Islamic banking capital funds									
Deposits from customers	68,188,853	5,071,956	11,699,328	21,118,184	-	-	-	106,078,321	2.31
Investment accounts of customers	7,005,630	66,044	10,585,424	795	-	-	-	17,657,893	3.47
Deposits and placements from financial institutions	4,743,495	3,361,836	4,679,493	7,560,984	617,415	387,515	-	21,350,738	6.25
Bills and acceptances payable	-	-	-	-	-	33,556	-	33,556	-
Derivative liabilities	-	-	-	-	-	-	587,772	587,772	-
Other liabilities	-	-	-	-	-	398,687	-	398,687	-
Subordinated sukuk	-	1,010,782	-	1,517,178	-	-	-	2,527,960	4.54
Other non-yield/profit sensitive balances	-	-	-	-	-	24,419	-	24,419	-
Total liabilities	79,937,978	9,510,618	26,964,245	30,197,141	617,415	844,177	587,772	148,659,346	
Islamic banking capital funds	-	-	-	-	-	9,348,898	-	9,348,898	
Total liabilities and Islamic banking capital funds	79,937,978	9,510,618	26,964,245	30,197,141	617,415	10,193,075	587,772	158,008,244	
On-balance sheet yield/ profit rate sensitivity gap	8,498,428	(2,770,026)	(22,033,834)	(13,512,239)	32,540,340	(2,968,186)	245,517		
Cumulative yield/profit rate sensitivity gap	8,498,428	5,728,402	(16,305,432)	(29,817,671)	2,722,669	(245,517)	-		

* This is arrived after deducting the individual allowance from gross impaired financing outstanding.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Yield/Profit rate risk on IBS portfolio (cont'd.)

Group 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	12,839,490	-	-	-	-	5,054,475	-	17,893,965	3.25
Deposits and placements with financial institutions	-	-	-	-	-	763	-	763	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	1,254,663	1,254,663	0.19
Financial investments available-for-sale	1,000,001	1,100,000	107,986	2,712,312	3,092,774	-	-	8,013,073	3.67
Financial investments held- to-maturity	141,722	2,811	10,156	42,321	-	-	-	197,010	6.64
Financing and advances									
- Non-impaired	6,878,413	2,396,538	1,236,963	20,313,866	78,115,306	-	-	108,941,086	5.36
- Impaired*	485,576	-	-	-	-	-	-	485,576	-
- Collective allowance	-	-	-	-	-	(611,779)	-	(611,779)	-
Derivative assets	-	-	-	-	-	-	169,535	169,535	-
Other assets	-	-	-	-	-	7,981,518	-	7,981,518	-
Other non-yield/profit sensitive balances	-	-	-	-	-	3,815,783	-	3,815,783	-
Total assets	21,345,202	3,499,349	1,355,105	23,068,499	81,208,080	16,240,760	1,424,198	148,141,193	
Liabilities and Islamic banking capital funds									
Deposits from customers	73,645,888	1,452,430	6,549,538	18,286,140	62,860	-	-	99,996,856	2.89
Deposits and placements from financial institutions	6,320,773	3,855,685	3,263,157	9,917,096	3,195,511	10,073,694	-	36,625,916	3.02
Bills and acceptances payable	-	-	-	-	-	5,947	-	5,947	-
Derivative liabilities	-	-	-	-	-	-	273,865	273,865	-
Other liabilities	-	-	-	-	-	288,384	-	288,384	-
Subordinated sukuk	-	-	-	2,527,629	-	-	-	2,527,629	4.54
Other non-yield/profit sensitive balances	-	-	-	-	-	54,994	-	54,994	-
Total liabilities	79,966,661	5,308,115	9,812,695	30,730,865	3,258,371	10,423,019	273,865	139,773,591	
Islamic banking capital funds	-	-	-	-	-	8,367,602	-	8,367,602	
Total liabilities and Islamic banking capital funds	79,966,661	5,308,115	9,812,695	30,730,865	3,258,371	18,790,621	273,865	148,141,193	
On-balance sheet yield/ profit rate sensitivity gap									
	(58,621,459)	(1,808,766)	(8,457,590)	(7,662,366)	77,949,709	(2,549,861)	1,150,333		
Cumulative yield/profit rate sensitivity gap									
	(58,621,459)	(60,430,225)	(68,887,815)	(76,550,181)	1,399,528	(1,150,333)	-		

* This is arrived after deducting the individual allowance from gross impaired financing outstanding.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

5. Sensitivity analysis for interest rate risk

The tables below show the sensitivity of the Group's and of the Bank's profit after tax to an up and down 100 basis points parallel rate shock.

	Tax rate	Group		Bank	
		+ 100 basis points RM'000	- 100 basis points RM'000	+ 100 basis points RM'000	- 100 basis points RM'000
2015					
Impact to profit before tax		772,092	(772,092)	600,885	(600,885)
Impact to profit after tax	25%	579,069	(579,069)	450,664	(450,664)
2014					
Impact to profit before tax		552,728	(552,728)	487,491	(487,491)
Impact to profit after tax	25%	414,546	(414,546)	365,618	(365,618)

Impact to profit after tax is measured using Earnings-at-Risk (EaR) methodology which is simulated based on a set of standardised rate shocks on the interest rate gap profile derived from the financial position of the Group and of the Bank. The interest rate gap is the mismatch of rate sensitive assets and rate sensitive liabilities taking into consideration the earlier of repricing or remaining maturity, behavioural assumptions of certain indeterminate maturity products such as current and savings deposits, to reflect the actual sensitivity behaviour of these interest bearing liabilities.

Impact to revaluation reserve is assessed by applying up and down 100 basis points rate shocks to the yield curve to model the impact on marked-to-market of financial investments available-for-sale ("AFS").

	Group		Bank	
	+ 100 basis points RM'000	- 100 basis points RM'000	+ 100 basis points RM'000	- 100 basis points RM'000
2015				
Impact to revaluation reserve for AFS	(3,551,832)	3,551,832	(2,443,697)	2,443,697
2014				
Impact to revaluation reserve for AFS	(2,678,620)	2,678,620	(2,364,834)	2,364,834

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. In addition, the earnings from the overseas operations are repatriated in line with Management Committees' direction as and when required. The Group controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

The tables below analyse the net foreign exchange positions of the Group and of the Bank as at 31 December 2015 and 31 December 2014, by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, the Great Britain Pound, Hong Kong Dollar, US Dollar, Indonesia Rupiah and Euro. The "others" foreign exchange risk include mainly exposure to Australian Dollar, Japanese Yen, Chinese Renminbi, Philippine Peso and Brunei Dollar.

Group 2015	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	21,940,185	4,717,323	607,652	485,511	21,011,873	2,015,472	1,317,457	3,551,934	55,647,407
Deposits and placements with financial institutions	954,606	375,335	132,167	166,158	9,561,896	9,694	26,438	2,392,045	13,618,339
Financial assets purchased under resale agreements	-	7,490,808	-	-	-	201,357	-	-	7,692,165
Financial assets at fair value through profit or loss	14,193,100	482,549	-	65,728	1,144,248	362,054	-	974,916	17,222,595
Financial investments available-for-sale	47,704,495	20,734,247	354,863	1,673,598	9,113,556	2,788,613	2,537,184	5,355,117	90,261,673
Financial investments held- to-maturity	12,723,439	(8)	-	-	1,330,254	404,443	-	224,002	14,682,130
Loans, advances and financing	241,855,059	102,790,211	3,425,072	4,871,270	59,075,270	29,907,564	265,522	11,302,619	453,492,587
Derivative assets*	(4,878,088)	(6,403,368)	(2,930,094)	391,188	33,130,811	(115,143)	384,039	(11,295,698)	8,283,647
Reinsurance/retakaful assets and other insurance receivables	4,258,097	95,292	-	-	-	-	-	2,265	4,355,654
Other assets*	4,199,780	948,218	(245,139)	1,428,785	4,245,501	1,266,523	8,626	536,218	12,388,512
Investment properties	713,901	-	-	-	1,011	-	-	1,906	716,818
Statutory deposits with central banks	7,947,275	3,539,585	-	-	1,329,893	2,334,885	-	1,114,774	16,266,412
Interest in associates and joint ventures	7,293	-	-	-	22,831	-	-	3,090,424	3,120,548
Property, plant and equipment	1,160,521	896,942	32,219	12,935	62,130	361,509	-	135,216	2,661,472
Intangible assets	814,555	1,688,204	-	79,890	11,373	3,498,042	-	866,398	6,958,462
Deferred tax assets	767,716	(2,854)	-	1,779	14,921	110,245	-	84,275	976,082
Total assets	354,361,934	137,352,484	1,376,740	9,176,842	140,055,568	43,145,258	4,539,266	18,336,411	708,344,503

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Group 2015 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	245,195,798	115,888,849	1,337,010	5,406,427	68,552,329	26,596,676	1,774,661	13,398,783	478,150,533
Investment accounts of customers	17,657,893	-	-	-	-	-	-	-	17,657,893
Deposits and placements from financial institutions	4,710,591	778,401	1,303,057	2,938,895	23,290,923	697,914	986,547	4,307,588	39,013,916
Obligations on financial assets sold under repurchase agreements	2,254,941	298,287	-	-	1,879,231	-	-	66,115	4,498,574
Bills and acceptances payable	938,513	193,329	90	1,721	396,381	241,784	14,410	16,952	1,803,180
Derivative liabilities*	(7,862,145)	(4,479,250)	(1,185,801)	212,798	32,798,771	513,129	1,862,841	(13,982,885)	7,877,458
Insurance/takaful contract liabilities and other insurance payables	23,360,215	430,514	-	-	4,920	-	-	43,692	23,839,341
Other liabilities*	5,817,591	5,999,749	60,535	1,074,441	1,286,742	1,426,536	(570,926)	(2,065,080)	13,029,588
Recourse obligation on loans and financing sold to Cagamas	186,026	-	-	-	-	-	-	988,319	1,174,345
Provision for taxation and zakat	(247,835)	273,811	39	8,179	19,677	(1,141)	1	32,493	85,224
Deferred tax liabilities	656,055	48,381	25	-	-	36,740	-	14,650	755,851
Borrowings	220,217	2,845,332	-	2,987,525	14,140,096	3,189,190	328,502	6,932,790	30,643,652
Subordinated obligations	12,693,898	3,054,193	-	-	3,588,360	915,665	-	-	20,252,116
Capital securities	4,435,867	1,613,508	-	-	-	-	-	-	6,049,375
Total liabilities	310,017,625	126,945,104	1,514,955	12,629,986	145,957,430	33,616,493	4,396,036	9,753,417	644,831,046
On-balance sheet open position	44,344,309	10,407,380	(138,215)	(3,453,144)	(5,901,862)	9,528,765	143,230	8,582,994	63,513,457
Less: Derivative assets	4,878,088	6,403,368	2,930,094	(391,188)	(33,130,811)	115,143	(384,039)	11,295,698	(8,283,647)
Add: Derivative liabilities	(7,862,145)	(4,479,250)	(1,185,801)	212,798	32,798,771	513,129	1,862,841	(13,982,885)	7,877,458
Add: Net forward position	(9,724,658)	(6,399,257)	(1,674,354)	5,058,800	9,396,079	(1,047,647)	(949,054)	5,146,779	(193,312)
Net open position	31,635,594	5,932,241	(68,276)	1,427,266	3,162,177	9,109,390	672,978	11,042,586	62,913,956
Net structural currency exposures	-	10,786,069	(60,023)	1,401,977	2,056,442	8,279,736	45,080	6,233,219	28,742,500

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Group 2014	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	21,410,524	3,460,326	1,503,710	408,422	18,693,736	1,032,905	1,059,692	5,283,545	52,852,860
Deposits and placements with financial institutions	1,028,098	1,081,739	132,050	337,984	8,669,726	420	3	4,856,117	16,106,137
Financial assets purchased under resale agreements	-	1,877,864	-	-	1,747,427	-	-	-	3,625,291
Financial assets at fair value through profit or loss	19,366,530	1,405,680	2,476	64,563	878,646	1,093,461	12,976	880,991	23,705,323
Financial investments available-for-sale	47,728,670	15,520,271	406,779	950,929	8,663,623	3,142,201	2,029,064	4,189,167	82,630,704
Financial investments held- to-maturity	8,388,211	(10)	-	-	253,755	338,163	-	594,419	9,574,538
Loans, advances and financing	226,890,319	82,506,730	2,153,393	5,311,684	53,697,894	24,923,006	217,491	7,812,604	403,513,121
Derivative assets*	(6,441,677)	(3,244,270)	(1,217,857)	(1,181,218)	20,952,035	(619,987)	(1,884,307)	(1,818,718)	4,544,001
Reinsurance/retakaful assets and other insurance receivables	4,902,747	63,183	-	-	-	-	-	6,133	4,972,063
Other assets*	3,217,120	414,211	123,056	384,746	5,436,802	850,800	113,326	119,675	10,659,736
Investment properties	594,492	-	-	-	1,001	-	-	-	595,493
Statutory deposits with central banks	8,464,205	2,852,661	-	-	933,858	2,036,404	-	854,116	15,141,244
Interest in associates and joint ventures	6,618	-	-	-	17,406	-	-	2,503,916	2,527,940
Property, plant and equipment	1,224,021	938,425	27,241	7,926	28,407	334,708	-	127,412	2,688,140
Intangible assets	897,968	1,399,874	-	79,119	3,811	3,028,261	-	852,382	6,261,415
Deferred tax assets	667,701	(9,478)	69	1,176	15,826	167,761	-	58,895	901,950
Total assets	338,345,547	108,267,206	3,130,917	6,365,331	119,993,953	36,328,103	1,548,245	26,320,654	640,299,956

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Group 2014 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	256,492,572	92,650,643	2,226,382	2,149,979	51,529,779	21,692,554	1,120,007	11,707,468	439,569,384
Deposits and placements from financial institutions	9,302,353	3,623,407	3,933,077	2,584,736	28,512,527	304,029	2,487,599	6,639,670	57,387,398
Obligations on financial assets sold under repurchase agreements	2,509,350	449,318	-	-	207,704	-	-	-	3,166,372
Bills and acceptances payable	1,027,580	136,473	115	233	705,917	81,919	6,641	58,701	2,017,579
Derivative liabilities*	(9,470,807)	(2,901,641)	(1,399,337)	(600,166)	24,412,914	(123,136)	(1,022,481)	(3,574,847)	5,320,499
Insurance/takaful contract liabilities and other insurance payables	24,481,838	265,908	-	-	4,528	-	-	46,559	24,798,833
Other liabilities*	5,354,939	64,599	(1,959,706)	656,326	6,068,364	2,189,523	(1,277,718)	51,238	11,147,565
Recourse obligation on loans and financing sold to Cagamas	206,561	-	-	-	-	-	-	852,299	1,058,860
Provision for taxation and zakat	(6,699)	239,965	41	21,237	12,433	6,712	-	51,503	325,192
Deferred tax liabilities	598,183	60,778	-	-	-	31,424	-	12,275	702,660
Borrowings	-	692,107	-	2,148,507	8,756,925	2,769,252	-	4,155,108	18,521,899
Subordinated obligations	9,325,033	2,659,314	-	-	2,828,718	826,992	-	-	15,640,057
Capital securities	4,281,801	1,620,682	-	-	-	-	-	-	5,902,483
Total liabilities	304,102,704	99,561,553	2,800,572	6,960,852	123,039,809	27,779,269	1,314,048	19,999,974	585,558,781
On-balance sheet open position	34,242,843	8,705,653	330,345	(595,521)	(3,045,856)	8,548,834	234,197	6,320,680	54,741,175
Less: Derivative assets	6,441,677	3,244,270	1,217,857	1,181,218	(20,952,035)	619,987	1,884,307	1,818,718	(4,544,001)
Add: Derivative liabilities	(9,470,807)	(2,901,641)	(1,399,337)	(600,166)	24,412,914	(123,136)	(1,022,481)	(3,574,847)	5,320,499
Add: Net forward position	2,434,596	460,668	2,297,831	1,172,967	(2,674,109)	(3,030,311)	382,349	2,348,100	3,392,091
Net open position	33,648,309	9,508,950	2,446,696	1,158,498	(2,259,086)	6,015,374	1,478,372	6,912,651	58,909,764
Net structural currency exposures	-	8,133,521	(142,885)	1,112,183	1,505,261	8,195,990	(4,054)	5,127,498	23,927,514

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank 2015	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	12,024,685	4,446,952	765,820	463,770	19,168,528	106,215	1,179,355	3,122,764	41,278,089
Deposits and placements with financial institutions	1,868,378	327,503	132,167	166,158	9,960,424	-	26,438	2,267,203	14,748,271
Financial assets purchased under resale agreements	-	7,490,808	-	-	-	-	-	-	7,490,808
Financial assets at fair value through profit or loss	3,025,139	346,710	-	-	65,915	159,285	-	624,846	4,221,895
Financial investments available-for-sale	35,068,073	20,508,169	354,863	1,666,548	8,288,256	1,451,403	2,537,184	5,075,574	74,950,070
Financial investments held- to-maturity	13,412,531	-	-	-	871,902	-	-	44,798	14,329,231
Loans, advances and financing	126,324,131	101,935,208	2,949,347	4,166,615	47,175,656	-	251,225	4,254,792	287,056,974
Derivative assets*	(5,799,611)	(5,575,218)	(2,714,021)	387,668	33,087,651	(116,532)	384,320	(11,319,659)	8,334,598
Other assets*	2,336,906	630,837	(246,748)	1,271,802	4,783,513	(28,112)	(6,896)	(367,528)	8,373,774
Statutory deposits with central banks	4,113,170	3,539,585	-	-	116,354	-	-	86,270	7,855,379
Investment in subsidiaries	5,945,468	2,852,896	-	173,400	377,555	7,537,127	-	4,140,509	21,026,955
Interest in associates and joint ventures	10,845	-	-	-	6,140	-	-	434,533	451,518
Property, plant and equipment	892,541	358,270	31,308	8,449	11,537	-	-	19,992	1,322,097
Intangible assets	331,839	166,279	-	1,153	5,791	-	-	4,418	509,480
Deferred tax assets*	461,915	(19,795)	-	-	228	-	-	(534)	441,814
Total assets	200,016,010	137,008,204	1,272,736	8,305,563	123,919,450	9,109,386	4,371,626	8,387,978	492,390,953

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank 2015 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	143,791,601	115,731,816	1,303,340	5,405,807	54,581,422	107	1,676,134	8,136,292	330,626,519
Deposits and placements from financial institutions	3,897,561	800,733	1,312,046	2,942,613	23,707,205	-	994,486	4,250,044	37,904,688
Obligations on financial assets sold under repurchase agreements	2,254,941	298,287	-	-	1,879,231	-	-	66,115	4,498,574
Bills and acceptances payable	908,089	193,329	90	1,721	3,457	215	226	7,260	1,114,387
Derivative liabilities*	(8,703,283)	(3,641,443)	(1,209,037)	210,651	32,760,784	434,063	1,836,702	(13,992,103)	7,696,334
Other liabilities*	5,218,691	6,074,111	45,510	897,862	1,519,337	52,967	(616,765)	(3,270,536)	9,921,177
Recourse obligation on loans and financing sold to Cagamas	186,026	-	-	-	-	-	-	988,319	1,174,345
Provision for taxation and zakat	(276,105)	257,236	-	8,143	1,917	-	-	8,809	-
Borrowings	220,217	1,628,949	-	2,877,202	14,060,990	-	328,502	5,757,351	24,873,211
Subordinated obligations	10,108,185	3,054,193	-	-	3,588,360	-	-	-	16,750,738
Capital securities	4,599,089	1,613,508	-	-	-	-	-	-	6,212,597
Total liabilities	162,205,012	126,010,719	1,451,949	12,343,999	132,102,703	487,352	4,219,285	1,951,551	440,772,570
On-balance sheet open position	37,810,998	10,997,485	(179,213)	(4,038,436)	(8,183,253)	8,622,034	152,341	6,436,427	51,618,383
Less: Derivative assets	5,799,611	5,575,218	2,714,021	(387,668)	(33,087,651)	116,532	(384,320)	11,319,659	(8,334,598)
Add: Derivative liabilities	(8,703,283)	(3,641,443)	(1,209,037)	210,651	32,760,784	434,063	1,836,702	(13,992,103)	7,696,334
Add: Net forward position	(9,724,658)	(6,411,180)	(1,408,755)	5,058,558	10,459,885	(1,378,202)	(930,531)	5,161,734	826,851
Net open position	25,182,668	6,520,080	(82,984)	843,105	1,949,765	7,794,427	674,192	8,925,717	51,806,970
Net structural currency exposures	-	10,355,909	(60,023)	1,371,473	518,694	7,537,127	45,080	5,261,293	25,029,553

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank 2014	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	9,000,547	3,262,338	791,481	409,242	15,886,995	101,295	598,252	4,728,174	34,778,324
Deposits and placements with financial institutions	947,250	1,143,648	132,050	337,984	8,827,388	-	3	4,422,692	15,811,015
Financial assets purchased under resale agreements	-	1,877,864	-	-	1,747,427	-	-	-	3,625,291
Financial assets at fair value through profit or loss	5,940,214	1,336,045	-	-	475,883	1,091,785	-	581,463	9,425,390
Financial investments available-for-sale	41,280,796	15,362,952	406,780	935,475	8,207,722	1,412,046	2,029,064	3,995,870	73,630,705
Financial investments held- to-maturity	9,073,717	-	-	-	-	-	-	26,438	9,100,155
Loans, advances and financing	131,182,493	81,784,105	1,568,018	4,935,618	42,390,908	-	208,770	2,454,529	264,524,441
Derivative assets*	(6,836,395)	(3,239,520)	(795,075)	(1,181,225)	20,914,520	(620,023)	(1,879,667)	(1,828,906)	4,533,709
Other assets*	(1,396,616)	138,759	994,668	22,816	7,706,430	(89,728)	133,643	(1,020,984)	6,488,988
Statutory deposits with central banks	4,686,100	2,852,661	-	-	5,433	-	-	31,834	7,576,028
Investment in subsidiaries	5,358,902	2,852,896	-	173,400	377,555	7,537,127	-	4,150,622	20,450,502
Interest in associates and joint ventures	10,845	-	-	-	6,140	-	-	434,533	451,518
Property, plant and equipment	940,714	316,732	26,314	5,305	8,978	-	-	10,732	1,308,775
Intangible assets	387,391	114,772	-	403	970	-	-	2,731	506,267
Deferred tax assets*	358,110	(16,882)	-	-	167	-	-	6,955	348,350
Total assets	200,934,068	107,786,370	3,124,236	5,639,018	106,556,516	9,432,502	1,090,065	17,996,683	452,559,458

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

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31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank 2014 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	159,379,576	92,468,621	2,209,640	2,163,563	41,842,718	99	1,029,393	7,845,362	306,938,972
Deposits and placements from financial institutions	6,993,458	3,662,956	3,933,785	2,585,810	22,306,019	-	2,274,836	5,743,320	47,500,184
Obligations on financial assets sold under repurchase agreements	2,509,350	449,318	-	-	207,704	-	-	-	3,166,372
Bills and acceptances payable	1,021,633	136,473	115	233	14,305	1,464	205	12,882	1,187,310
Derivative liabilities*	(10,307,764)	(2,154,772)	(1,388,822)	(600,609)	24,349,021	(123,142)	(1,022,481)	(3,577,856)	5,173,575
Other liabilities*	989,902	(374,254)	(1,926,065)	298,451	11,088,058	1,111,973	(1,437,635)	(960,873)	8,789,557
Recourse obligation on loans and financing sold to Cagamas	206,561	-	-	-	-	-	-	852,299	1,058,860
Provision for taxation and zakat	20,128	226,916	-	16,320	583	-	-	11,426	275,373
Borrowings	-	-	-	2,138,555	8,509,021	-	-	3,199,236	13,846,812
Subordinated obligations	6,776,548	2,659,312	-	-	2,828,718	-	-	-	12,264,578
Capital securities	4,564,377	1,620,683	-	-	-	-	-	-	6,185,060
Total liabilities	172,153,769	98,695,253	2,828,653	6,602,323	111,146,147	990,394	844,318	13,125,796	406,386,653
On-balance sheet open position	28,780,299	9,091,117	295,583	(963,305)	(4,589,631)	8,442,108	245,747	4,870,887	46,172,805
Less: Derivative assets	6,836,395	3,239,520	795,075	1,181,225	(20,914,520)	620,023	1,879,667	1,828,906	(4,533,709)
Add: Derivative liabilities	(10,307,764)	(2,154,772)	(1,388,822)	(600,609)	24,349,021	(123,142)	(1,022,481)	(3,577,856)	5,173,575
Add: Net forward position	27,706,436	848,809	39,313	(10,790)	339,857	(77,071)	157,554	(628,226)	28,375,882
Net open position	53,015,366	11,024,674	(258,851)	(393,479)	(815,273)	8,861,918	1,260,487	2,493,711	75,188,553
Net structural currency exposures	-	8,192,170	(142,885)	1,099,510	380,458	7,118,847	(4,054)	4,874,897	21,518,943

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Net structural foreign currency position represents the Group's and the Bank's net investment in overseas operations. This position comprises the net assets of the Group's and of the Bank's overseas branches and investments in overseas subsidiaries.

Where possible, the Group and the Bank mitigate the effect of currency exposures by funding the overseas operations with borrowings and deposits received in the same functional currencies of the respective overseas locations. The foreign currency exposures are also hedged using foreign exchange derivatives.

The structural currency exposures of the Group and of the Bank as at the reporting dates are as follows:

	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
Group			
2015			
Singapore Dollar	13,675,408	(2,889,339)	10,786,069
Great Britain Pound	(60,023)	-	(60,023)
Hong Kong Dollar	1,401,977	-	1,401,977
United States Dollar	3,379,595	(1,323,153)	2,056,442
Indonesia Rupiah	8,279,736	-	8,279,736
Euro	45,080	-	45,080
Others	6,233,219	-	6,233,219
	32,954,992	(4,212,492)	28,742,500
2014			
Singapore Dollar	11,018,161	(2,884,640)	8,133,521
Great Britain Pound	(142,885)	-	(142,885)
Hong Kong Dollar	1,112,183	-	1,112,183
United States Dollar	2,252,140	(746,879)	1,505,261
Indonesia Rupiah	8,195,990	-	8,195,990
Euro	(4,054)	-	(4,054)
Others	5,127,498	-	5,127,498
	27,559,033	(3,631,519)	23,927,514
Bank			
2015			
Singapore Dollar	13,245,248	(2,889,339)	10,355,909
Great Britain Pound	(60,023)	-	(60,023)
Hong Kong Dollar	1,371,473	-	1,371,473
United States Dollar	1,977,881	(1,459,187)	518,694
Indonesia Rupiah	7,537,127	-	7,537,127
Euro	45,080	-	45,080
Others	5,261,293	-	5,261,293
	29,378,079	(4,348,526)	25,029,553
2014			
Singapore Dollar	11,076,810	(2,884,640)	8,192,170
Great Britain Pound	(142,885)	-	(142,885)
Hong Kong Dollar	1,099,510	-	1,099,510
United States Dollar	1,268,796	(888,338)	380,458
Indonesia Rupiah	7,118,847	-	7,118,847
Euro	(4,054)	-	(4,054)
Others	4,874,897	-	4,874,897
	25,291,921	(3,772,978)	21,518,943

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Sensitivity analysis for foreign exchange risk

Foreign exchange risk

Foreign exchange risk arises from the movements in exchange rates that adversely affect the revaluation of the Group's and of the Bank's foreign currency positions. Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and the Bank on their unhedged position are as follows:

	Group		Bank	
	1% Appreciation RM'000	1% Depreciation RM'000	1% Appreciation RM'000	1% Depreciation RM'000
2015				
Impact to profit after taxation	(13,721)	13,721	(7,654)	7,654
2014				
Impact to profit after taxation	(6,789)	6,789	180	(180)

Interpretation of impact

The Group and the Bank measure the foreign exchange sensitivity based on the foreign exchange net open positions (including foreign exchange structural position) under an adverse movement in all foreign currencies against the functional currency - Ringgit Malaysia ("RM"). The result implies that the Group and the Bank may be subject to additional translation (losses)/gains if the RM appreciates/depreciates against other currencies and vice versa.

8. Equity price risk

Equity price risk arises from the unfavourable movements in share price of quoted shares that adversely affect the Group's and the Bank's mark-to-market valuation on quoted shares. There is a direct correlation between movements in share price of quoted shares and movements in stock market index. The Group's equity price risk policy requires it to manage such risk by setting and monitoring objectives and constraints on investments, diversification plans and limits on investment in each country, sector, market and issuer.

Considering that other risk variables remain constant, the sensitivity of mark-to-market valuation of quoted shares for the Group and the Bank against the stock market index are as follows:

	Group		Bank	
	Change in market index		Change in market index	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
2015				
Impact to profit after tax	141,778	(141,778)	443	(443)
Impact to post-tax equity	216,128	(216,128)	10,658	(10,658)
2014				
Impact to profit after tax	99,481	(99,481)	-	-
Impact to post-tax equity	275,754	(275,754)	10,604	(10,604)

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management

1. Liquidity risk management overview

Liquidity risk management

Liquidity risk is defined as the risk of an adverse impact to the Group's financial condition or overall safety and soundness that could arise from its inability (or perceived inability) or unexpected higher cost to meet its obligations.

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

The Group has a diversified liability structure to meet its funding requirements. The primary source of funding includes customer deposits, interbank deposits, debt securities, swap market, bank loan syndication and medium term funds. The Group also initiates and implements strategic fund raising programmes as well as institutes standby lines with external parties on a need basis. Sources of fund providers are regularly reviewed to maintain a wide diversification by currency, provider, product and term, thus minimising excessive funding concentration.

Management of liquidity risk

For day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis. Besides, the process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flows;
- Managing short and long-term cash flows via maturity mismatch report and various indicators;
- Monitoring depositor concentration at the Group and the Bank levels to avoid undue reliance on large depositors;
- Managing liquidity exposure by domestic and significant foreign currencies;
- Diversifying funding sources to ensure proper funding mix;
- Conducting liquidity stress testing under various scenarios as part of prudent liquidity control;
- Maintaining a robust contingency funding plan that includes strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios; and
- Conducting Contingency Funding Plan ("CFP") testing to examine the effectiveness and robustness of the plans to avert any potential liquidity disasters affecting the Group's and the Bank's liquidity soundness and financial solvency.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities

The tables below analyse assets and liabilities (inclusive of non-financial instruments) of the Group and of the Bank in the relevant maturity tenors based on remaining contractual maturities as at 31 December 2015 and 31 December 2014.

These disclosures are made in accordance with the requirement of policy document on Financial Reporting issued by BNM:

Group 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets									
Cash and short-term funds	55,647,407	-	-	-	-	-	-	-	55,647,407
Deposits and placements with financial institutions	-	10,056,774	760,831	786,946	1,842,068	-	171,720	-	13,618,339
Financial assets purchased under resale agreements	4,720,589	2,971,576	-	-	-	-	-	-	7,692,165
Financial investments portfolio*	4,732,812	7,295,148	5,720,357	8,042,248	19,533,634	18,517,130	53,890,750	4,434,319	122,166,398
Loans, advances and financing	60,416,610	24,587,894	15,044,910	16,849,695	57,421,258	54,324,387	224,847,833	-	453,492,587
Derivative assets	2,074,718	1,289,988	904,450	338,565	1,081,015	1,614,876	980,035	-	8,283,647
Reinsurance/retakaful assets and other insurance receivables	3,824,914	-	-	462,256	17,682	13,341	37,461	-	4,355,654
Other assets	10,535,676	24,614	58,924	377,439	23,931	1,055	2,712	1,364,161	12,388,512
Investment properties	-	-	-	-	-	-	-	716,818	716,818
Statutory deposits with central banks	-	-	-	-	-	-	-	16,266,412	16,266,412
Interest in associates and joint ventures	-	-	-	-	-	-	-	3,120,548	3,120,548
Property, plant and equipment	-	-	-	-	-	-	-	2,661,472	2,661,472
Intangible assets	-	-	-	-	-	-	-	6,958,462	6,958,462
Deferred tax assets	-	-	-	-	-	-	-	976,082	976,082
Total assets	141,952,726	46,225,994	22,489,472	26,857,149	79,919,588	74,470,789	279,930,511	36,498,274	708,344,503
Liabilities									
Deposits from customers	280,476,646	71,222,979	55,785,584	55,390,517	11,063,588	4,211,219	-	-	478,150,533
Investment accounts of customers	7,005,631	66,044	28,998	10,556,425	550	245	-	-	17,657,893
Deposits and placements from financial institutions	24,170,629	8,414,882	1,524,692	3,204,572	1,467,963	231,178	-	-	39,013,916
Obligations on financial assets sold under repurchase agreements	1,046,509	3,452,065	-	-	-	-	-	-	4,498,574
Bills and acceptances payable	1,319,460	287,288	176,900	19,444	-	-	-	88	1,803,180
Derivative liabilities	1,657,801	644,589	674,655	140,440	1,954,737	1,812,394	992,842	-	7,877,458
Insurance/takaful contract liabilities and other insurance payables	13,010,366	8,074	562,085	3,216,073	957	1,133,275	5,836,382	72,129	23,839,341
Other liabilities	7,969,099	65,303	15,033	845,584	1,882	98,921	1,018,970	3,014,796	13,029,588
Recourse obligation on loans and financing sold to Cagamas	-	-	-	186,026	988,319	-	-	-	1,174,345
Provision for taxation and zakat	22,321	26,789	3,152	6,728	-	-	-	26,234	85,224
Deferred tax liabilities	-	-	-	-	-	-	-	755,851	755,851
Borrowings	2,052,119	5,199,040	1,650,755	4,523,739	8,914,260	3,976,761	4,326,978	-	30,643,652
Subordinated obligations	106,080	-	1,243	-	135,701	315,315	19,693,777	-	20,252,116
Capital securities	-	-	-	-	-	-	6,049,375	-	6,049,375
Total liabilities	338,836,661	89,387,053	60,423,097	78,089,548	24,527,957	11,779,308	37,918,324	3,869,098	644,831,046
Net liquidity gap	(196,883,935)	(43,161,059)	(37,933,625)	(51,232,399)	55,391,631	62,691,481	242,012,187	32,629,176	63,513,457

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Group 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets									
Cash and short-term funds	52,852,860	-	-	-	-	-	-	-	52,852,860
Deposits and placements with financial institutions	-	12,784,165	959,581	1,494,593	867,798	-	-	-	16,106,137
Financial assets purchased under resale agreements	3,204,530	420,761	-	-	-	-	-	-	3,625,291
Financial investments portfolio*	10,546,906	15,751,768	6,464,612	3,004,783	16,935,463	19,006,256	39,353,094	4,847,683	115,910,565
Loans, advances and financing	62,407,871	18,663,171	13,393,600	13,861,116	58,888,135	44,527,419	191,771,809	-	403,513,121
Derivative assets	417,477	410,634	464,457	599,289	1,286,803	842,485	522,856	-	4,544,001
Reinsurance/retakaful assets and other insurance receivables	-	194,553	-	91,696	97,156	-	37,094	4,551,564	4,972,063
Other assets	4,436,870	37,680	19,386	278,501	1,005	6,247	12,133	5,867,914	10,659,736
Investment properties	-	-	-	-	-	-	-	595,493	595,493
Statutory deposits with central banks	-	-	-	-	-	-	-	15,141,244	15,141,244
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,527,940	2,527,940
Property, plant and equipment	-	-	-	-	-	-	-	2,688,140	2,688,140
Intangible assets	-	-	-	-	-	-	-	6,261,415	6,261,415
Deferred tax assets	-	-	-	-	-	-	-	901,950	901,950
Total assets	133,866,514	48,262,732	21,301,636	19,329,978	78,076,360	64,382,407	231,696,986	43,383,343	640,299,956
Liabilities									
Deposits from customers	270,131,245	56,188,794	46,912,799	46,306,933	17,194,113	2,573,422	262,078	-	439,569,384
Deposits and placements from financial institutions	33,439,649	16,428,884	2,928,335	3,408,598	766,664	415,268	-	-	57,387,398
Obligations on financial assets sold under repurchase agreements	3,013,526	101,359	-	51,487	-	-	-	-	3,166,372
Bills and acceptances payable	1,298,150	457,604	238,493	23,332	-	-	-	-	2,017,579
Derivative liabilities	655,623	862,765	450,187	602,744	1,007,467	1,038,599	703,114	-	5,320,499
Insurance/takaful contract liabilities and other insurance payables	13,175,228	143,117	7,148	3,451,166	1,553,741	338	5,740,151	727,944	24,798,833
Other liabilities	6,274,886	534,231	24,393	565,979	991,666	3,332	1,271,734	1,481,344	11,147,565
Recourse obligation on loans and financing sold to Cagamas	2,981	10,420	-	-	1,045,459	-	-	-	1,058,860
Provision for taxation and zakat	18,391	-	8,816	26,925	226,915	-	-	44,145	325,192
Deferred tax liabilities	-	-	-	-	-	-	-	702,660	702,660
Borrowings	1,149,466	1,063,542	547,805	539,895	8,886,031	3,421,029	2,914,131	-	18,521,899
Subordinated obligations	128,138	-	-	-	-	405,747	15,106,172	-	15,640,057
Capital securities	-	-	-	-	-	-	5,902,483	-	5,902,483
Total liabilities	329,287,283	75,790,716	51,117,976	54,977,059	31,672,056	7,857,735	31,899,863	2,956,093	585,558,781
Net liquidity gap	(195,420,769)	(27,527,984)	(29,816,340)	(35,647,081)	46,404,304	56,524,672	199,797,123	40,427,250	54,741,175

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Bank 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets									
Cash and short-term funds	41,278,089	-	-	-	-	-	-	-	41,278,089
Deposits and placements with financial institutions	-	8,828,664	752,514	774,339	3,060,054	1,160,980	171,720	-	14,748,271
Financial assets purchased under resale agreements	4,519,232	2,971,576	-	-	-	-	-	-	7,490,808
Financial investments portfolio*	8,384,253	5,518,865	5,158,809	6,982,993	16,668,706	13,412,803	36,944,375	430,392	93,501,196
Loans, advances and financing	46,950,092	17,094,639	7,333,744	9,240,739	44,926,680	36,816,601	124,694,479	-	287,056,974
Derivative assets	2,319,648	1,200,852	833,009	202,910	1,122,525	1,769,619	886,035	-	8,334,598
Other assets	7,313,321	4,737	43,641	259	9	7	-	1,011,800	8,373,774
Statutory deposits with central banks	-	-	-	-	-	-	-	7,855,379	7,855,379
Investment in subsidiaries	-	-	-	-	-	-	-	21,026,955	21,026,955
Interest in associates and joint ventures	-	-	-	-	-	-	-	451,518	451,518
Property, plant and equipment	-	-	-	-	-	-	-	1,322,097	1,322,097
Intangible assets	-	-	-	-	-	-	-	509,480	509,480
Deferred tax assets	-	-	-	-	-	-	-	441,814	441,814
Total assets	110,764,635	35,619,333	14,121,717	17,201,240	65,777,974	53,160,010	162,696,609	33,049,435	492,390,953
Liabilities									
Deposits from customers	190,498,676	42,579,019	37,953,049	46,134,698	10,818,230	2,642,847	-	-	330,626,519
Deposits and placements from financial institutions	24,914,551	7,602,391	1,397,853	3,055,903	741,308	192,682	-	-	37,904,688
Obligations on financial assets sold under repurchase agreements	1,046,509	3,452,065	-	-	-	-	-	-	4,498,574
Bills and acceptances payable	1,103,025	9,652	1,710	-	-	-	-	-	1,114,387
Derivative liabilities	1,516,864	630,971	638,762	137,463	1,873,207	1,906,226	992,841	-	7,696,334
Other liabilities	8,557,848	7,124	2,634	10,406	1,803	-	368,401	972,961	9,921,177
Recourse obligation on loans and financing sold to Cagamas	-	-	-	186,026	988,319	-	-	-	1,174,345
Borrowings	425,499	4,506,174	1,157,253	3,274,096	7,206,451	3,976,761	4,326,977	-	24,873,211
Subordinated obligations	279,410	-	-	-	-	-	16,471,328	-	16,750,738
Capital securities	-	-	-	-	-	-	6,212,597	-	6,212,597
Total liabilities	228,342,382	58,787,396	41,151,261	52,798,592	21,629,318	8,718,516	28,372,144	972,961	440,772,570
Net liquidity gap	(117,577,747)	(23,168,063)	(27,029,544)	(35,597,352)	44,148,656	44,441,494	134,324,465	32,076,474	51,618,383

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Bank 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets									
Cash and short-term funds	34,778,324	-	-	-	-	-	-	-	34,778,324
Deposits and placements with financial institutions	-	12,280,334	889,783	1,479,163	1,048,731	113,004	-	-	15,811,015
Financial assets purchased under resale agreements	3,204,530	420,761	-	-	-	-	-	-	3,625,291
Financial investments portfolio*	7,605,488	13,402,464	5,705,170	2,218,893	12,323,261	15,213,172	35,342,835	344,967	92,156,250
Loans, advances and financing	44,640,014	12,734,928	8,139,453	11,972,765	42,800,116	32,503,724	111,733,441	-	264,524,441
Derivative assets	395,773	370,548	439,892	776,709	1,247,381	842,006	461,400	-	4,533,709
Other assets	1,641,118	26,170	14,733	228	12	205	4,333	4,802,189	6,488,988
Statutory deposits with central banks	-	-	-	-	-	-	-	7,576,028	7,576,028
Investment in subsidiaries	-	-	-	-	-	-	-	20,450,502	20,450,502
Interest in associates and joint ventures	-	-	-	-	-	-	-	451,518	451,518
Property, plant and equipment	-	-	-	-	-	-	-	1,308,775	1,308,775
Intangible assets	-	-	-	-	-	-	-	506,267	506,267
Deferred tax assets	-	-	-	-	-	-	-	348,350	348,350
Total assets	92,265,247	39,235,205	15,189,031	16,447,758	57,419,501	48,672,111	147,542,009	35,788,596	452,559,458
Liabilities									
Deposits from customers	182,671,555	40,395,544	30,762,120	34,165,793	16,963,043	1,628,216	352,701	-	306,938,972
Deposits and placements from financial institutions	25,772,907	15,233,890	2,518,652	2,798,009	948,975	227,751	-	-	47,500,184
Obligations on financial assets sold under repurchase agreements	3,013,528	101,359	-	51,485	-	-	-	-	3,166,372
Bills and acceptances payable	1,046,258	138,797	2,255	-	-	-	-	-	1,187,310
Derivative liabilities	639,441	845,302	437,257	632,523	920,887	1,010,415	687,750	-	5,173,575
Other liabilities	7,127,827	412,150	9,317	3,890	456	3,299	1,221,885	10,733	8,789,557
Recourse obligation on loans and financing sold to Cagamas	2,981	10,420	-	-	1,045,459	-	-	-	1,058,860
Provision for taxation and zakat	1,075	-	586	-	226,916	-	-	46,796	275,373
Borrowings	25,848	582,180	57,205	178,271	6,668,222	3,420,955	2,914,131	-	13,846,812
Subordinated obligations	128,138	-	-	-	-	-	12,136,440	-	12,264,578
Capital securities	-	-	-	-	-	-	6,185,060	-	6,185,060
Total liabilities	220,429,558	57,719,642	33,787,392	37,829,971	26,773,958	6,290,636	23,497,967	57,529	406,386,653
Net liquidity gap	(128,164,311)	(18,484,437)	(18,598,361)	(21,382,213)	30,645,543	42,381,475	124,044,042	35,731,067	46,172,805

* Financial investments portfolio consists of financial assets at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity.

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities as at 31 December 2015 and 31 December 2014. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis. The Group and the Bank manage inherent liquidity risk based on discounted expected cash flows.

Group 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Non-derivative liabilities								
Deposits from customers	280,928,658	71,544,079	56,474,490	56,173,940	11,216,707	4,624,534	-	480,962,408
Investment accounts of customers	7,005,631	66,044	28,998	10,556,425	550	245	-	17,657,893
Deposits and placements from financial institutions	24,334,509	8,468,399	1,539,678	3,231,084	1,475,975	246,857	-	39,296,502
Obligations on financial assets sold under repurchase agreements	1,046,768	3,455,231	-	-	-	-	-	4,501,999
Bills and acceptances payable	1,319,720	287,288	176,900	19,444	-	-	88	1,803,440
Insurance/takaful contract liabilities and other insurance payables	13,012,180	8,074	673,690	3,830,119	957	1,583,432	6,295,442	25,403,894
Other liabilities	11,614,428	92,021	15,033	1,356,495	1,882	98,921	1,542,744	14,721,524
Recourse obligation on loans and financing sold to Cagamas	-	-	-	186,095	988,979	-	-	1,175,074
Borrowings	2,216,804	5,332,348	1,721,956	4,767,894	9,250,888	4,329,336	8,530,411	36,149,637
Subordinated obligations	106,080	-	3,444	-	384,196	690,002	25,853,487	27,037,209
Capital securities	-	-	-	-	-	-	9,423,117	9,423,117
	341,584,778	89,253,484	60,634,189	80,121,496	23,320,134	11,573,327	51,645,289	658,132,697
Commitments and contingencies								
Direct credit substitutes	3,071,217	1,550,399	1,849,044	2,416,302	1,235,563	2,072,446	190,418	12,385,389
Certain transaction-related contingent items	1,600,454	1,282,070	2,039,018	2,464,615	5,375,983	3,610,825	1,104,245	17,477,210
Short-term self-liquidating trade-related contingencies	1,810,639	1,656,823	487,770	428,954	668,677	-	-	5,052,863
Irrevocable commitments to extend credit	88,435,731	429,421	468,498	20,674,358	24,000,213	16,833,397	1,128,556	151,970,174
Miscellaneous	3,918,957	1,909,436	949,409	625,019	353,759	46,841	2,351	7,805,772
	98,836,998	6,828,149	5,793,739	26,609,248	31,634,195	22,563,509	2,425,570	194,691,408

Notes to the Financial Statements

31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Group 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Non-derivative liabilities								
Deposits from customers	271,097,801	56,826,821	47,393,082	46,935,223	17,472,373	2,821,690	406,819	442,953,809
Deposits and placements from financial institutions	34,072,255	18,925,759	3,392,401	3,526,579	1,356,313	421,547	-	61,694,854
Obligations on financial assets sold under repurchase agreements	3,116,829	-	-	51,735	-	-	-	3,168,564
Bills and acceptances payable	1,911,534	191,863	2,255	-	-	-	-	2,105,652
Insurance/takaful contract liabilities and other insurance payables	13,899,137	143,117	7,149	3,451,166	1,553,741	338	5,744,185	24,798,833
Other liabilities	8,210,262	535,871	24,395	565,951	687,721	3,332	1,331,544	11,359,076
Recourse obligation on loans and financing sold to Cagamas	2,981	10,421	-	-	1,046,513	-	-	1,059,915
Borrowings	1,524,417	1,162,825	646,642	758,993	8,804,301	4,191,475	5,703,177	22,791,830
Subordinated obligations	128,138	-	-	-	-	962,339	20,691,587	21,782,064
Capital securities	-	-	-	-	-	8,411,324	-	8,411,324
	333,963,354	77,796,677	51,465,924	55,289,647	30,920,962	16,812,045	33,877,312	600,125,921
Commitments and contingencies								
Direct credit substitutes	2,597,646	1,750,364	1,315,190	2,635,597	1,500,975	1,931,908	455,521	12,187,201
Certain transaction-related contingent items	1,655,393	1,515,750	1,185,809	2,192,823	5,133,895	3,217,960	1,884,191	16,785,821
Short-term self-liquidating trade-related contingencies	1,531,737	1,765,431	332,379	3,227,838	963,805	-	-	7,821,190
Obligations under underwriting agreements	86,731	-	-	-	-	30,000	-	116,731
Irrevocable commitments to extend credit	87,535,988	136,689	491,646	15,901,219	18,894,215	13,004,554	617,079	136,581,390
Miscellaneous	5,172,875	1,740,405	1,413,435	890,237	198,281	2,891	3,184	9,421,308
	98,580,370	6,908,639	4,738,459	24,847,714	26,691,171	18,187,313	2,959,975	182,913,641

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Bank	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2015								
Non-derivative liabilities								
Deposits from customers	190,798,051	42,873,933	38,531,020	46,780,379	10,945,619	3,004,129	-	332,933,131
Deposits and placements from financial institutions	24,935,664	7,654,834	1,406,218	3,069,383	748,181	208,335	-	38,022,615
Obligations on financial assets sold under repurchase agreements	1,046,768	3,455,231	-	-	-	-	-	4,501,999
Bills and acceptances payable	1,103,025	9,652	1,710	-	-	-	-	1,114,387
Other liabilities	9,530,827	7,124	2,634	10,462	1,803	-	368,401	9,921,251
Recourse obligation on loans and financing sold to Cagamas	-	-	-	186,095	988,979	-	-	1,175,074
Borrowings	425,540	4,515,072	1,161,790	3,311,651	7,434,463	4,170,325	8,530,411	29,549,252
Subordinated obligations	279,410	-	-	-	-	-	21,687,509	21,966,919
Capital securities	-	-	-	-	-	-	9,586,340	9,586,340
	228,119,285	58,515,846	41,103,372	53,357,970	20,119,045	7,382,789	40,172,661	448,770,968
Commitments and contingencies								
Direct credit substitutes	2,020,306	1,370,303	1,748,301	2,155,867	1,077,824	1,956,652	125,418	10,454,671
Certain transaction-related contingent items	1,114,400	1,150,938	1,856,180	2,258,916	4,880,246	2,933,232	1,035,106	15,229,018
Short-term self-liquidating trade-related contingencies	1,553,078	1,518,359	464,871	411,058	651,431	-	-	4,598,797
Irrevocable commitments to extend credit	86,457,614	429,421	431,362	2,978,108	13,521,443	16,760,948	1,128,556	121,707,452
Miscellaneous	3,866,195	1,901,738	939,382	607,091	325,127	1,492	145	7,641,170
	95,011,593	6,370,759	5,440,096	8,411,040	20,456,071	21,652,324	2,289,225	159,631,108
2014								
Non-derivative liabilities								
Deposits from customers	183,166,845	40,924,726	31,185,110	34,726,835	17,193,467	1,826,056	487,615	309,510,654
Deposits and placements from financial institutions	26,205,615	17,725,489	2,978,122	3,190,279	1,263,582	234,100	-	51,597,187
Obligations on financial assets sold under repurchase agreements	3,116,829	-	-	51,731	-	-	-	3,168,560
Bills and acceptances payable	1,078,464	191,863	2,255	-	-	-	-	1,272,582
Other liabilities	7,127,861	412,206	9,319	3,891	469	3,299	1,225,860	8,782,905
Recourse obligation on loans and financing sold to Cagamas	2,981	10,421	-	-	1,046,513	-	-	1,059,915
Borrowings	26,912	585,847	58,105	178,271	6,846,857	3,595,340	5,703,177	16,994,509
Subordinated obligations	128,138	-	-	-	-	-	15,867,634	15,995,772
Capital securities	-	-	-	-	-	8,693,899	-	8,693,899
	220,853,645	59,850,552	34,232,911	38,151,007	26,350,888	14,352,694	23,284,286	417,075,983
Commitments and contingencies								
Direct credit substitutes	1,791,440	1,681,707	1,242,467	2,451,461	1,389,380	1,868,259	270,521	10,695,235
Certain transaction-related contingent items	927,080	1,461,378	1,073,010	2,061,133	4,744,687	2,777,602	1,844,855	14,889,745
Short-term self-liquidating trade-related contingencies	1,415,378	1,648,032	324,840	3,212,919	949,847	-	-	7,551,016
Irrevocable commitments to extend credit	85,696,478	136,689	471,326	2,397,631	10,792,189	12,990,895	382,701	112,867,909
Miscellaneous	4,982,884	1,734,479	1,406,116	868,204	159,729	118	-	9,151,530
	94,813,260	6,662,285	4,517,759	10,991,348	18,035,832	17,636,874	2,498,077	155,155,435

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

The tables below analyse the Group's and the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at 31 December 2015 and 31 December 2014. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange related contracts	1,354	16,047	44,699	86,545	(27,771)	-	-	120,874
- Interest rate related contracts	(456,387)	(494,009)	(183,531)	(24,924)	193,437	220,257	(138,885)	(884,042)
- Equity related contracts	378	(1,190)	15,202	(55,560)	(45,083)	(118)	-	(86,371)
- Credit related contracts	62,992	-	-	-	-	-	-	62,992
Hedging derivatives								
- Interest rate related contracts	-	(1,886)	(471)	(3,647)	(8,019)	13,221	44,113	43,311
	(391,663)	(481,038)	(124,101)	2,414	112,564	233,360	(94,772)	(743,236)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(46,000,215)	(30,295,911)	(18,935,232)	(20,912,650)	(29,142,479)	(18,452,536)	(4,662,050)	(168,401,073)
- Inflow	45,605,777	29,486,391	18,622,053	20,146,766	27,692,489	18,436,994	4,226,222	164,216,692
Hedging derivatives								
Derivatives:								
- Outflow	(3,930)	(6,592)	(273,210)	(43,555)	(2,394,094)	(1,938,423)	(355,364)	(5,015,168)
- Inflow	4,518	3,357	269,126	31,406	2,061,115	1,633,942	351,195	4,354,659
	(393,850)	(812,755)	(317,263)	(778,033)	(1,782,969)	(320,023)	(439,997)	(4,844,890)

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31 December 2015

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Group 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange related contracts	38,131	(16,246)	(24,764)	(7,444)	(26)	-	-	(10,349)
- Interest rate related contracts	23,212	5,003	(10,078)	(97,142)	16,746	92,202	(1,271,496)	(1,241,553)
- Equity related contracts	(2,470)	(1,042)	(601)	(35,660)	(34,183)	-	-	(73,956)
- Credit related contracts	1,144	-	-	-	-	-	-	1,144
Hedging derivatives								
- Interest rate related contracts	2,658	4,005	141	5,677	7,144	3,610	662	23,897
	62,675	(8,280)	(35,302)	(134,569)	(10,319)	95,812	(1,270,834)	(1,300,817)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(35,035,038)	(23,005,660)	(15,236,838)	(18,567,015)	(11,126,555)	(15,416,438)	(3,160,485)	(121,548,029)
- Inflow	35,291,510	22,446,280	15,316,680	18,653,184	10,584,136	15,455,862	3,045,269	120,792,921
Hedging derivatives								
Derivatives:								
- Outflow	(351,688)	(179,844)	(9,971)	(1,118,674)	(1,686,252)	(940,848)	(303,897)	(4,591,174)
- Inflow	356,730	178,432	20,441	986,132	1,342,927	778,345	294,535	3,957,542
	261,514	(560,792)	90,312	(46,373)	(885,744)	(123,079)	(124,578)	(1,388,740)

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Bank 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange related contracts	(26)	16,047	44,699	86,545	(27,771)	-	-	119,494
- Interest rate related contracts	(456,489)	(494,121)	(183,994)	(25,439)	192,467	216,662	(138,885)	(889,799)
- Equity related contracts	(4,448)	(1,425)	10,046	(101,858)	(45,083)	(118)	-	(142,886)
Hedging derivatives								
- Interest rate related contracts	-	416	196	(1,386)	(5,494)	12,820	44,113	50,665
	(460,963)	(479,083)	(129,053)	(42,138)	114,119	229,364	(94,772)	(862,526)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(45,150,323)	(29,192,983)	(18,083,348)	(20,160,070)	(29,141,377)	(18,450,015)	(4,662,050)	(164,840,166)
- Inflow	44,782,805	28,486,239	17,831,135	19,416,990	27,691,411	18,433,077	4,226,222	160,867,879
Hedging derivatives								
Derivatives:								
- Outflow	(3,930)	(6,592)	(261,722)	(32,067)	(2,348,206)	(1,110,149)	(355,364)	(4,118,030)
- Inflow	4,518	3,357	252,455	14,735	1,994,524	917,363	351,195	3,538,147
	(366,930)	(709,979)	(261,480)	(760,412)	(1,803,648)	(209,724)	(439,997)	(4,552,170)

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Bank 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange related contracts	36,243	(16,246)	(24,764)	(7,444)	(27)	-	-	(12,238)
- Interest rate related contracts	23,052	5,003	(10,056)	(97,350)	16,465	94,565	(1,271,496)	(1,239,817)
- Equity related contracts	(2,591)	(2,333)	(1,578)	(35,664)	(34,187)	-	-	(76,353)
Hedging derivatives								
- Interest rate related contracts	2,658	6,250	810	8,446	9,751	(84)	662	28,493
	59,362	(7,326)	(35,588)	(132,012)	(7,998)	94,481	(1,270,834)	(1,299,915)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(34,908,976)	(22,984,542)	(15,218,304)	(18,568,902)	(11,128,728)	(15,416,438)	(3,166,834)	(121,392,724)
- Inflow	35,241,074	22,440,138	15,327,906	18,653,184	10,569,393	15,455,862	3,050,911	120,738,468
Hedging derivatives								
Derivatives:								
- Outflow	(351,688)	(179,844)	(9,971)	(1,103,920)	(1,686,252)	(940,848)	(303,897)	(4,576,420)
- Inflow	345,902	176,799	15,371	980,618	1,342,927	778,345	294,535	3,934,497
	326,312	(547,449)	115,002	(39,020)	(902,660)	(123,079)	(125,285)	(1,296,179)

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(f) Operational risk management

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

The Group's operational risk management is premised on the three lines of defence concept. Risk taking units (Strategic Business Unit), as first line of defence are primarily responsible for the day-to-day management of operational risks within their respective business operations. They are responsible for establishing and maintaining their respective operational manuals and ensuring that activities undertaken by them comply with the Group's operational risk management framework.

The Operational Risk Management ("ORM") team, as the second line of defence, is responsible for the formulation and implementation of operational risk management policy within the Group, which encompasses the operational risk management strategy and governance structure. Another key function is the development and implementation of operational risk management tools and methodologies to identify, measure, control, report and monitor operational risks.

The Group's Internal Audit plays the third line of defence by providing independent assurance in respect of the overall effectiveness of the operational risk management process, which includes performing independent review and periodic validation of the ORM policy and process as well as conducting regular review on implementation of ORM tools by ORM and the respective business units.

52. FAIR VALUE MEASUREMENTS

This disclosure provides information on fair value measurements for both financial instruments and non-financial assets and liabilities and is structured as follows:

- (a) Valuation principles;
- (b) Valuation techniques;
- (c) Fair value measurements and classification within the fair value hierarchy;
- (d) Transfers between Level 1 and Level 2 in the fair value hierarchy;
- (e) Movements of Level 3 instruments;
- (f) Sensitivity of fair value measurements to changes in unobservable input assumptions; and
- (g) Financial instruments not measured at fair value.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Bank determine the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Group has also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group and the Bank follow methodologies that consider factors such as bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Group and the Bank continuously enhance their design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for their intended use.

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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
Refers to 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.
- Level 2: Valuation techniques for which all significant inputs are, or are based on, observable market data
Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds, illiquid equities and consumer loans and financing with homogeneous or similar features in the market.
- Level 3: Valuation techniques for which significant inputs are not based on observable market data
Refers to instruments where fair value is measured using significant unobservable inputs. The valuation techniques used are consistent with Level 2 but incorporates the Group's and the Bank's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and financing priced primarily based on internal credit assessment.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(b) Valuation techniques

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

Derivatives, loans and financing and financial liabilities

The fair values of the Group's and of the Bank's derivative instruments, loans and financing and financial liabilities 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, financial investments available-for-sale and financial investments held-to-maturity

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

Investment properties

The fair values of investment properties are determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot of comparable investment properties sold adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. While income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process may consider the relationships including yield and discount rates.

(c) Fair value measurements and classification within the fair value hierarchy

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and liabilities measured at fair value is summarised in the table below:

Group 2015	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Non-financial assets measured at fair value:				
Investment properties	-	-	716,818	716,818
Financial assets measured at fair value:				
Financial assets held-for-trading	1,837,095	5,071,215	-	6,908,310
Money market instruments	-	812,441	-	812,441
Quoted securities	1,837,095	-	-	1,837,095
Unquoted securities	-	4,258,774	-	4,258,774
Financial assets designated at fair value through profit or loss	29,226	10,203,605	81,454	10,314,285
Money market instruments	-	648,754	-	648,754
Quoted securities	29,226	31,357	-	60,583
Unquoted securities	-	9,523,494	81,454	9,604,948
Financial investments available-for-sale	3,019,389	86,665,757	576,527	90,261,673
Money market instruments	-	49,399,786	-	49,399,786
Quoted securities	3,019,389	-	-	3,019,389
Unquoted securities	-	37,265,971	576,527	37,842,498
Derivative assets	29,516	8,245,827	8,304	8,283,647
Foreign exchange related contracts	-	6,600,072	-	6,600,072
Interest rate related contracts	-	1,771,767	-	1,771,767
Equity and commodity related contracts	29,516	162,341	8,304	200,161
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	4,915,226	110,186,404	666,285	115,767,915
Financial liabilities measured at fair value:				
Derivative liabilities	26,353	7,781,146	69,959	7,877,458
Foreign exchange related contracts	-	5,782,006	-	5,782,006
Interest rate related contracts	-	2,046,934	61,943	2,108,877
Equity and commodity related contracts	26,353	240,559	8,016	274,928
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	26,353	7,781,146	69,959	7,877,458

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and liabilities measured at fair value is summarised in the table below (cont'd.):

Group 2014	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Non-financial assets measured at fair value:				
Investment properties	-	-	595,493	595,493
Financial assets measured at fair value:				
Financial assets held-for-trading	1,359,305	11,110,323	-	12,469,628
Money market instruments	23,890	7,534,848	-	7,558,738
Quoted securities	1,335,415	-	-	1,335,415
Unquoted securities	-	3,575,475	-	3,575,475
Financial assets designated at fair value through profit or loss	-	11,235,695	-	11,235,695
Money market instruments	-	863,104	-	863,104
Unquoted securities	-	10,372,591	-	10,372,591
Financial investments available-for-sale	3,680,570	78,531,345	418,789	82,630,704
Money market instruments	-	40,486,263	-	40,486,263
Quoted securities	3,680,570	-	-	3,680,570
Unquoted securities	-	38,045,082	418,789	38,463,871
Derivative assets	64	4,529,425	14,512	4,544,001
Foreign exchange related contracts	-	3,916,764	-	3,916,764
Interest rate related contracts	-	987,861	-	987,861
Equity and commodity related contracts	64	172,790	14,512	187,366
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)
	5,039,939	105,406,788	433,301	110,880,028
Financial liabilities measured at fair value:				
Derivative liabilities	19,325	5,063,576	237,598	5,320,499
Foreign exchange related contracts	-	4,204,440	-	4,204,440
Interest rate related contracts	-	1,258,903	223,086	1,481,989
Equity and commodity related contracts	19,325	148,223	14,512	182,060
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)
	19,325	5,063,576	237,598	5,320,499

Notes to the Financial Statements

31 December 2015

52. FAIR VALUE MEASUREMENTS (CONT'D.)

(c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and liabilities measured at fair value is summarised in the table below (cont'd.):

Bank 2015	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading	13,213	4,208,682	-	4,221,895
Money market instruments	-	513,654	-	513,654
Quoted securities	13,213	-	-	13,213
Unquoted securities	-	3,695,028	-	3,695,028
Financial investments available-for-sale	142,107	74,444,286	363,677	74,950,070
Money market instruments	-	43,898,733	-	43,898,733
Quoted securities	142,107	-	-	142,107
Unquoted securities	-	30,545,553	363,677	30,909,230
Derivative assets	-	8,326,294	8,304	8,334,598
Foreign exchange related contracts	-	6,702,897	-	6,702,897
Interest rate related contracts	-	1,763,228	-	1,763,228
Equity and commodity related contracts	-	148,522	8,304	156,826
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	155,320	86,979,262	371,981	87,506,563
Financial liabilities measured at fair value:				
Derivative liabilities	-	7,669,770	26,564	7,696,334
Foreign exchange related contracts	-	5,761,756	-	5,761,756
Interest rate related contracts	-	2,049,134	18,548	2,067,682
Equity and commodity related contracts	-	147,233	8,016	155,249
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	-	7,669,770	26,564	7,696,334

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and liabilities measured at fair value is summarised in the table below (cont'd.):

Bank 2014	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
<i>Financial assets measured at fair value:</i>				
Financial assets held-for-trading	9,008	9,416,382	-	9,425,390
Money market instruments	-	6,200,701	-	6,200,701
Quoted securities	9,008	-	-	9,008
Unquoted securities	-	3,215,681	-	3,215,681
Financial investments available-for-sale	141,389	73,219,682	269,634	73,630,705
Money market instruments	-	42,216,526	-	42,216,526
Quoted securities	141,389	-	-	141,389
Unquoted securities	-	31,003,156	269,634	31,272,790
Derivative assets	-	4,519,197	14,512	4,533,709
Foreign exchange related contracts	-	3,914,105	-	3,914,105
Interest rate related contracts	-	997,037	-	997,037
Equity and commodity related contracts	-	156,045	14,512	170,557
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)
	150,397	87,155,261	284,146	87,589,804
<i>Financial liabilities measured at fair value:</i>				
Derivative liabilities	-	5,021,006	152,569	5,173,575
Foreign exchange related contracts	-	4,149,861	-	4,149,861
Interest rate related contracts	-	1,263,419	138,057	1,401,476
Equity and commodity related contracts	-	155,716	14,512	170,228
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)
	-	5,021,006	152,569	5,173,575

(d) Transfers between Level 1 and Level 2 in the fair value hierarchy

The accounting policy for determining when transfers between levels of the fair value hierarchy occurred is disclosed in Note 2.3(xxiii). There were no transfers between Level 1 and Level 2 for the Group and the Bank during the financial year ended 31 December 2015.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(e) Movements of Level 3 instruments

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis:

Group As at 31 December 2015	At 1 January 2015 RM'000	Total realised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales RM'000	Settlements ² RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2015 RM'000
Financial assets designated at fair value through profit or loss											
Unquoted securities	-	200	2,077	-	-	(1,221)	-	-	80,398	-	81,454
	-	200	2,077	-	-	(1,221)	-	-	80,398	-	81,454
Financial investments available-for-sale											
Unquoted securities	418,789	4,513	-	11,985	103,369	(61,877)	(12,678)	15,246	108,205	(11,025)	576,527
	418,789	4,513	-	11,985	103,369	(61,877)	(12,678)	15,246	108,205	(11,025)	576,527
Derivative assets											
Interest rate related contracts	-	1,512	-	-	-	(877)	(635)	-	-	-	-
Equity and commodity related contracts	14,512	1,087	(10,183)	-	3,849	(961)	-	-	-	-	8,304
	14,512	2,599	(10,183)	-	3,849	(1,838)	(635)	-	-	-	8,304
Total Level 3 financial assets	433,301	7,312	(8,106)	11,985	107,218	(64,936)	(13,313)	15,246	188,603	(11,025)	666,285
Derivative liabilities											
Interest rate related contracts	(223,086)	21,967	(548)	-	-	107,597	32,127	-	-	-	(61,943)
Equity and commodity related contracts	(14,512)	(799)	10,183	-	(3,849)	961	-	-	-	-	(8,016)
Total Level 3 financial liabilities	(237,598)	21,168	9,635	-	(3,849)	108,558	32,127	-	-	-	(69,959)
Total net Level 3 financial assets/(liabilities)	195,703	28,480	1,529	11,985	103,369	43,622	18,814	15,246	188,603	(11,025)	596,326

¹ Included within 'Other operating income'.

² The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2015 was mainly comprised of redemption of loan stocks of RM12.1 million.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(e) Movements of Level 3 instruments (cont'd.)

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis (cont'd.):

Group As at 31 December 2014	At 1 January 2014 RM'000	Total realised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales RM'000	Settlements ² RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2014 RM'000
Financial assets held-for-trading											
Unquoted securities	576,574	(138)	5,295	-	-	(10,043)	-	-	-	(571,688)	-
	576,574	(138)	5,295	-	-	(10,043)	-	-	-	(571,688)	-
Financial assets designated at fair value through profit or loss											
Unquoted securities	156,937	-	-	-	-	-	-	-	-	(156,937)	-
	156,937	-	-	-	-	-	-	-	-	(156,937)	-
Financial investments available-for-sale											
Unquoted securities	666,340	111,099	-	(2,122)	128,738	(13,947)	(375,148)	4,689	32,739	(133,599)	418,789
	666,340	111,099	-	(2,122)	128,738	(13,947)	(375,148)	4,689	32,739	(133,599)	418,789
Derivative assets											
Foreign exchange related contracts	1,754	(2,421)	438	-	1,565	-	(1,336)	-	-	-	-
Equity and commodity related contracts	30,097	(3,758)	3,463	-	5,260	-	(5,829)	-	-	(14,721)	14,512
	31,851	(6,179)	3,901	-	6,825	-	(7,165)	-	-	(14,721)	14,512
Total Level 3 financial assets	1,431,702	104,782	9,196	(2,122)	135,563	(23,990)	(382,313)	4,689	32,739	(876,945)	433,301
Derivative liabilities											
Foreign exchange related contracts	(2,033)	2,557	(438)	-	(1,565)	-	1,479	-	-	-	-
Interest rate related contracts	(302,074)	9,050	59,184	-	(13,885)	-	24,639	-	-	-	(223,086)
Equity and commodity related contracts	(12,087)	3,737	(6,713)	-	(5,259)	-	5,810	-	-	-	(14,512)
Total Level 3 financial liabilities	(316,194)	15,344	52,033	-	(20,709)	-	31,928	-	-	-	(237,598)
Total net Level 3 financial assets/(liabilities)	1,115,508	120,126	61,229	(2,122)	114,854	(23,990)	(350,385)	4,689	32,739	(876,945)	195,703

¹ Included within 'Other operating income'.

² The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2014 included a redemption of loan stocks of RM346.3 million.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(e) Movements of Level 3 instruments (cont'd.)

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis (cont'd.):

Bank As at 31 December 2015	At 1 January 2015 RM'000	Total realised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales RM'000	Settlements ² RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2015 RM'000
Financial investments available-for-sale											
Unquoted securities	269,634	4,320	-	9,487	84,483	-	(12,678)	8,581	-	(150)	363,677
	269,634	4,320	-	9,487	84,483	-	(12,678)	8,581	-	(150)	363,677
Derivative assets											
Interest rate related contracts	-	877	-	-	-	(877)	-	-	-	-	-
Equity and commodity related contracts	14,512	1,087	(10,183)	-	3,849	(961)	-	-	-	-	8,304
	14,512	1,964	(10,183)	-	3,849	(1,838)	-	-	-	-	8,304
Total Level 3 financial assets	284,146	6,284	(10,183)	9,487	88,332	(1,838)	(12,678)	8,581	-	(150)	371,981
Derivative liabilities											
Interest rate related contracts	(138,057)	23,688	(11,912)	-	-	107,597	136	-	-	-	(18,548)
Equity and commodity related contracts	(14,512)	(799)	10,183	-	(3,849)	961	-	-	-	-	(8,016)
Total Level 3 financial liabilities	(152,569)	22,889	(1,729)	-	(3,849)	108,558	136	-	-	-	(26,564)
Total net Level 3 financial assets/(liabilities)	131,577	29,173	(11,912)	9,487	84,483	106,720	(12,542)	8,581	-	(150)	345,417

¹ Included within 'Other operating income'.

² The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2015 was mainly comprised of redemption of loan stocks of RM12.1 million.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(e) Movements of Level 3 instruments (cont'd.)

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis (cont'd.):

Bank As at 31 December 2014	At 1 January 2014 RM'000	Total realised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/ (losses) recognised in income statements ¹ RM'000	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales RM'000	Settlements ² RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2014 RM'000
Financial investments available-for-sale											
Unquoted securities	332,271	37,065	-	-	36,770	-	(170,758)	4,538	29,748	-	269,634
	332,271	37,065	-	-	36,770	-	(170,758)	4,538	29,748	-	269,634
Derivative assets											
Foreign exchange related contracts	1,729	(2,466)	438	-	1,565	-	(1,266)	-	-	-	-
Equity and commodity related contracts	12,087	(3,738)	6,713	-	5,260	-	(5,810)	-	-	-	14,512
	13,816	(6,204)	7,151	-	6,825	-	(7,076)	-	-	-	14,512
Total Level 3 financial assets	346,087	30,861	7,151	-	43,595	-	(177,834)	4,538	29,748	-	284,146
Derivative liabilities											
Foreign exchange related contracts	(1,729)	2,466	(438)	-	(1,565)	-	1,266	-	-	-	-
Interest rate related contracts	(212,726)	9,050	40,980	-	-	-	24,639	-	-	-	(138,057)
Equity and commodity related contracts	(12,087)	3,738	(6,713)	-	(5,260)	-	5,810	-	-	-	(14,512)
Total Level 3 financial liabilities	(226,542)	15,254	33,829	-	(6,825)	-	31,715	-	-	-	(152,569)
Total net Level 3 financial assets/(liabilities)	119,545	46,115	40,980	-	36,770	-	(146,119)	4,538	29,748	-	131,577

¹ Included within 'Other operating income'.

² The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2014 included a redemption of loan stocks of RM139.2 million.

During the financial year ended 31 December 2015, the Group transferred certain financial investments AFS and financial assets designated at fair value through profit or loss from Level 2 into Level 3 of the fair value hierarchy. The reason for the transfer is that inputs to the valuation models ceased to be observable. Prior to the transfer, the fair value of the instruments was determined using observable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant unobservable inputs.

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.

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and financial liabilities in Level 3 of the fair value hierarchy.

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(g) Financial instruments not measured at fair value

The on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with MFRS 132 comprise of all their assets and liabilities with the exception of investments in subsidiaries, interest in associates and joint ventures, property, plant and equipment and provision for current and deferred taxation.

For loans, advances and financing to customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and of the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sale transaction as at the reporting date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and of the Bank as a going concern.

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the financial assets and financial liabilities as disclosed below.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amount shown in the statement of financial position:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2015					
Financial assets					
Deposits and placements with financial institutions	-	7,784,390	5,892,239	13,676,629	13,618,339
Financial investments HTM	-	10,961,826	3,726,798	14,688,624	14,682,130
Loans, advances and financing	-	184,874,047	274,305,535	459,179,582	453,492,587
Financial liabilities					
Deposits from customers	-	390,673,863	87,854,299	478,528,162	478,150,533
Investment accounts of customers	-	17,657,902	-	17,657,902	17,657,893
Deposits and placements from financial institutions	-	37,495,548	1,467,110	38,962,658	39,013,916
Recourse obligation on loans and financing sold to Cagamas	-	1,175,459	-	1,175,459	1,174,345
Borrowings	-	29,009,434	3,747,332	32,756,766	30,643,652
Subordinated obligations	-	19,766,031	336,851	20,102,882	20,252,116
Capital securities	-	6,130,639	-	6,130,639	6,049,375
2014					
Financial assets					
Deposits and placements with financial institutions	-	2,781,929	13,402,213	16,184,142	16,106,137
Financial investments HTM	-	5,983,952	3,622,160	9,606,112	9,574,538
Loans, advances and financing	-	152,788,535	252,257,890	405,046,425	403,513,121
Financial liabilities					
Deposits from customers	-	244,070,679	196,051,640	440,122,319	439,569,384
Deposits and placements from financial institutions	-	55,615,373	1,688,525	57,303,898	57,387,398
Recourse obligation on loans and financing sold to Cagamas	-	1,073,460	-	1,073,460	1,058,860
Borrowings	-	16,711,119	2,797,061	19,508,180	18,521,899
Subordinated obligations	-	15,398,602	202,449	15,601,051	15,640,057
Capital securities	-	6,038,941	-	6,038,941	5,902,483

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(g) Financial instruments not measured at fair value (cont'd.)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amount shown in the statement of financial position (cont'd.):

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2015					
Financial assets					
Deposits and placements with financial institutions	-	7,784,390	7,022,171	14,806,561	14,748,271
Financial investments HTM	-	10,936,457	3,386,639	14,323,096	14,329,231
Loans, advances and financing	-	140,406,931	145,856,030	286,262,961	287,056,974
Financial liabilities					
Deposits from customers	-	316,574,832	14,291,217	330,866,049	330,626,519
Deposits and placements from financial institutions	-	37,464,333	427,083	37,891,416	37,904,688
Recourse obligation on loans and financing sold to Cagamas	-	1,175,459	-	1,175,459	1,174,345
Borrowings	-	26,848,025	158,886	27,006,911	24,873,211
Subordinated obligations	-	16,602,989	-	16,602,989	16,750,738
Capital securities	-	6,293,861	-	6,293,861	6,212,597
2014					
Financial assets					
Deposits and placements with financial institutions	-	2,759,176	13,129,843	15,889,019	15,811,015
Financial investments HTM	-	6,163,506	2,955,654	9,119,160	9,100,155
Loans, advances and financing	-	119,929,529	143,585,809	263,515,338	264,524,441
Financial liabilities					
Deposits from customers	-	177,351,147	130,088,005	307,439,152	306,938,972
Deposits and placements from financial institutions	-	46,916,276	517,268	47,433,544	47,500,184
Recourse obligation on loans and financing sold to Cagamas	-	1,073,460	-	1,073,460	1,058,860
Borrowings	-	14,826,240	-	14,826,240	13,846,812
Subordinated obligations	-	12,236,090	-	12,236,090	12,264,578
Capital securities	-	6,321,516	-	6,321,516	6,185,060

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Financial investments held-to-maturity ("HTM")

Fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flows analysis. Where discounted cash flows technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Loans, advances and financing

The fair values of variable rate loans are estimated to approximate their carrying amount. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired loans, the fair values are deemed to approximate the carrying amount which are net of impairment allowances.

(iii) Deposits from customers, investment accounts of customers and deposits and placements with/from financial institutions

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities.

(iv) Recourse obligation on loans and financing sold to Cagamas

The fair values of recourse obligation on housing and hire purchase loans sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at reporting date.

(v) Borrowings, subordinated obligations and capital securities

The fair values of borrowings, subordinated obligations and capital securities are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for similar instruments as at reporting date.

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53. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are offset and the net amounts are reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Amounts are not offset in the statement of financial position are related to:

- (i) the counterparties' offsetting exposures with the Group and the Bank where the right to set-off is only enforceable in the event of default, insolvency or bankruptcy of the counterparties; and
- (ii) cash and securities that are received from or pledged with counterparties.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group	Gross amount of recognised financial assets/financial liabilities RM'000	Gross amount offset in the statement of financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not offset in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Financial collateral received/pledged RM'000	
2015						
Financial assets						
Derivative assets	8,572,000	(288,353)	8,283,647	(3,196,772)	(2,830,875)	2,256,000
Other assets:						
Amount due from brokers and clients (Note 14)	3,924,856	(1,949,849)	1,975,007	-	(769,672)	1,205,335
Financial liabilities						
Derivative liabilities	8,165,811	(288,353)	7,877,458	(3,196,772)	(1,298,801)	3,381,885
Other liabilities:						
Amount due to brokers and clients (Note 24)	4,156,491	(1,949,849)	2,206,642	-	(705,353)	1,501,289
2014						
Financial assets						
Derivative assets	5,091,991	(547,990)	4,544,001	(2,100,680)	(2,032,939)	410,382
Other assets:						
Amount due from brokers and clients (Note 14)	4,089,338	(1,987,924)	2,101,414	-	(510,300)	1,591,114
Financial liabilities						
Derivative liabilities	5,868,489	(547,990)	5,320,499	(2,100,680)	(311,764)	2,908,055
Other liabilities:						
Amount due to brokers and clients (Note 24)	4,219,402	(1,987,924)	2,231,478	-	-	2,231,478

Notes to the Financial Statements

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53. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows (cont'd.):

Bank	Gross amount of recognised financial assets/financial liabilities RM'000	Gross amount offset in the statement of financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not offset in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Financial collateral received/pledged RM'000	
2015						
Financial assets						
Derivative assets	8,622,951	(288,353)	8,334,598	(3,196,772)	(2,830,875)	2,306,951
Financial liabilities						
Derivative liabilities	7,984,687	(288,353)	7,696,334	(3,196,772)	(1,298,801)	3,200,761
2014						
Financial assets						
Derivative assets	5,081,699	(547,990)	4,533,709	(2,100,680)	(2,032,939)	400,090
Financial liabilities						
Derivative liabilities	5,721,565	(547,990)	5,173,575	(2,100,680)	(311,764)	2,761,131

54. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure approved by directors but not provided for in the financial statements amounting to:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Approved and contracted for	103,859	196,457	66,538	135,266
Approved but not contracted for	352,459	195,659	61,465	183,810
	456,318	392,116	128,003	319,076

(b) Uncalled issued share capital of a subsidiary:

Bank	2015 RM'000	2014 RM'000
Uncalled capital	150	150

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55. CAPITAL MANAGEMENT

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

The Group's key thrust of capital management and planning are to diversify its sources of capital; to allocate and deploy capital efficiently, guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses; and to meet the expectations of key stakeholders, including investors, regulators and rating agencies. In addition, the Group's capital management is also implemented with the aim to:

- Ensure adequate capital adequacy ratios at all times, at levels sufficiently above the minimum regulatory requirements across the Group;
- Support the Group's credit rating from local and foreign rating agencies;
- Allocate and deploy capital efficiently to businesses to support the Group's strategic objectives and optimise returns on capital;
- Remain flexible to take advantage of future opportunities; and
- Build and invest in businesses, even in a reasonably stressed environment.

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

The Group's capital management is guided by the Group Capital Management Framework and Group Capital Contingency Plan to ensure that capital is managed on an integrated approach and ensure a strong and flexible financial position to manage through economic cycles across the Group.

The Group's capital management is also supplemented by the Group Annual Capital Plan to facilitate efficient capital levels and utilisation across the Group. The plan is updated on an annual basis covering at least a three year horizon and approved by the Board for implementation at the beginning of each financial year. The Group Annual Capital Plan is reviewed by the Board semi-annually in order to keep abreast with the latest development on capital management and also to ensure effective and timely execution of the plans contained therein.

Under the BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) which commenced with effect from 1 January 2013, banking institutions are required to maintain higher minimum quantity and quality of capital but the requirements will be subject to a series of transitional arrangements and will be phased-in over a period of time, commencing 2013 and to be fully effective by 2019. BNM has also introduced additional capital buffer requirements which comprises Capital Conservation buffer of 2.5% of total RWA and Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA. On 13 October 2015, BNM issued a revised Capital Adequacy Framework, providing further guidance on the computation approach and operations of the Countercyclical Capital Buffer. The said revised Capital Adequacy Framework will come into effect on 1 January 2016.

In addition, as banking institutions in Malaysia evolve to become key regional players and identified as systemically important, BNM will assess at a later date the need to require large banking institutions to operate at higher levels of capital, commensurate with their size, extent of cross-border activities and complexity of operations.

In the Bank's pursuit of an efficient and healthy capital position, the Bank had implemented a recurrent and optional Dividend Reinvestment Plan ("DRP") that allows the shareholders of the Bank to reinvest electable portions of their dividends into new ordinary shares of RM1.00 in the Bank. The DRP is part of the Bank's strategy to preserve equity capital to meet the regulatory requirement as well as to grow its business whilst providing healthy dividend income to shareholders. Details of the DRP is disclosed in Note 31(b) and dividend payout is disclosed in Note 49.

56. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

(a) General

The Group's overall capital adequacy in relation to its risk profile is assessed through a process articulated in the Group ICAAP policy. The ICAAP policy has been formalised and approved by the Board Risk Management Committee ("RMC") and has been implemented within the organisation to ensure all material risks are identified, measured and reported and that adequate capital levels consistent with the risk profiles are held.

In line with BNM Guideline on ICAAP, the Group's ICAAP closely integrates the risk and capital assessment processes. The ICAAP policy is designed to ensure that adequate levels of capital, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted to the Group Executive Risk Committee and the Board RMC for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them.

(b) Comprehensive risk assessment under ICAAP policy

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

- Risks captured under Pillar 1 (credit risk, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk);
- Risks not specifically addressed under Pillar 1 (e.g. interest rate risk/rate of return risk in the banking book, liquidity risk, business & strategic risk, reputational risk, credit concentration risk, IT risks (e.g. security risk, cyber risk), regulatory risk, country risk, systemic risk, compliance risk, collateral risk, capital risk, profitability risk and shariah non-compliance risk, among others); and
- External factors, including changes in economic environment, regulations and accounting rules.

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

Where risks may not be easily quantified due to the lack of commonly acceptable risk measurement techniques, expert's judgement is used to determine the size of risk. The focus of the Group's ICAAP would be on the qualitative controls in managing such risks. These qualitative measures include the following:

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

(c) Regular stress testing

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

Under Maybank Group's Stress Test policy, which was approved by the Board RMC, the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, risk-weighted assets and capital adequacy were considered.

Specifically, the stress test programme is designed to:

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

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56. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D.)

(c) Regular stress testing (cont'd.)

Stress test scenarios reviewed by the Stress Test Working Group in the past include Federal Reserve rate hike, idiosyncratic event's implication to Maybank Group, liquidity stress scenarios, prolonged energy and commodity price shocks on ASEAN economies, intensified capital outflows from emerging markets, sovereign rating downgrades, slowing Chinese economy, a repeat of the Asian Financial Crisis, pandemic flu, asset price collapse, among others.

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

57. CAPITAL ADEQUACY

(a) 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 28 November 2012. 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 ended 31 December 2015 (2014: 4.0%, 5.5% and 8.0% of total RWA).

On an entity level basis, the computation of capital adequacy ratios of the subsidiaries of the Bank 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 28 November 2012. 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 ended 31 December 2015 (2014: 4.0%, 5.5% and 8.0% of total RWA).

- (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 28 November 2012. 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 ended 31 December 2015 (2014: 4.0%, 5.5% and 8.0% of RWA).

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

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

The minimum regulatory capital adequacy requirement for PT Bank Maybank Indonesia Tbk is 9% - 10% (2014: 9% - 10%) of total RWA.

(b) 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.

In respect of the financial year ended 31 December 2015, the Board has proposed the payment of final single-tier dividend of 30 sen per ordinary share of RM1.00 each, which consists of cash portion of 6 sen and an electable portion of 24 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank Shares in accordance with the DRP as disclosed in Note 31(b).

In arriving to the capital adequacy ratios for the financial year ended 31 December 2015, the proposed final dividend has not been deducted from the calculation of CET1 Capital.

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57. CAPITAL ADEQUACY (CONT'D.)

(b) The capital adequacy ratios of the Group and of the Bank (cont'd.)

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

	Group		Bank	
	2015	2014	2015	2014
CET1 Capital Ratio	12.780%	11.747%	15.781%	16.275%
Tier 1 Capital Ratio	14.471%	13.539%	17.969%	16.275%
Total Capital Ratio	17.743%	16.235%	17.969%	16.275%

(c) Components of capital:

Group	2015 RM'000	2014 RM'000
CET1 Capital		
Paid-up share capital	9,761,751	9,319,030
Share premium	25,900,476	22,747,922
Retained profits ¹	9,356,279	9,173,105
Other reserves ¹	13,231,479	8,600,064
Qualifying non-controlling interests	119,376	124,884
Less: Shares held-in-trust	(119,745)	(113,463)
CET1 Capital before regulatory adjustments	58,249,616	49,851,542
Less: Regulatory adjustments applied on CET1 Capital	(10,538,139)	(8,391,750)
Deferred tax assets	(908,232)	(835,018)
Goodwill	(5,911,523)	(5,144,128)
Other intangibles	(994,076)	(1,080,868)
Profit equalisation reserve	(34,456)	(34,456)
Regulatory reserve	(1,247,509)	(274,500)
Shortfall of total eligible provision to total expected loss	-	(420,130)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(1,442,343)	(602,650)
Total CET1 Capital	47,711,477	41,459,792
Additional Tier 1 Capital		
Capital securities	6,245,496	6,246,181
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	67,719	80,409
Total Tier 1 Capital	54,024,692	47,786,382
Tier 2 Capital		
Subordinated obligations	12,984,020	10,838,880
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	529,368	530,022
Collective allowance ²	452,504	555,142
Surplus of total eligible provision over total expected loss	414,103	-
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements ³	(2,163,515)	(2,410,601)
Total Tier 2 Capital	12,216,480	9,513,443
Total Capital	66,241,172	57,299,825

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57. CAPITAL ADEQUACY (CONT'D.)

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

Bank	2015 RM'000	2014 RM'000
CET1 Capital		
Paid-up share capital	9,761,751	9,319,030
Share premium	25,900,476	22,747,922
Retained profits ¹	3,779,541	4,052,916
Other reserves ¹	12,830,702	10,629,085
Less: Shares held-in-trust	(119,745)	(113,463)
CET1 Capital before regulatory adjustments	52,152,725	46,635,490
Less: Regulatory adjustments applied on CET1 Capital	(10,273,993)	(5,328,480)
Deferred tax assets	(441,814)	(348,350)
Goodwill	(81,015)	(81,015)
Other intangibles	(428,464)	(425,252)
Regulatory reserve	(813,800)	-
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(8,508,900)	(4,139,159)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	(334,704)
Total CET1 Capital	41,878,732	41,307,010
Additional Tier 1 Capital		
Capital securities	6,245,496	6,246,181
Less: Regulatory adjustments due to insufficient Tier 2 Capital	(438,178)	(6,246,181)
Total Tier 1 Capital	47,686,050	41,307,010
Tier 2 Capital		
Subordinated obligations	12,984,020	10,838,880
Collective allowance ²	160,737	214,426
Surplus of total eligible provision over total expected loss	470,242	81,949
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements ³	(13,614,999)	(11,135,255)
Total Tier 2 Capital	-	-
Total Capital	47,686,050	41,307,010

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).

Notes to the Financial Statements

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57. CAPITAL ADEQUACY (CONT'D.)

(d) The breakdown of RWA by each major risk categories for the Group and the Bank are as follows:

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Standardised Approach exposure	47,320,484	48,784,842	22,432,078	22,551,830
Internal Ratings-Based Approach exposure after scaling factor	279,836,231	257,422,482	212,545,150	201,894,673
Total RWA for credit risk	327,156,715	306,207,324	234,977,228	224,446,503
Total RWA for market risk	11,256,514	14,168,153	9,343,171	9,452,839
Total RWA for operational risk	34,913,799	32,568,977	21,054,721	19,911,571
Total RWA	373,327,028	352,944,454	265,375,120	253,810,913

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

(i) Capital adequacy ratios

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk
2015			
CET1 Capital Ratio	12.435%	32.439%	-
Tier 1 Capital Ratio	12.435%	32.439%	-
Total Capital Ratio	16.489%	32.439%	15.049%
2014			
CET1 Capital Ratio	12.003%	30.902%	-
Tier 1 Capital Ratio	12.003%	30.902%	-
Total Capital Ratio	16.088%	30.902%	15.724%

(ii) The breakdown of RWA by each major risk categories of subsidiaries of the Bank are as follows:

	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000
2015			
Standardised Approach exposure	6,417,990	453,207	32,088,147
Internal Ratings-Based Approach exposure after scaling factor	59,046,097	-	-
Total RWA for credit risk	65,464,087	453,207	32,088,147
Total RWA for credit risk absorbed by Maybank and Investment Account [^]	(9,098,255)	-	-
Total RWA for market risk	1,135,708	283,821	375,184
Total RWA for operational risk	4,943,708	892,802	4,529,765
Total RWA	62,445,248	1,629,830	36,993,096
2014			
Standardised Approach exposure	4,831,718	441,295	28,534,411
Internal Ratings-Based Approach exposure after scaling factor	51,473,277	-	-
Total RWA for credit risk	56,304,995	441,295	28,534,411
Total RWA for credit risk absorbed by Maybank [^]	(3,930,555)	-	-
Total RWA for market risk	573,921	170,661	120,167
Total RWA for operational risk	4,145,952	984,627	3,779,079
Total RWA	57,094,313	1,596,583	32,433,657

[^] In accordance with BNM Guideline on the recognition and measurement of Restricted Profit Sharing Investment Account ("RPSIA") and Investment Account ("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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58. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments and geographical locations.

(i) By business segments

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

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

(a) Community Financial Services ("CFS"), Malaysia

(i) Consumer Banking

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

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

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

(iii) Business Banking

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

(b) Global Banking ("GB")

(i) Corporate Banking Malaysia

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

(ii) Global Markets Malaysia

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

(iii) 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.

(iv) 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) 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.

(d) International Banking

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

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58. SEGMENT INFORMATION (CONT'D.)

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

Group 2015	< -----Business Segments ----- >							Head Office and Others RM'000	Total RM'000
	Community Financial Services RM'000	< -----GB ----- >				International Banking RM'000	Insurance and Takaful RM'000		
		Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Asset Management RM'000				
Net interest income and income from IBS operations:									
- External	6,491,902	1,857,355	945,309	282,073	8,330	5,274,864	839,881	(646,932)	15,052,782
- Inter-segment	-	-	-	(3,856)	(10,402)	(29,179)	66,212	(22,775)	-
	6,491,902	1,857,355	945,309	278,217	(2,072)	5,245,685	906,093	(669,707)	15,052,782
Net interest income and income from IBS operations	6,491,902	1,857,355	945,309	278,217	(2,072)	5,245,685	906,093	(669,707)	15,052,782
Net earned insurance premiums	-	-	-	-	-	-	4,196,699	-	4,196,699
Other operating income	1,688,453	620,654	843,040	1,222,087	112,255	1,240,891	327,876	(282,389)	5,772,867
Total operating income	8,180,355	2,478,009	1,788,349	1,500,304	110,183	6,486,576	5,430,668	(952,096)	25,022,348
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	-	-	(3,784,427)	-	(3,784,427)
Net operating income	8,180,355	2,478,009	1,788,349	1,500,304	110,183	6,486,576	1,646,241	(952,096)	21,237,921
Overhead expenses	(4,234,498)	(636,239)	(292,309)	(1,082,140)	(115,639)	(3,344,461)	(579,754)	-	(10,285,040)
Operating profit/(loss) before impairment losses	3,945,857	1,841,770	1,496,040	418,164	(5,456)	3,142,115	1,066,487	(952,096)	10,952,881
Allowances for impairment losses on loans, advances, financing and other debts, net	(346,391)	(150,224)	-	(7,958)	-	(1,171,265)	(7,719)	-	(1,683,557)
Writeback of/(allowances for) impairment losses on financial investments, net	-	-	28,028	(2,083)	(1,316)	(31,661)	(321,990)	-	(329,022)
Operating profit/(loss)	3,599,466	1,691,546	1,524,068	408,123	(6,772)	1,939,189	736,778	(952,096)	8,940,302
Share of profits/(losses) in associates and joint ventures	-	-	-	1,279	-	211,886	(1,919)	-	211,246
Profit/(loss) before taxation and zakat	3,599,466	1,691,546	1,524,068	409,402	(6,772)	2,151,075	734,859	(952,096)	9,151,548
Taxation and zakat									(2,165,160)
Profit after taxation and zakat									6,986,388
Non-controlling interests									(150,449)
Profit for the financial year attributable to equity holders of the Bank									6,835,939
Included in overhead expenses are:									
Depreciation of property, plant and equipment	(127,525)	(21,495)	(12,498)	(51,948)	(933)	(143,558)	(16,692)	-	(374,649)
Amortisation of intangible assets	(96,249)	(16,185)	(8,277)	(41,940)	(1,120)	(91,963)	(9,863)	-	(265,597)

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58. SEGMENT INFORMATION (CONT'D.)

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

Group 2014	<----- Business Segments ----->							Head Office and Others RM'000	Total RM'000
	Community Financial Services RM'000	<----- GB ----->				International Banking RM'000	Insurance and Takaful RM'000		
		Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Asset Management RM'000				
Net interest income and income from IBS operations:									
- External	5,987,808	1,651,099	813,047	195,791	5,882	4,068,264	873,260	(620,237)	12,974,914
- Inter-segment	-	-	-	(4,544)	(2,794)	(27,517)	67,868	(33,013)	-
	5,987,808	1,651,099	813,047	191,247	3,088	4,040,747	941,128	(653,250)	12,974,914
Net interest income and income from IBS operations	5,987,808	1,651,099	813,047	191,247	3,088	4,040,747	941,128	(653,250)	12,974,914
Net earned insurance premiums	-	-	-	-	-	-	3,946,068	-	3,946,068
Other operating income	1,527,340	730,968	877,685	1,324,052	97,152	1,635,945	723,098	(1,375,801)	5,540,439
Total operating income	7,515,148	2,382,067	1,690,732	1,515,299	100,240	5,676,692	5,610,294	(2,029,051)	22,461,421
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	-	-	(3,930,819)	-	(3,930,819)
Net operating income	7,515,148	2,382,067	1,690,732	1,515,299	100,240	5,676,692	1,679,475	(2,029,051)	18,530,602
Overhead expenses	(3,714,844)	(545,360)	(245,515)	(1,041,345)	(94,090)	(2,848,356)	(621,802)	-	(9,111,312)
Operating profit before impairment losses	3,800,304	1,836,707	1,445,217	473,954	6,150	2,828,336	1,057,673	(2,029,051)	9,419,290
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	471,242	(203,609)	-	5,973	178	(682,931)	8,755	-	(400,392)
Writeback of/(allowances for) impairment losses on financial investments, net	-	-	44,390	9,015	(5,568)	62,491	(180,768)	-	(70,440)
Operating profit	4,271,546	1,633,098	1,489,607	488,942	760	2,207,896	885,660	(2,029,051)	8,948,458
Share of profits in associates and joint ventures	-	-	-	212	-	162,239	674	-	163,125
Profit before taxation and zakat	4,271,546	1,633,098	1,489,607	489,154	760	2,370,135	886,334	(2,029,051)	9,111,583
Taxation and zakat									(2,200,540)
Profit after taxation and zakat									6,911,043
Non-controlling interests									(194,588)
Profit for the financial year attributable to equity holders of the Bank									6,716,455
Included in overhead expenses are:									
Depreciation of property, plant and equipment	(116,271)	(19,853)	(10,834)	(45,663)	(858)	(120,792)	(16,904)	-	(331,175)
Amortisation of intangible assets	(78,933)	(14,339)	(7,970)	(40,815)	(624)	(69,419)	(19,403)	-	(231,503)

Notes to the Financial Statements

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58. SEGMENT INFORMATION (CONT'D.)

(ii) By geographical locations

The Group has operations in Malaysia, Singapore, Indonesia, the Philippines, Brunei Darussalam, People's Republic of China, Hong Kong SAR, Vietnam, United Kingdom, United States of America, Cambodia, Laos, Bahrain, Labuan Offshore and Thailand.

With the exception of Malaysia, Singapore and Indonesia, no other individual country contributed more than 10% of the consolidated operating revenue before operating expenses and of the total assets.

Operating revenue, net operating income, profit before taxation and zakat, and assets based on geographical locations of customers are as follows:

Income statement items For the financial year ended 31 December 2015	Operating revenue RM'000	Net operating income RM'000	Profit before taxation and zakat RM'000
Malaysia	31,497,985	16,728,707	9,144,397
Singapore	5,189,677	3,555,164	1,449,284
Indonesia	4,872,886	2,769,164	337,785
Others	3,049,370	1,283,936	684,505
	44,609,918	24,336,971	11,615,971
Elimination*	(4,053,547)	(3,099,050)	(2,464,423)
Group	40,556,371	21,237,921	9,151,548

Income statement items For the financial year ended 31 December 2014	Operating revenue RM'000	Net operating income RM'000	Profit before taxation and zakat RM'000
Malaysia	28,894,531	14,941,392	8,898,151
Singapore	4,406,402	3,073,428	1,307,960
Indonesia	4,243,838	2,239,999	276,612
Others	1,995,097	1,368,317	1,035,481
	39,539,868	21,623,136	11,518,204
Elimination*	(3,827,862)	(3,092,534)	(2,406,621)
Group	35,712,006	18,530,602	9,111,583

* Inter-segment revenue are eliminated on consolidation.

The total non-current and current assets based on geographical locations are as follows:

Statement of financial position items:	Non-current assets ¹		Current assets ²	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	9,066,380	8,335,574	460,279,354	454,625,309
Singapore	986,054	946,136	160,824,037	130,835,260
Indonesia	107,660	122,102	49,131,970	40,621,158
Others	176,658	141,236	61,815,228	48,712,156
	10,336,752	9,545,048	732,050,589	674,793,883
Elimination ³	-	-	(34,042,838)	(44,038,975)
Group	10,336,752	9,545,048	698,007,751	630,754,908

¹ Non-current assets consist of investment properties, property, plant and equipment and intangible assets.

² Current assets are total assets excluding non-current assets as mentioned above.

³ Inter-segment balances are eliminated on consolidation.

Notes to the Financial Statements

31 December 2015

59. SIGNIFICANT AND SUBSEQUENT EVENTS

The following are the significant events of the Group and of the Bank during the financial year ended 31 December 2015:

(a) SGD600.0 million 6% Capital Securities Callable with Step-Up in 2018 Issued by the Bank pursuant to its RM4.0 billion Innovative Tier 1 Capital Securities Programme

On 21 January 2015, the Bank purchased SGD78.0 million out of the SGD600.0 million Innovative Tier 1 Capital Securities ("IT1CS") through a private treaty arrangement. The SGD78.0 million IT1CS bought back have been cancelled on 28 January 2015.

(b) Issuance of USD50.0 million Floating Rate Note in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 29 January 2015, the Bank had completed the issuance of USD50.0 million Floating Rate Note which is due in 2016 under the USD5.0 billion Multicurrency Medium Term Note Programme. The borrowings bear floating interest rates of 3-month LIBOR + 48bps per annum.

(c) Acquisition of additional 6.55% shareholdings in PT Wahana Ottomitra Multiartha ("WOM") by PT Bank Maybank Indonesia Tbk ("Maybank Indonesia"), a subsidiary of the Bank

On 6 March 2015, PT Bank Maybank Indonesia Tbk ("Maybank Indonesia"), a subsidiary of the Bank, acquired an additional 6.55% of the issued shares of PT Wahana Ottomitra Multiartha ("WOM") at a purchase price of IDR154,797.0 million.

(d) Issuance of JPY denominated bonds amounting to JPY31.1 billion in Samurai Bonds market

Maybank had on 3 April 2015 obtained the approval from Securities Commission Malaysia for the issuance of Samurai Bonds.

On 30 April 2015, the Bank completed its inaugural issuance of JPY31.3 billion Samurai Bonds (the "Bonds"). The Bonds comprise of two series with issuance of JPY18.5 billion and JPY12.8 billion in nominal value due in 2018 and 2020 respectively. The Bonds bear fixed interest rates of 0.397% and 0.509% per annum, payable semi-annually, respectively.

The proceeds from the Bonds will be utilised to fund Maybank's working capital, general banking and other corporate purposes.

Details of the Bonds are disclosed in Note 28(b)(iv).

(e) Disposal of the entire equity interest in Maybank (PNG) Limited ("MPNG") and Mayban Property (PNG) Limited ("MPPNG")

On 18 May 2015, Maybank entered into a share sale agreement ("SSA") with Kina Ventures Limited ("Kina Ventures") and Kina Securities Limited, for the proposed disposal of the Bank's entire equity interest in Maybank (PNG) Limited ("MPNG") and Mayban Property (PNG) Limited ("MPPNG") to Kina Ventures ("Proposed Disposal").

The Proposed Disposal involves the sale of Maybank's entire equity interest in MPNG and MPPNG to Kina Ventures for a total cash consideration of approximately Kina 319.0 million (equivalent to approximately RM418.0 million based on the exchange rate of Kina 1 = RM1.31 as at 18 May 2015), plus the difference in the value of the net assets of MPNG as at the completion of the Proposed Disposal compared to 31 December 2014. The completion of the Proposed Disposal is expected to occur in the second half of year 2015, upon achieving IT and operational readiness as prescribed in the share sale agreement ("SSA").

MPNG and MPPNG, wholly-owned subsidiaries of Maybank, were incorporated in Papua New Guinea and are involved in commercial banking activities and property investment respectively. The Proposed Disposal is undertaken as part of Maybank's continuous effort to evaluate its international operations with a specific focus on maximising capital use as well as optimising resources in the most efficient manner.

The Proposed Disposal is subject to the approval of the Bank of Papua New Guinea, which was obtained on 12 May 2015. MPNG and MPPNG will cease to be subsidiaries of Maybank with effect from the completion of the Proposed Disposal.

On 30 September 2015 ("Completion Date"), Maybank announced that the Proposed Disposal had been completed after having achieved IT and operational readiness as prescribed in the SSA and as a result, effective 1 October 2015, MPNG and MPPNG ceased to be subsidiaries of Maybank.

Accordingly, Kina Ventures has paid, and Maybank has received, a total cash consideration of Kina 352.8 million (equivalent to approximately RM546.8 million based on the exchange rate of Kina 1 = RM1.55 as at 30 September 2015). Following a completion audit as prescribed in the SSA, a purchase price adjustment shall be made to reflect the changes to the net asset value of MPNG to the Completion Date. The completion audit have not been finalised as at the reporting date.

The completion of disposal of MPNG and MPPNG has no effect on the issued and paid-up share capital and shareholdings of the substantial shareholders of Maybank, and has no material effect on the earnings per share, net assets per share and gearing of the Group for the financial year ended 31 December 2015.

The financial impact on the Disposal is disclosed in Note 17(b).

(f) Establishment of U.S. Commercial Paper Programme of up to a maximum aggregate amount of USD500.0 million in nominal amount

On 19 June 2015, the Bank had obtained approval from Securities Commission Malaysia for the establishment of the U.S. Commercial Paper Programme ("U.S. CP Programme"). The U.S. CP Programme will enable Maybank New York Branch to issue the U.S. CP Notes (the "Notes") and have outstanding at any time of USD500.0 million in nominal value.

The Notes will be offered and sold in privately negotiated transactions exempt from the registration requirements of the U.S. Securities Act of 1933 in reliance on Section 3(a)(2) thereof. The U.S. CP Programme is fully supported by a USD500 million direct-pay letter of credit which was issued by Wells Fargo Bank, N.A. on 2 November 2015, and has been assigned a Prime-1 rating by Moody's Investors Service, Inc. and A-1+ by Standard & Poor's Ratings Services.

The U.S. CP Programme will give Maybank the flexibility to raise funds via the issuance of commercial papers from time to time which can be utilised for general corporate purposes.

The U.S. CP Programme has been successfully established on 27 October 2015.

Details of issuance of the Notes are disclosed in Note 28(b)(v).

(g) Subscription of rights issue of 17,597,250 new ordinary shares of RM1.00 each issued by Maybank Islamic Berhad ("MIB"), a wholly-owned subsidiary of the Bank

On 28 August 2015, MIB completed its rights issue of 17,597,250 new ordinary shares of RM1.00 each at an issue price of RM32.76 per ordinary share for a total consideration of RM576,485,910. The proceeds raised from the rights issue will be used to improve its capital structure and strengthen its financial position to spearhead further growth.

Details for the rights issue are disclosed in Note 17(a).

Notes to the Financial Statements

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59. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

The following are the significant events of the Group and of the Bank during the financial year ended 31 December 2015 (cont'd.):

(h) Establishment of RM10.0 billion Medium Term Note Programme ("MTN")

On 2 September 2015, the Bank established a RM10.0 billion Senior MTN Programme ("RM MTN Programme"). The RM MTN Programme will enable the Bank to issue from time to time, Ringgit Malaysia senior notes with callable features, provided that the aggregate amount of outstanding senior notes shall not at any time exceed RM10.0 billion in nominal value.

On 26 August 2015, the Bank lodged with Securities Commission Malaysia all required information and relevant documents relating to the RM MTN Programme pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework revised and effective on 15 June 2015.

The RM MTN Programme will give the Bank the flexibility to raise funds via the issuance of MTNs from time to time which can be utilised, amongst others, to fund the Bank's working capital, general banking and other corporate purposes, including the refinancing of any existing borrowings incurred by the Bank and/or any existing debt instruments issued by the Bank.

The RM MTN Programme has been assigned a final long-term debt rating of AAA by Malaysian Rating Corporation Berhad.

Details of issuance of the Notes are disclosed in Note 28(b)(ii).

(i) Issuance of Tier 2 Subordinated Notes of RM2.2 billion pursuant to the RM7.0 billion Subordinated Note Programme

Maybank had, on 19 October 2015, issued RM2.2 billion Basel III-compliant Tier 2 Subordinated Notes (the "Subordinated Notes") with a tenor of 10 years on a 10 non-callable 5 basis under the RM7.0 billion Subordinated Note Programme, which are due on 17 October 2025.

The Subordinated Notes bear fixed interest rate of 4.90% per annum, payable semi-annually and qualified as Tier 2 Capital of Maybank in accordance with BNM Capital Adequacy Framework.

The Bank may, subject to the prior consent of BNM, redeem the Subordinated Notes, in whole or in part, on 19 October 2020 (first Call Date) and thereafter on every coupon payment date.

The proceeds from the Subordinated Notes will be utilised to fund Maybank's working capital, general banking and other corporate purposes.

Details of the Subordinated Notes are disclosed in Note 29(xvi).

(j) Issuance of Tier 2 Subordinated Notes of RM1.1 billion pursuant to the RM7.0 billion Subordinated Note Programme

Maybank had, on 27 October 2015, issued RM1.1 billion Basel III-compliant Tier 2 Subordinated Notes (the "Subordinated Notes") with a tenor of 10 years on a 10 non-callable 5 basis under the RM7.0 billion Subordinated Note Programme, which are due on 27 October 2025.

The Subordinated Notes bear fixed interest rate of 4.90% per annum, payable semi-annually and qualified as Tier 2 Capital of Maybank in accordance with BNM Capital Adequacy Framework.

The Bank may, subject to the prior consent of BNM, redeem the Subordinated Notes, in whole or in part, on 27 October 2020 (first Call Date) and thereafter on every coupon payment date.

The proceeds from the Subordinated Notes will be utilised to fund Maybank's working capital, general banking and other corporate purposes.

Details of the Subordinated Notes are disclosed in Note 29(xvii).

The following are the subsequent events of the Group and of the Bank subsequent to the financial year ended 31 December 2015:

(a) Establishment of a Structured Note Programme of USD3.0 billion in nominal amount

On 19 January 2016, the Bank successfully established a USD3.0 billion Structured Note Programme, which enables the Bank to widen its product offerings by issuing structured notes in various countries (outside of the United States and Malaysia) in accordance with applicable selling restrictions.

(b) Issuance of HKD200.0 million Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 22 January 2016, the Bank completed the issuance of HKD200.0 million Fixed Rate Notes which are due in 2018 under the USD5.0 billion Multicurrency Medium Term Note Programme. The borrowings bear fixed interest rates of 1.77% per annum.

(c) Issuance of USD347.0 million 30 years Callable Zero Coupon Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 3 February 2016, the Bank completed the issuance of USD347.0 million 30 years Callable Zero Coupon Notes which are due in 2046 under the USD5.0 billion Multicurrency Medium Term Note Programme. The borrowings bear fixed interest rates of 4.75% per annum.

Notes to the Financial Statements

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60. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS

(a) Income statement

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating revenue	1,252,908	1,692,726	1,538,985	1,598,572	1,011,704	839,246	1,236,838	1,353,928	5,040,435	5,484,472
Interest income	382,814	435,140	320,709	308,399	62,058	57,466	163,892	168,798	929,473	969,803
Interest expense	-	-	-	-	-	-	(34,210)	(28,675)	(34,210)	(28,675)
Net interest income	382,814	435,140	320,709	308,399	62,058	57,466	129,682	140,123	895,263	941,128
Net earned insurance premiums	995,584	984,224	1,132,279	1,017,700	943,327	772,264	1,125,509	1,171,880	4,196,699	3,946,068
Other operating income	117,639	288,991	94,027	272,473	9,553	9,517	106,650	150,652	327,869	721,633
Total operating income	1,496,037	1,708,355	1,547,015	1,598,572	1,014,938	839,247	1,361,841	1,462,655	5,419,831	5,608,829
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,266,054)	(1,518,592)	(1,378,625)	(1,442,093)	(1,010,504)	(836,657)	(248,318)	(231,926)	(3,903,501)	(4,029,268)
Net operating income	229,983	189,763	168,390	156,479	4,434	2,590	1,113,523	1,230,729	1,516,330	1,579,561
Overhead expenses	(107,546)	(155,404)	(33,315)	(39,149)	(1,147)	(567)	(405,655)	(420,279)	(547,663)	(615,399)
Operating profit before impairment losses	122,437	34,359	135,075	117,330	3,287	2,023	707,868	810,450	968,667	964,162
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	398	3,138	2,420	7,087	(1,404)	(1,683)	(9,133)	212	(7,719)	8,754
Allowances for impairment losses on financial investments, net	(122,835)	(37,497)	(137,495)	(124,417)	(1,883)	(340)	(59,776)	(18,515)	(321,989)	(180,769)
Operating profit	-	-	-	-	-	-	638,959	792,147	638,959	792,147
Share of (losses)/profits in associates	-	-	-	-	-	-	(1,919)	674	(1,919)	674
Profit before taxation and zakat	-	-	-	-	-	-	637,040	792,821	637,040	792,821
Taxation and zakat	-	-	-	-	-	-	(214,348)	(219,673)	(214,348)	(219,673)
Profit for the financial year	-	-	-	-	-	-	422,692	573,148	422,692	573,148

Notes to the Financial Statements

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60. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

(b) Statement of financial position

Group 2015	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Shareholders' and General Funds RM'000	Total RM'000
Assets					
Cash and short-term funds	105,190	62,859	51,104	156,906	376,059
Deposits and placements with financial institutions	1,333,863	1,069,180	100,428	945,253	3,448,724
Financial assets at fair value through profit or loss	7,540,814	4,617,534	-	-	12,158,348
Financial investments available-for-sale	994,696	3,107,175	1,512,312	3,657,742	9,271,925
Loans, advances and financing	268,843	3,300	-	28,945	301,088
Derivative assets	5,217	-	-	-	5,217
Reinsurance/retakaful assets and other insurance receivables	64,804	125,862	292,692	3,872,296	4,355,654
Other assets	77,160	32,329	2,040	157,674	269,203
Investment properties	618,607	-	-	96,305	714,912
Interest in associates	-	-	-	152	152
Property, plant and equipment	80,781	-	-	71,691	152,472
Intangible assets	19,144	-	-	33,720	52,864
Deferred tax assets	14,517	9,115	11,310	32,909	67,851
Total assets	11,123,636	9,027,354	1,969,886	9,053,593	31,174,469
Liabilities					
Derivative liabilities	53,251	-	-	-	53,251
Insurance/takaful contract liabilities and other insurance payables	8,641,046	8,693,142	1,666,418	4,838,735	23,839,341
Other liabilities*	2,353,297	330,290	297,902	(1,815,558)	1,165,931
Provision for taxation and zakat	37,000	81	-	14,909	51,990
Deferred tax liabilities	39,042	3,841	5,566	512,092	560,541
Subordinated obligations	-	-	-	811,316	811,316
Total liabilities	11,123,636	9,027,354	1,969,886	4,361,494	26,482,370
Equity attributable to equity holders of the Subsidiaries					
Share capital	-	-	-	252,005	252,005
Other reserves	-	-	-	4,440,094	4,440,094
	-	-	-	4,692,099	4,692,099
Total liabilities and shareholders' equity	11,123,636	9,027,354	1,969,886	9,053,593	31,174,469

* 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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60. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

(b) Statement of financial position (cont'd.)

Group 2014	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Shareholders' and General Funds RM'000	Total RM'000
Assets					
Cash and short-term funds	53,254	50,364	49,612	140,400	293,630
Deposits and placements with financial institutions	598,475	374,121	118,495	616,214	1,707,305
Financial assets at fair value through profit or loss	8,977,758	4,490,284	-	-	13,468,042
Financial investments available-for-sale	1,056,052	3,361,546	1,349,788	3,849,271	9,616,657
Loans, advances and financing	276,085	7,300	-	30,646	314,031
Derivative assets	14,936	-	-	-	14,936
Reinsurance/retakaful assets and other insurance receivables	64,153	121,948	339,827	4,446,135	4,972,063
Other assets	108,217	112,213	2,056	202,718	425,204
Investment properties	536,895	-	-	51,035	587,930
Interest in associates	-	-	-	10,974	10,974
Property, plant and equipment	77,070	-	-	72,916	149,986
Intangible assets	12,967	-	-	23,451	36,418
Deferred tax assets	6,581	16,027	8,761	35,563	66,932
Total assets	11,782,443	8,533,803	1,868,539	9,479,323	31,664,108
Liabilities					
Derivative liabilities	15,135	-	-	-	15,135
Insurance/takaful contract liabilities and other insurance payables	9,544,425	8,217,200	1,650,190	5,387,018	24,798,833
Other liabilities*	2,162,437	309,793	206,533	(1,759,346)	919,417
Provision for taxation and zakat	26,429	5,445	7,012	(64,430)	(25,544)
Deferred tax liabilities	34,017	1,365	4,804	460,814	501,000
Subordinated obligations	-	-	-	811,334	811,334
Total liabilities	11,782,443	8,533,803	1,868,539	4,835,390	27,020,175
Equity attributable to equity holders of the Subsidiaries					
Share capital	-	-	-	252,005	252,005
Other reserves	-	-	-	4,391,928	4,391,928
	-	-	-	4,643,933	4,643,933
Total liabilities and shareholders' equity	11,782,443	8,533,803	1,868,539	9,479,323	31,664,108

* 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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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”)

(a) Statement of financial position

Group	Note	2015 RM'000	2014 RM'000
Assets			
Cash and short-term funds	(f)	8,844,863	17,893,965
Deposits and placements with financial institutions	(g)	12,448	763
Financial investments portfolio	(h)	9,468,692	9,464,746
Financing and advances	(i)	131,205,884	108,814,883
Derivative assets	(j)	497,905	169,535
Other assets	(k)	4,105,053	7,981,518
Statutory deposits with central banks	(l)	3,834,000	3,778,000
Property, plant and equipment	(m)	889	1,162
Intangible asset	(n)	108	658
Deferred tax assets	(o)	38,402	35,963
Total assets		158,008,244	148,141,193
Liabilities			
Deposits from customers	(p)	106,078,321	99,996,856
Investment accounts of customers	(q)	17,657,893	-
Deposits and placements from financial institutions	(r)	21,350,738	36,625,916
Bills and acceptances payable		33,556	5,947
Derivative liabilities	(j)	587,772	273,865
Other liabilities	(s)	398,687	288,384
Provision for taxation and zakat	(u)	24,419	54,994
Subordinated sukuk	(v)	2,527,960	2,527,629
Total liabilities		148,659,346	139,773,591
Islamic Banking Capital Funds			
Islamic Banking Funds	(d)	1,194,821	1,175,774
Share premium	(d)	4,658,233	4,099,344
Retained profits	(d)	2,728,172	2,470,137
Other reserves		767,672	622,347
		9,348,898	8,367,602
Total liabilities and Islamic Banking capital funds		158,008,244	148,141,193
Commitments and contingencies	(cc)	49,744,091	37,876,493

The accompanying notes provide further details on the balances as at reporting date.

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(b) Income statement

Group	Note	2015 RM'000	2014 RM'000
Income derived from investment of depositors' and investment account funds	(w)	6,810,583	5,545,645
Income derived from investment of Islamic Banking Funds	(x)	380,545	325,187
Allowances for impairment losses on financing and advances	(y)	(385,543)	(84,885)
Total attributable income		6,805,585	5,785,947
Income attributable to the depositors and investment account holders	(z)	(3,922,323)	(3,085,192)
Total net income		2,883,262	2,700,755
Finance cost		(113,781)	(93,074)
Overhead expenses	(aa)	(1,189,776)	(997,395)
Profit before taxation and zakat		1,579,705	1,610,286
Taxation	(bb)	(420,316)	(424,596)
Zakat		(9,380)	(19,572)
Profit for the financial year		1,150,009	1,166,118

For consolidation with the conventional banking operations, income from Islamic Banking Scheme as shown on the face of the consolidated income statements, comprises the following items:

Group	2015 RM'000	2014 RM'000
Income derived from investment of depositors' and investment account funds	6,810,583	5,545,645
Income derived from investment of Islamic Banking Funds	380,545	325,187
Total income before allowance for impairment losses on financing and advances and overhead expenses	7,191,128	5,870,832
Income attributable to the depositors and investors	(3,922,323)	(3,085,192)
	3,268,805	2,785,640
Finance cost	(113,781)	(93,074)
Net of intercompany income and expenses	783,613	578,645
Income from Islamic Banking Scheme operations reported in the income statement of the Group	3,938,637	3,271,211

The accompanying notes provide further details on the amounts recorded for the financial years ended 31 December 2015 and 31 December 2014.

(c) Statement of comprehensive income

Group	2015 RM'000	2014 RM'000
Profit for the financial year	1,150,009	1,166,118
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net gain on foreign exchange translation	117,334	80,974
Net (loss)/gain of financial investments available-for-sale	(6,500)	34,691
Income tax effect	1,625	(9,420)
Other comprehensive income for the financial year, net of tax	112,459	106,245
Total comprehensive income for the financial year	1,262,468	1,272,363

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(d) Statement of changes in Islamic Banking Capital Funds

Group As at 31 December 2015	Islamic Banking Fund RM'000	Non-distributable								Distributable Retained Profits RM'000	Total RM'000
		Share Premium RM'000	AFS Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Equity contribution from the holding company* RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000		
At 1 January 2015	1,175,774	4,099,344	(99,618)	1,830	409,672	274,500	1,697	34,456	(190)	2,470,137	8,367,602
Profit for the financial year	-	-	-	-	-	-	-	-	-	1,150,009	1,150,009
Other comprehensive (loss)/income	-	-	(4,875)	117,334	-	-	-	-	-	-	112,459
Net gain on foreign exchange translation	-	-	-	117,334	-	-	-	-	-	-	117,334
Net loss on financial investments available- for-sale	-	-	(4,875)	-	-	-	-	-	-	-	(4,875)
Total comprehensive (loss)/income for the financial year	-	-	(4,875)	117,334	-	-	-	-	-	1,150,009	1,262,468
Transfer from/(to) conventional banking operations	1,450	-	-	(122,883)	-	-	-	-	-	10,250	(111,183)
Issue of ordinary shares (Note 17(a) & 59(g))	17,597	558,889	-	-	-	-	-	-	-	-	576,486
Dividends paid	-	-	-	-	-	-	-	-	-	(746,475)	(746,475)
Transfer to regulatory reserve	-	-	-	-	-	155,749	-	-	-	(155,749)	-
At 31 December 2015	1,194,821	4,658,233	(104,493)	(3,719)	409,672	430,249	1,697	34,456	(190)	2,728,172	9,348,898

* 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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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Statement of changes in Islamic Banking Capital Funds (cont'd.)

Group As at 31 December 2014	Islamic Banking Fund RM'000	Non-distributable								Distributable Retained Profits RM'000	Total RM'000
		Share Premium RM'000	AFS Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Equity contribution from the holding company*	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000		
At 1 January 2014	1,278,853	3,725,969	(124,889)	328	409,672	-	1,697	34,456	(190)	2,445,492	7,771,388
Profit for the financial year	-	-	-	-	-	-	-	-	-	1,166,118	1,166,118
Other comprehensive income	-	-	25,271	80,974	-	-	-	-	-	-	106,245
Net gain on foreign exchange translation	-	-	-	80,974	-	-	-	-	-	-	80,974
Net gain on financial investments available-for-sale	-	-	25,271	-	-	-	-	-	-	-	25,271
Total comprehensive income for the financial year	-	-	25,271	80,974	-	-	-	-	-	1,166,118	1,272,363
Transfer (to)/from conventional banking operations	(130,453)	-	-	(79,472)	-	-	-	-	-	7,904	(202,021)
Issue of ordinary shares	27,374	373,375	-	-	-	-	-	-	-	-	400,749
Dividends paid	-	-	-	-	-	-	-	-	-	(874,877)	(874,877)
Transfer to regulatory reserve	-	-	-	-	-	274,500	-	-	-	(274,500)	-
At 31 December 2014	1,175,774	4,099,344	(99,618)	1,830	409,672	274,500	1,697	34,456	(190)	2,470,137	8,367,602

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

Notes to the Financial Statements

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(e) Statement of cash flows

Group	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	1,579,705	1,610,286
Adjustments for:		
Allowances for impairment losses on financing and advances, net	460,976	209,077
Amortisation of premiums less accretion of discounts, net	(89,428)	(47,224)
Unrealised gain of derivatives	(944)	(17,266)
Unrealised loss/(gain) of financial assets at fair value through profit or loss	4,831	(4,660)
Net gain on disposal of financial investments available-for-sale	(4,487)	(4,238)
Net gain on disposal of financial assets at fair value through profit or loss	(11,788)	(7,066)
Gain on foreign exchange transactions	(188,337)	(56,361)
Depreciation of property, plant and equipment	592	546
Amortisation of computer software	581	907
ESS expenses	1,520	1,970
Operating profit before working capital changes	1,753,221	1,685,971
Change in deposits and placements with financial institutions	(11,685)	62,617
Change in cash and short-term funds with original maturity of more than three months	(304,778)	60,662
Change in financing and advances	(22,851,977)	(21,628,843)
Change in derivative assets and liabilities	(13,518)	7,785
Change in other assets	3,876,465	1,119,955
Change in statutory deposit with central banks	(56,000)	(694,000)
Change in deposits from customers	6,269,687	16,676,877
Change in deposits and placements from financial institutions	(15,275,178)	3,194,060
Change in investment accounts of customers introduced during the financial year	17,657,893	-
Change in bills and acceptances payable	27,609	(56,177)
Change in financial investments portfolio	207,510	(92,817)
Change in other liabilities	222,564	101,008
Cash (used in)/generated from operations	(8,498,187)	437,098
Taxes and zakat paid	(460,836)	(372,372)
Net cash (used in)/generated from operating activities	(8,959,023)	64,726
Cash flows from investing activities		
Purchase of property, plant and equipment	(235)	(465)
Net cash used in investing activities	(235)	(465)
Cash flows from financing activities		
Dividends paid	(746,475)	(874,877)
Dividends paid for subordinated sukuk	(113,450)	(76,227)
Proceeds from issuance of subordinated sukuk	-	1,500,000
Proceeds from issuance of ordinary shares	577,936	270,296
Funds transferred to holding company	(112,633)	(71,566)
Recourse obligation on financing sold to Cagamas, net	-	(620,976)
Net cash (used in)/generated from financing activities	(394,622)	126,650
Net (decrease)/increase in cash and cash equivalents	(9,353,880)	190,911
Cash and cash equivalents at 1 January	17,893,965	17,703,054
Cash and cash equivalents at 31 December	8,540,085	17,893,965
Cash and short-term funds (Note 61(f))	8,844,863	17,893,965
Less: Cash and short-term funds with original maturity of more than three months	(304,778)	-
	8,540,085	17,893,965

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(f) Cash and short-term funds

Group	2015 RM'000	2014 RM'000
Cash, bank balances and deposits with financial institutions	29,430	5,043,846
Money at call	8,815,433	12,850,119
	8,844,863	17,893,965

(g) Deposits and placements with financial institutions

Group	2015 RM'000	2014 RM'000
Licensed banks	12,448	763

(h) Financial investments portfolio

Group	Note	2015 RM'000	2014 RM'000
Financial assets at fair value through profit or loss	(i)	335,384	1,254,663
Financial investments available-for-sale	(ii)	8,992,429	8,013,073
Financial investments held-to-maturity	(iii)	140,879	197,010
		9,468,692	9,464,746

(i) Financial assets at fair value through profit or loss are as follows:

Group	2015 RM'000	2014 RM'000
At fair value		
Money market instruments:		
Bank Negara Malaysia Monetary Notes	-	1,205,399
	-	1,205,399
Unquoted securities:		
Islamic private debt securities in Malaysia	-	20,240
Foreign Islamic debt securities	335,384	29,024
	335,384	49,264
Total financial assets at fair value through profit or loss	335,384	1,254,663

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31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(h) Financial investments portfolio (cont'd.)

(ii) Financial investments available-for-sale are as follows:

Group	2015 RM'000	2014 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	3,736,122	4,211,737
Negotiable instruments of deposits	3,648,665	2,100,000
Khazanah sukuk	67,804	65,027
	7,452,591	6,376,764
Unquoted securities:		
Islamic private debt securities in Malaysia	1,414,039	1,532,753
Foreign Islamic debt securities	34,177	27,871
Malaysian Government sukuk	91,122	75,685
Equity	500	-
	1,539,838	1,636,309
Total financial investments available-for-sale	8,992,429	8,013,073

(iii) Financial investments held-to-maturity are as follows:

Group	2015 RM'000	2014 RM'000
At amortised cost		
Money market instruments:		
Foreign Certificates of Deposits	47,098	42,322
Foreign Government Securities	45,893	154,688
	92,991	197,010
Unquoted securities:		
Foreign Islamic debt securities	47,888	-
	47,888	-
Total financial investments held-to-maturity	140,879	197,010

The maturity profile of money market instruments available-for-sale and held-to-maturity are as follows:

Group	2015 RM'000	2014 RM'000
Within one year	3,762,762	2,277,187
One year to three years	363,641	1,799,851
Three years to five years	1,531,404	304,291
After five years	1,887,775	2,192,445
	7,545,582	6,573,774

Notes to the Financial Statements

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances

Group	Bai** RM'000	Murabahah RM'000	Musyarakah RM'000	Al-Ijarah Thumma Al-Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total Financing and Advances RM'000
2015								
Cashline	-	3,780,361	-	-	-	-	-	3,780,361
Term financing								
- Housing financing	20,673,308	55,978,143	2,729,517	-	-	-	-	79,380,968
- Syndicated financing	-	851,727	-	-	-	-	-	851,727
- Hire purchase receivables	-	-	-	35,493,985	-	-	-	35,493,985
- Other term financing	36,303,372	58,582,281	1,643,176	-	527,534	158,480	51,430	97,266,273
Bills receivables	-	905	-	-	-	-	290	1,195
Trust receipts	-	164,745	-	-	-	-	-	164,745
Claims on customers under acceptance credits	-	4,368,353	-	-	-	-	-	4,368,353
Staff financing	856,469	1,133,622	12,088	145,427	-	-	43,171	2,190,777
Credit card receivables	-	-	-	-	-	-	624,865	624,865
Revolving credit	-	9,931,330	-	-	-	-	-	9,931,330
	57,833,149	134,791,467	4,384,781	35,639,412	527,534	158,480	719,756	234,054,579
Unearned income								(101,736,143)
Gross financing and advances**								132,318,436
Allowances for impaired financing and advances:								
- Individual allowance								(356,555)
- Collective allowance								(755,997)
Net financing and advances								131,205,884
2014								
Cashline	-	2,423,156	-	-	-	-	-	2,423,156
Term financing								
- Housing financing	22,413,253	44,643,817	2,823,380	-	-	-	-	69,880,450
- Syndicated financing	-	35,105	-	-	-	-	-	35,105
- Hire purchase receivables	-	-	-	32,340,140	-	-	-	32,340,140
- Other term financing	43,829,655	39,773,412	1,806,647	-	161,882	174,983	528	85,747,107
Trust receipts	-	193,885	-	-	-	-	-	193,885
Claims on customers under acceptance credits	-	4,080,986	-	-	-	-	-	4,080,986
Staff financing	966,347	605,961	9,220	130,348	-	-	39,881	1,751,757
Credit card receivables	-	-	-	-	-	-	475,704	475,704
Revolving credit	-	8,800,225	-	-	-	-	-	8,800,225
	67,209,255	100,556,547	4,639,247	32,470,488	161,882	174,983	516,113	205,728,515
Unearned income								(96,088,908)
Gross financing and advances***								109,639,607
Allowances for impaired financing and advances:								
- Individual allowance								(212,945)
- Collective allowance								(611,779)
Net financing and advances								108,814,883

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

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

*** Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA").

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(i) Financing and advances (cont'd.)

(i) Financing and advances analysed by type of customers are as follows:

Group	2015 RM'000	2014 RM'000
Domestic non-banking institutions	3,982,710	4,009,723
Domestic business enterprises		
- Small and medium enterprises	14,831,080	11,612,718
- Others	23,541,337	17,138,032
Government and statutory bodies	7,069,349	7,209,490
Individuals	81,305,925	68,763,500
Other domestic entities	25,446	22,678
Foreign entities	1,562,589	883,466
Gross financing and advances	132,318,436	109,639,607

(ii) Financing and advances analysed by profit rate sensitivity are as follows:

Group	2015 RM'000	2014 RM'000
Fixed rate		
- House financing	1,499,155	1,579,702
- Hire purchase receivables	30,680,181	27,780,000
- Other financing	21,816,804	23,678,689
Floating rate		
- House financing	25,701,951	18,967,185
- Other financing	52,620,345	37,634,031
Gross financing and advances	132,318,436	109,639,607

(iii) Financing and advances analysed by their economic purposes are as follows:

Group	2015 RM'000	2014 RM'000
Purchase of securities	18,801,131	17,017,134
Purchase of transport vehicles	30,662,798	27,784,900
Purchase of landed properties		
- Residential	25,977,558	19,554,874
- Non-residential	9,480,798	6,963,083
Purchase of fixed assets	45,843	16,774
Personal use	2,302,953	1,845,435
Consumer durables	570	718
Construction	3,727,995	3,122,738
Working capital	39,686,196	31,955,376
Credit/charge cards	662,425	475,617
Other purposes	970,169	902,958
Gross financing and advances	132,318,436	109,639,607

(iv) The maturity profile of financing and advances is as follows:

Group	2015 RM'000	2014 RM'000
Within one year	22,114,132	17,533,340
One year to three years	7,518,401	9,576,794
Three years to five years	11,934,839	8,048,694
After five years	90,751,064	74,480,779
Gross financing and advances	132,318,436	109,639,607

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31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

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

Group	2015 RM'000	2014 RM'000
Gross impaired financing at 1 January	697,954	531,627
Newly impaired	1,026,496	728,670
Reclassified as non-impaired	(362,515)	(285,316)
Amount recovered	(122,687)	(153,007)
Amount written-off	(171,412)	(124,020)
Converted to financial investments AFS	(1,864)	-
Gross impaired financing at 31 December	1,065,972	697,954
Less: Individual allowance	(356,555)	(212,945)
Net impaired financing at 31 December	709,417	485,009
<u>Calculation of ratio of net impaired financing:</u>		
Gross financing and advances (excluding financing funded by RPSIA and IA)	103,795,391	100,091,424
Less: Individual allowance	(356,555)	(212,945)
Net financing and advances	103,438,836	99,878,479
Net impaired financing as a percentage of net financing and advances	0.69%	0.49%

(vi) Impaired financing and advances by economic purposes are as follows:

Group	2015 RM'000	2014 RM'000
Purchase of securities	28,393	21,956
Purchase of transport vehicles	108,370	94,031
Purchase of landed properties		
- Residential	91,604	82,395
- Non-residential	49,422	40,649
Personal use	14,452	12,139
Consumer durables	8	8
Construction	130,363	128,655
Working capital	638,403	315,029
Credit/charge cards	4,957	3,092
Impaired financing and advances	1,065,972	697,954

Notes to the Financial Statements

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(i) Financing and advances (cont'd.)

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

Group	2015 RM'000	2014 RM'000
Individual allowance		
At 1 January	212,945	172,880
Allowance made (Note 61(y))	241,304	123,302
Amount written back in respect of recoveries (Note 61(y))	(21,544)	(12,071)
Amount written-off	(78,116)	(69,249)
Transferred to collective allowance	(7,422)	(2,356)
Exchange differences	9,388	439
At 31 December	356,555	212,945
Collective allowance		
At 1 January	611,779	591,146
Allowance made* (Note 61(y))	228,408	84,488
Amount written-off	(93,296)	(65,700)
Transferred from individual allowance	7,422	2,356
Transferred to holding company	-	(1,224)
Exchange differences	1,684	713
At 31 December	755,997	611,779
As a percentage of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including regulatory reserve)	1.19%	0.89%

* As at 31 December 2015, the gross exposure of the financing funded by RPSIA was RM10,999.0 million (2014: RM9,548.2 million). The collective allowance relating to these financing amounting to RM77.1 million (2014: RM43.2 million) is recognised in the Group's conventional banking operations. There was no individual allowance required on these financing in the financial year ended 31 December 2015 and 31 December 2014.

The gross exposure of the financing funded by IA as at 31 December 2015 was RM17,657.9 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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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(j) Derivative financial instruments

The table below shows the fair value of derivative financial instruments recorded as assets or liabilities, together with their principal amounts. The principal amount, recorded gross, is the amount of the derivative's underlying asset, reference rate or index and is the basis upon which change in the value of derivatives are measured. The principal amounts indicate the volume of transactions outstanding at the financial year end and are indicative of neither the market risks nor the credit risk.

The IBS enters into derivative financial instruments at the request and on behalf of its customers as well as to hedge the IBS' own exposures and not for speculative purpose.

Group 2015	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange related contracts</u>			
Currency forward:			
- Less than one year	3,184,856	199,294	(8,119)
Currency swaps:			
- Less than one year	4,951,144	10,437	(213,121)
Currency spots:			
- Less than one year	36,020	-	(26)
Cross currency profit rate swaps:			
- Less than one year	1,359,453	67,923	(68,702)
- More than three years	652,367	63,285	(62,067)
<u>Profit rate related contracts</u>			
Profit rate options:			
- One year to three years	400,000	-	(30,702)
- More than three years	555,000	10,832	(23,525)
Profit rate swaps:			
- More than three years	3,155,797	37,706	(30,291)
	14,294,637	389,477	(436,553)
Hedging derivatives			
<u>Foreign exchange related contracts</u>			
Cross currency profit rate swaps:			
- One year to three years	170,607	-	(43,937)
- More than three years	1,516,849	102,112	(102,112)
<u>Profit rate related contracts</u>			
Profit rate swaps:			
- Less than one year	718,000	718	(133)
- One year to three years	1,000,000	3,683	(3,683)
- More than three years	643,950	1,915	(1,354)
	4,049,406	108,428	(151,219)
Total	18,344,043	497,905	(587,772)

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(j) Derivative financial instruments (cont'd.)

Group 2014	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange related contracts</u>			
Currency forward:			
- Less than one year	2,194,500	97,395	(1,225)
Currency swaps:			
- Less than one year	3,894,756	10,624	(103,724)
Currency spots:			
- Less than one year	46,097	25	(44)
Cross currency profit rate swaps:			
- One year to three years	325,025	28,262	(28,262)
<u>Profit rate related contracts</u>			
Profit rate options:			
- One year to three years	400,000	-	(43,025)
- More than three years	430,000	479	(42,484)
Profit rate swaps:			
- More than three years	2,616,597	22,711	(18,708)
	9,906,975	159,496	(237,472)
Hedging derivatives			
<u>Foreign exchange related contracts</u>			
Cross currency profit rate swaps:			
- More than three years	1,794,612	1,622	(29,533)
<u>Profit rate related contracts</u>			
Profit rate swaps:			
- One year to three years	1,718,000	7,697	(6,724)
- More than three years	524,325	720	(136)
	4,036,937	10,039	(36,393)
Total	13,943,912	169,535	(273,865)

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(k) Other assets

Group	2015 RM'000	2014 RM'000
Amount due from holding company	3,211,964	7,161,180
Prepayment and deposits	238,137	235,458
Tax recoverable	30,143	-
Other debtors	624,809	584,880
	4,105,053	7,981,518

(l) Statutory deposits with central banks

The non-interest bearing statutory deposits maintained with BNM are in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as set percentages of total eligible liabilities.

(m) Property, plant and equipment

Group As at 31 December 2015	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Motor Vehicles RM'000	Total RM'000
Cost				
At 1 January 2015	2,128	1,428	685	4,241
Additions	235	-	-	235
Disposals	(3)	(6)	-	(9)
Exchange differences	260	145	48	453
At 31 December 2015	2,620	1,567	733	4,920
Accumulated depreciation				
At 1 January 2015	1,992	1,012	75	3,079
Depreciation charge for the financial year (Note 61(aa))	371	50	171	592
Disposals	(3)	(6)	-	(9)
Exchange differences	235	117	17	369
At 31 December 2015	2,595	1,173	263	4,031
Net carrying amount				
At 31 December 2015	25	394	470	889

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31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(m) Property, plant and equipment (cont'd.)

Group As at 31 December 2014	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Motor Vehicles RM'000	Total RM'000
Cost				
At 1 January 2014	2,018	1,259	468	3,745
Additions	14	120	331	465
Disposals	-	-	(124)	(124)
Exchange differences	96	49	10	155
At 31 December 2014	2,128	1,428	685	4,241
Accumulated depreciation				
At 1 January 2014	1,486	870	186	2,542
Depreciation charge for the financial year (Note 61(aa))	441	100	5	546
Disposals	-	-	(124)	(124)
Exchange differences	65	42	8	115
At 31 December 2014	1,992	1,012	75	3,079
Net carrying amount				
At 31 December 2014	136	416	610	1,162

(n) Intangible asset

Group	2015 RM'000	2014 RM'000
Computer software		
Cost		
At 1 January	5,692	5,467
Exchange differences	607	225
At 31 December	6,299	5,692
Accumulated amortisation		
At 1 January	5,034	3,947
Amortisation charge for the financial year (Note 61(aa))	581	907
Exchange differences	576	180
At 31 December	6,191	5,034
Net carrying amount		
At 31 December	108	658

(o) Deferred tax assets

Group	2015 RM'000	2014 RM'000
At 1 January	(35,963)	(268,231)
Recognised in income statements, net (Note 61(bb))	(565)	223,282
Recognised in statement of comprehensive income, net	(1,625)	9,420
Exchange differences	(249)	(434)
At 31 December	(38,402)	(35,963)

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(o) Deferred tax assets (cont'd.)

Deferred tax assets of the Group:

Group	Allowances for impairment losses on financing and advances RM'000	AFS reserve, impairment loss on financial investments and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2015					
At 1 January 2015	(188)	(31,668)	(67)	(4,040)	(35,963)
Recognised in income statements	-	(1,960)	-	1,395	(565)
Recognised in statement of comprehensive income	-	(1,625)	-	-	(1,625)
Exchange differences	47	(37)	-	(259)	(249)
At 31 December 2015	(141)	(35,290)	(67)	(2,904)	(38,402)
As at 31 December 2014					
At 1 January 2014	(201,464)	(63,145)	(67)	(3,555)	(268,231)
Recognised in income statements	201,664	22,288	-	(670)	223,282
Recognised in statement of comprehensive income	-	9,420	-	-	9,420
Exchange differences	(388)	(231)	-	185	(434)
At 31 December 2014	(188)	(31,668)	(67)	(4,040)	(35,963)

(p) Deposits from customers

Group	2015 RM'000	2014 RM'000
Savings deposit		
Wadiah	12,173,656	9,977,407
Mudharabah	-	888,056
	12,173,656	10,865,463
Demand deposit		
Wadiah	17,351,539	8,282,093
Mudharabah	11,980	12,780,538
	17,363,519	21,062,631
Term deposit		
Murabahah	75,261,088	53,655,446
Negotiable Islamic Debt Certificate ("NIDC")		
- Bai' Al-Inah	144,083	151,380
Hybrid (Bai' Bithaman Ajil and Murabahah)*	926,030	763,556
General investment account		
- Mudharabah	209,945	13,498,380
	76,541,146	68,068,762
Total deposits from customers	106,078,321	99,996,856

* Hybrid term deposits are structured deposits which are Ringgit Malaysia time deposits with embedded foreign currency exchange option, commodity-linked time deposits and profit rate options.

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(p) Deposits from customers (cont'd.)

(i) The maturity profile of term deposits except for hybrid term deposits are as follows:

Group	2015 RM'000	2014 RM'000
Within six months	67,973,148	60,165,766
Six months to one year	7,594,955	6,933,835
One year to three years	25,473	187,327
Three years to five years	21,540	18,278
	75,615,116	67,305,206

(ii) The deposits are sourced from the following types of customers:

Group	2015 RM'000	2014 RM'000
Business enterprises	44,395,761	40,243,287
Individuals	29,676,980	24,970,191
Government and statutory bodies	17,747,295	15,237,710
Others	14,258,285	19,545,668
	106,078,321	99,996,856

(q) Investment accounts of customers

(i) Movements in the investment accounts of customers are as follows:

Group	2015 RM'000
<u>Funding inflows/outflows</u>	
At 1 January	-
New placement during the financial year	24,818,668
Redemption during the financial year	(7,180,631)
Profit payable	19,856
At 31 December	17,657,893

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

Group	2015 RM'000
Unrestricted investment:	
Retail financing	13,691,213
Non-retail financing	3,832,880
Marketable securities	133,800
Total investment	17,657,893

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

Group 2015	Investment account holder	
	Average profit sharing ratio (%)	Average rate of return (%)
Investment accounts of customers	64	3.47

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(r) Deposits and placements from financial institutions

Group	2015 RM'000	2014 RM'000
Mudharabah Fund		
Licensed banks*	11,775,039	14,484,400
Other financial institutions	-	287,371
	11,775,039	14,771,771
Non-Mudharabah Fund		
Licensed banks	8,408,451	21,568,043
Other financial institutions	1,167,248	286,102
	9,575,699	21,854,145
	21,350,738	36,625,916

* Included in the deposits and placements from licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the Group's conventional operations amounting to RM11,037.8 million (2014: RM9,521.9 million). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the investor solely provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne by the Group's conventional operations as the investor.

(s) Other liabilities

Group	2015 RM'000	2014 RM'000
Profit Equalisation Reserve (Note 61(t))	5,157	5,157
Due to holding company	242,715	207,077
Other creditors, provisions and accruals	150,815	76,150
	398,687	288,384

(t) Profit Equalisation Reserve ("PER")

Group	2015 RM'000	2014 RM'000
At 1 January	5,157	16,977
Distribution to Investment Account Holder	-	(11,820)
At 31 December*	5,157	5,157

* Under the revised BNM PER Guideline issued on 1 July 2012, the PER of IBI is to be classified as a separate reserve in equity.

(u) Provision for taxation and zakat

Group	2015 RM'000	2014 RM'000
Taxation	14,747	34,531
Zakat	9,672	20,463
	24,419	54,994

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(v) Subordinated sukuk

Group	Note	2015 RM'000	2014 RM'000
RM1,000 million subordinated sukuk due in 2021	(i)	1,010,782	1,010,841
RM1,500 million subordinated sukuk due in 2024	(ii)	1,517,178	1,516,788
		2,527,960	2,527,629

- (i) On 31 March 2011, Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, issued RM1.0 billion nominal value Tier 2 Islamic Subordinated Sukuk (“the Sukuk”) under the Shariah principle of Musyarakah. The Sukuk carries a tenor of 10 years from the issue date on 10 non-callable 5 basis, with a profit rate of 4.22% per annum payable semi-annually in arrears in March and September each year and is due in March 2021. The subsidiary has the option to redeem the Sukuk on any semi-annual distribution date on or after the 5th anniversary from the issue date. Should the subsidiary decide not to exercise its option to redeem the Sukuk, the Sukuk shall continue to be outstanding until the final maturity date.

The Sukuk is unsecured and it is subordinated in rights and priority of payment, to all deposit liabilities and other liabilities of Maybank Islamic Berhad except for liabilities of Maybank Islamic Berhad which by their terms rank pari passu in right and priority of payment with the Sukuk.

- (ii) On 7 April 2014, Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, issued RM1.5 billion nominal value Islamic Subordinated Sukuk (“the Sukuk”) under the Shariah principle of Murabahah (via Tawaruq arrangement). The Sukuk carries a tenor of 10 years from the issue date on 10 non-callable 5 basis, with a profit rate of 4.75% per annum payable semi-annually in arrears in April and October each year and are due in April 2024. Under the 10 non-callable 5 basis feature, the subsidiary has the option to redeem the Sukuk on any semi-annual distribution date on or after the 5th anniversary from the issue date. Should the subsidiary decide not to exercise its option to redeem the Sukuk, the Sukuk shall continue to be outstanding until the final maturity date.

The Sukuk is unsecured and it is subordinated in rights and priority of payment, to all deposit liabilities and other liabilities of Maybank Islamic Berhad except liabilities of Maybank Islamic Berhad which by their terms rank pari passu in right and priority of payment with the Sukuk.

(w) Income derived from investment of depositors’ and investment account funds

Group	2015 RM'000	2014 RM'000
Income from investment of:		
(i) General investment deposits and investment accounts	4,814,266	3,725,799
(ii) Other deposits and investment accounts	1,996,317	1,819,846
	6,810,583	5,545,645

Notes to the Financial Statements

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(w) Income derived from investment of depositors' and investment account funds (cont'd.)

(i) Income derived from investment of general investment deposits and investment accounts:

Group	2015 RM'000	2014 RM'000
Finance income and hibah:		
Financing and advances	4,112,222	3,042,172
Financial investments AFS	141,104	146,274
Financial investments HTM	411	3,919
Financial assets at FVTPL	1,513	4,774
Money at call and deposits and placements with financial institutions	176,537	249,187
	4,431,787	3,446,326
Amortisation of premiums less accretion of discounts, net	60,787	30,371
Total finance income and hibah	4,492,574	3,476,697
Other operating income:		
Fee income	181,993	156,887
Gain on disposal of financial assets at FVTPL	8,028	4,545
Gain on disposal of financial investments AFS	3,050	1,616
Unrealised (loss)/gain of:		
- Financial assets at FVTPL	(3,149)	2,997
- Derivatives	642	11,105
Foreign exchange gain, net	124,244	35,216
Net profit on derivatives	6,884	36,736
Total other operating income	321,692	249,102
	4,814,266	3,725,799

(ii) Income derived from investment of other deposits and investment accounts:

Group	2015 RM'000	2014 RM'000
Finance income and hibah:		
Financing and advances	1,705,226	1,486,554
Financial investments AFS	58,524	71,664
Financial investments HTM	161	842
Financial assets at FVTPL	628	2,339
Money at call and deposits and placements with financial institutions	73,165	122,027
	1,837,704	1,683,426
Amortisation of premiums less accretion of discounts, net	25,212	14,880
Total finance income and hibah	1,862,916	1,698,306
Other operating income:		
Fee income	75,472	76,512
Gain on disposal of financial assets at FVTPL	3,330	2,226
Gain on disposal of financial investments AFS	1,265	792
Unrealised (loss)/gain of:		
- Financial assets at FVTPL	(1,306)	1,468
- Derivatives	266	5,441
Foreign exchange gain, net	51,519	17,103
Net profit on derivatives	2,855	17,998
Total other operating income	133,401	121,540
	1,996,317	1,819,846

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31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(x) Income derived from investment of Islamic Banking Funds

Group	2015 RM'000	2014 RM'000
Finance income and hibah:		
Financing and advances	282,091	240,478
Financial investments AFS	7,960	11,844
Financial investments HTM	575	4,314
Financial assets at FVTPL	589	4,625
Money at call and deposits and placements with financial institutions	13,122	16,402
	304,337	277,663
Accretion of discounts, net	3,429	1,973
Total finance income and hibah	307,766	279,636
Other operating income:		
Fee income	59,555	36,083
Gain on disposal of financial assets at FVTPL	430	295
Gain on disposal of financial investments AFS	172	1,829
Unrealised (loss)/gain of:		
- Financial assets at FVTPL	(376)	195
- Derivatives	36	721
Foreign exchange gain, net	12,574	4,042
Net profit on derivatives	388	2,386
Total other operating income	72,779	45,551
	380,545	325,187

(y) Allowances for impairment losses on financing and advances

Group	2015 RM'000	2014 RM'000
Individual allowance:		
- Allowance made (Note 61(i)(vii))	241,304	123,302
- Amount written back (Note 61(i)(vii))	(21,544)	(12,071)
Collective allowance (Note 61(i)(vii))	228,408	84,488
Bad debts and financing:		
- Written-off	12,809	13,358
- Recovered	(75,548)	(124,192)
Writeback of impairment losses on other debts	114	-
	385,543	84,885

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(z) Income attributable to the depositors and investment account holders

Group	2015 RM'000	2014 RM'000
Deposits from customers:		
- Mudharabah Fund	262,982	943,372
- Non-Mudharabah Fund	2,687,276	1,387,479
Deposits and placements from financial institutions:		
- Mudharabah Fund	457,780	453,291
- Non-Mudharabah Fund	398,302	301,050
Investment accounts of customers:		
- Mudharabah Fund	115,983	-
	3,922,323	3,085,192

(aa) Overhead expenses

Group	2015 RM'000	2014 RM'000
Personnel expenses:		
- Salaries and wages	34,568	33,918
- Social security cost	103	98
- Pension cost - defined contribution plan	4,140	3,956
- ESS expenses	1,520	1,970
- Other staff-related expenses	8,068	8,074
	48,399	48,016
Establishment costs:		
- Depreciation of property, plant and equipment (Note 61(m))	592	546
- Amortisation of computer software (Note 61(n))	581	907
- Information technology expenses	3,177	2,728
- Others	5,493	4,797
	9,843	8,978
Marketing costs:		
- Advertisement and publicity	12,449	11,892
- Others	2,572	4,971
	15,021	16,863
Administration and general expenses:		
- Fees and brokerage	30,909	8,728
- Administrative expenses	10,920	5,656
- General expenses	36,612	17,895
	78,441	32,279
Shared service cost paid/payable to Maybank	1,038,072	891,259
Total	1,189,776	997,395
Included in overhead expenses are:		
Shariah Committee Members' fee and remuneration	721	746

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31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(bb) Taxation

Group	2015 RM'000	2014 RM'000
Tax expense for the financial year	410,910	402,979
Under/(Over) provision in prior years: Malaysian income tax	9,971	(201,665)
	420,881	201,314
Deferred tax (Note 61(o)):		
Relating to origination and reversal of temporary differences	1,395	(671)
Reversal of deferred tax provided in prior years	(1,960)	223,953
	(565)	223,282
	420,316	424,596

(cc) Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs 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 as at each reporting date are as follows:

Group 2015	Full Commitment RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000
Contingent liabilities			
Direct credit substitutes	910,954	910,954	781,531
Certain transaction-related contingent items	1,911,462	926,177	957,057
Short-term self-liquidating trade-related contingencies	267,119	48,758	44,704
	3,089,535	1,885,889	1,783,292
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	17,719,695	3,541,800	2,034,823
- Maturity exceeding one year	10,543,530	4,158,267	1,247,773
	28,263,225	7,700,067	3,282,596
Miscellaneous commitments and contingencies	47,288	-	-
Total credit-related commitments and contingencies	31,400,048	9,585,956	5,065,888
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	9,531,473	357,026	96,863
- One year to less than five years	2,339,823	57,958	19,457
	11,871,296	414,984	116,320
Profit rate related contracts:			
- Less than one year	718,000	112,958	28,930
- One year to less than five years	3,348,950	433,288	151,603
- Five years and above	2,405,797	231,346	151,347
	6,472,747	777,592	331,880
Total treasury-related commitments and contingencies	18,344,043	1,192,576	448,200
Total commitments and contingencies	49,744,091	10,778,532	5,514,088

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

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(cc) Commitments and contingencies (cont'd.)

The risk-weighted exposures of the Group as at each reporting date are as follows (cont'd.):

Group 2014	Full Commitment RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000
Contingent liabilities			
Direct credit substitutes	728,537	703,467	373,128
Certain transaction-related contingent items	1,205,274	582,825	494,447
Short-term self-liquidating trade-related contingencies	186,627	36,646	22,058
	2,120,438	1,322,938	889,633
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	13,580,485	2,620,597	1,493,669
- Maturity exceeding one year	8,176,500	4,707,946	1,605,452
	21,756,985	7,328,543	3,099,121
Miscellaneous commitments and contingencies	55,158	-	-
Total credit-related commitments and contingencies	23,932,581	8,651,481	3,988,754
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	6,135,353	212,154	17,156
- One year to less than five years	2,119,637	129,985	27,101
	8,254,990	342,139	44,257
Profit rate related contracts:			
- One year to less than five years	3,747,325	238,208	91,437
- Five years and above	1,941,597	189,556	105,977
	5,688,922	427,764	197,414
Total treasury-related commitments and contingencies	13,943,912	769,903	241,671
Total commitments and contingencies	37,876,493	9,421,384	4,230,425

* The credit equivalent amount and risk-weighted amount are derived at using the credit conversion factors and risk-weights respectively as specified by BNM.

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(dd) Capital adequacy

The capital adequacy ratios of the Group are as follows:

Group	2015	2014
CET1 Capital Ratio	12.819%	12.501%
Tier 1 Capital Ratio	12.819%	12.501%
Total Capital Ratio	16.810%	16.504%

Components of capital:

Group	2015 RM'000	2014 RM'000
CET1/Tier 1 Capital		
Paid-up share capital/Islamic Banking Fund	562,960	517,020
Share premium	4,658,233	4,099,344
Retained profits	2,661,129	2,447,702
Other reserves	763,932	620,815
CET1 Capital before regulatory adjustments	8,646,254	7,684,881
Less: Regulatory adjustment applied in CET1 Capital	(503,107)	(377,273)
Total CET1/Tier 1 Capital	8,143,147	7,307,608
Tier 2 Capital		
Tier 2 capital instruments	2,200,000	2,300,000
Collective allowance ¹	31,578	40,144
Surplus of eligible provision over expected loss	303,861	-
Total Tier 2 Capital	2,535,439	2,340,144
Total Capital	10,678,586	9,647,752

¹ Excludes collective allowance for impaired financing and advances restricted from Tier 2 Capital.

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

Group	2015 RM'000	2014 RM'000
Standardised Approach exposure	6,672,405	5,148,640
Internal Ratings-Based Approach exposure after scaling factor	59,471,498	51,879,355
Total RWA for credit risk	66,143,903	57,027,995
Total RWA for credit risk absorbed by Maybank and IAH*	(9,098,255)	(3,930,555)
Total RWA for market risk	1,381,860	919,851
Total RWA for operational risk	5,098,197	4,441,134
Total RWA	63,525,705	58,458,425

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

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(ee) Fair values of financial assets and liabilities

The estimated fair values of financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the following financial assets and liabilities:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2015					
Financial assets					
Financial investments HTM	-	139,090	-	139,090	140,879
Financing and advances	-	44,467,116	90,732,650	135,199,766	131,205,884
Financial liabilities					
Deposits from customers	-	74,386,395	32,914,224	107,300,619	106,078,321
Investment accounts of customers	-	17,657,902	-	17,657,902	17,657,893
Deposits and placements from financial institutions	-	21,335,853	-	21,335,853	21,350,738
Subordinated sukuk	-	2,521,399	-	2,521,399	2,527,960
2014					
Financial assets					
Financial investments HTM	-	197,591	-	197,591	197,010
Financing and advances	-	32,859,276	77,585,591	110,444,867	108,814,883
Financial liabilities					
Deposits from customers	-	99,081,642	969,160	100,050,802	99,996,856
Deposits and placements from financial institutions	-	36,675,767	-	36,675,767	36,625,916
Subordinated sukuk	-	2,546,049	-	2,546,049	2,527,629

The methods and assumptions used to estimate the fair values of the financial assets and financial liabilities of IBS operations are as disclosed in Note 52.

(ff) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework on Rate of Return" issued by BNM in October 2001 and has been updated on 13 March 2013. The objective is to set the minimum standard and terms of reference for the Islamic banking institutions in calculating and deriving the rate of return for the depositors.

(gg) Shariah disclosures

(i) Shariah Committee and governance

The operations of the Group are governed by Section 28 and 29 of Islamic Financial Services Act 2013 ("IFSA"), which stipulates that any licensed institution shall at all times ensure that its aims and operations, business, affairs and activities are in compliance with Shariah and in accordance with the advice or ruling of the Shariah Advisory Council ("SAC"), specify standards on Shariah matters in respect of the carrying on of its business, affair or activity and Shariah Governance Framework for Islamic Financial Institutions issued by BNM, which stipulates that every Islamic Financial Institution is required to establish a Shariah Committee.

Based on the above, the duties and responsibilities of the Group's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's business in order to ensure compliance with the Shariah requirements.

The roles of Shariah Committee in monitoring the Group's activities include:

- To advise the Board on Shariah matters in its business operations;
- To endorse Shariah Compliance Manual;
- To endorse and validate relevant documentations;
- To assist related parties on Shariah matters for advice upon request;
- To advise on matters to be referred to the SAC;
- To provide written Shariah opinion; and
- To assist the SAC on reference for advice.

The Shariah Committee at the Group level has seven members.

Any transactions that are suspected to be Shariah non-compliant are reported to the Risk Management and escalated to the Shariah Committee for their deliberation and conclusion as to whether any Shariah requirements have been breached. For any non-compliant transactions, the related income will be purified by channeling the amount to an approved charitable organisation.

Notes to the Financial Statements

31 December 2015

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(gg) Shariah disclosures (cont'd.)

(ii) Shariah non-compliant events

For the financial year ended 31 December 2015, the nature of transactions deliberated at the Shariah Committee for Shariah non-compliance are as follows:

Group	No. of event(s)	RM'000
2015		
Non-existence and/or insufficient of underlying assets, usage of non-eligible underlying assets and non-execution of aqad	7	51
Income earned above the selling price	1	5
Income from financing of non-permissible activities	1	-
	9	56
2014		
Lapses in the execution of transactions, non-suitability of marketing collaterals and usage of non-eligible underlying assets	3	27

(iii) Sources and uses of charity funds

Apart from the purification of income from Shariah non-compliant events, Maybank Islamic Berhad has implemented several rectification measures relating to processes, legal documents and other control mechanism to minimise reoccurrence of the Shariah non-compliant incidents.

	2015 RM'000	2014 RM'000
Sources of charity funds		
Shariah non-compliance/prohibited income	56	27
Total sources of charity funds during the financial year	56	27
Uses of charity funds		
Contribution to non-profit organisation	56	27
Total uses of charity funds during the financial year	56	27
Undistributed charity funds as at 31 December	-	-

(iv) Recognition and measurement by main class of Shariah contracts

The recognition and measurement of each main class of Shariah contracts is dependent on the nature of the products, either financing or deposit product. The accounting policies for each of these products are disclosed in their respective policies.

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62. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES

(a) Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Issued and Paid-up Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2015 RM	2014 RM	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Banking										
Maybank Islamic Berhad	Islamic banking	Malaysia	263,958,750	246,361,500	100.00	100.00	-	-	100.00	100.00
PT Bank Maybank Syariah Indonesia ¹²	Islamic banking	Indonesia	819,307,000,000 ¹	819,307,000,000 ¹	100.00	100.00	-	-	100.00	100.00
Maybank International (L) Ltd.	Offshore banking	Malaysia	60,000,000 ²	60,000,000 ²	100.00	100.00	-	-	100.00	100.00
Maybank (PNG) Limited ¹³	Disposed	Papua New Guinea	-	5,000,000 ³	-	100.00	-	-	-	100.00
Maybank Philippines, Incorporated ¹²	Banking	Philippines	10,545,500,302 ⁴	10,545,500,302 ⁴	99.97	99.97	0.03	0.03	100.00	100.00
PT Bank Maybank Indonesia Tbk ¹² (formerly known as PT Bank Internasional Indonesia Tbk)	Banking	Indonesia	3,665,370,234,127 ¹	3,665,370,234,127 ¹	98.31 ¹⁶	98.31 ¹⁶	1.69	1.69	100.00	100.00
Maybank (Cambodia) Plc. ¹²	Banking	Cambodia	50,000,000 ²	50,000,000 ²	100.00	100.00	-	-	100.00	100.00
Finance										
Myfin Berhad	Ceased operations	Malaysia	551,250,000	551,250,000	100.00	100.00	-	-	100.00	100.00
Maybank Asset Management Group Berhad	Investment holding	Malaysia	20,032,003	20,032,003	100.00	100.00	-	-	100.00	100.00
Maybank Allied Credit & Leasing Sdn. Bhd.	Financing	Malaysia	10,000,000	10,000,000	100.00	100.00	-	-	100.00	100.00
PT Maybank Indonesia Finance ¹² (formerly known as PT BII Finance Center)	Multi-financing	Indonesia	32,370,000,000 ¹	32,370,000,000 ¹	98.31 ¹⁶	98.31 ¹⁶	1.69	1.69	100.00	100.00
PT Wahana Ottomitra Multiartha Tbk ¹²	Multi-financing	Indonesia	348,148,148,000 ¹	200,000,000,000 ¹	67.39 ¹⁶	60.95 ¹⁶	32.61	39.05	100.00	100.00
Kim Eng Finance (Singapore) Pte. Ltd. ¹²	Money lending	Singapore	2 ⁵	2 ⁵	100.00	100.00	-	-	100.00	100.00
Insurance										
Maybank Ageas Holdings Berhad	Investment holding	Malaysia	252,005,522	252,005,522	69.05	69.05	30.95	30.95	100.00	100.00
Sri MLAB Berhad ¹⁵	Under member's voluntary liquidation	Malaysia	2	2	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Life International (L) Ltd.	Offshore investment-linked insurance	Malaysia	3,500,000 ²	3,500,000 ²	69.05	69.05	30.95	30.95	100.00	100.00
Sri MGAB Berhad ¹⁵	Under member's voluntary liquidation	Malaysia	2	2	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Insurance Berhad	General insurance, life insurance and investment-linked business	Malaysia	152,151,399	152,151,399	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Takaful Berhad	General takaful, family takaful and investment-linked business	Malaysia	400,000,000	400,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Offshore Insurance (L) Ltd.	Provision of bureau services in Federal Territory of Labuan	Malaysia	124,841 ⁷	124,841 ⁷	69.05	69.05	30.95	30.95	100.00	100.00

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62. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Issued and Paid-up Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2015 RM	2014 RM	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Insurance (cont'd.)										
Etiqua International Holdings Sdn. Bhd.	Investment holding	Malaysia	485,310,828	485,310,828	100.00	100.00	-	-	100.00	100.00
AsianLife & General Assurance Corporation ¹²	Insurance provider	Philippines	494,994,040 ⁴	494,994,040 ⁴	95.24	95.24	4.76	4.76	100.00	100.00
Etiqua Insurance Pte. Ltd. ¹²	Provision of management services to holding company	Singapore	78,000,000 ⁵	25,000,000 ⁵	69.05	69.05	30.95	30.95	100.00	100.00
Investment Banking										
Maybank Investment Bank Berhad	Investment banking	Malaysia	50,116,000	50,116,000	100.00	100.00	-	-	100.00	100.00
Maysec Sdn. Bhd.	Investment holding	Malaysia	162,000,000	162,000,000	100.00	100.00	-	-	100.00	100.00
Maysec (KL) Sdn. Bhd.	Liquidated	Malaysia	-	124,000,000	-	100.00	-	-	-	100.00
Mayban Futures Sdn. Bhd. ¹⁵	Under member's voluntary liquidation	Malaysia	6,550,000	6,550,000	100.00	100.00	-	-	100.00	100.00
Mayban Securities (HK) Limited	Liquidated	Hong Kong	-	30,000,000 ⁶	-	100.00	-	-	-	100.00
PhileoAllied Securities (Philippines) Inc. ¹²	Dormant	Philippines	21,875,000 ⁴	21,875,000 ⁴	100.00	100.00	-	-	100.00	100.00
BinaFikir Sdn. Bhd.	Business/ Economic consultancy and advisory	Malaysia	650,000	650,000	100.00	100.00	-	-	100.00	100.00
Maybank IB Holdings Sdn. Bhd.	Investment holding	Malaysia	25,000,000	25,000,000	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Holdings Limited ¹²	Investment holding	Singapore	211,114,224 ⁵	211,114,224 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Securities Pte. Ltd. ¹²	Dealing in securities	Singapore	75,000,000 ⁵	75,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Corporate Finance Pte. Ltd.	Liquidated	Singapore	-	4,000,000 ⁵	-	100.00	-	-	-	100.00
PT. Maybank Kim Eng Securities ¹²	Dealing in securities	Indonesia	50,000,000,000 ¹	50,000,000,000 ¹	80.00	80.00	20.00	20.00	100.00	100.00
Maybank Kim Eng Securities (Thailand) Public Company Limited ¹²	Dealing in securities	Thailand	2,854,072,500 ⁸	2,854,072,500 ⁸	83.50	83.50	16.50	16.50	100.00	100.00
Maybank Kim Eng Securities (London) Limited ¹²	Dealing in securities	United Kingdom	600,000 ⁷	600,000 ⁷	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Securities USA Inc. ¹³	Dealing in securities	United States of America	15,500,000 ²	15,500,000 ²	100.00	100.00	-	-	100.00	100.00
Kim Eng Securities India Private Limited ¹³	Dealing in securities	India	290,000,000 ⁹	290,000,000 ⁹	75.00	75.00	25.00	25.00	100.00	100.00
Ong Asia Limited ¹²	Investment holding	Singapore	63,578,072 ⁵	63,578,072 ⁵	100.00	100.00	-	-	100.00	100.00
Ong Asia Securities (HK) Limited ¹²	Securities trading	Hong Kong	30,000,000 ⁶	30,000,000 ⁶	100.00	100.00	-	-	100.00	100.00

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62. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Issued and Paid-up Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2015 RM	2014 RM	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Investment Banking (cont'd.)										
Maybank Kim Eng Research Pte. Ltd. ¹²	Provision of research services	Singapore	300,000 ⁵	300,000 ⁵	100.00	100.00	-	-	100.00	100.00
Kim Eng Securities (Hong Kong) Limited ¹²	Dealing in securities	Hong Kong	310,000,000 ⁶	55,000,000 ⁶	100.00	100.00	-	-	100.00	100.00
Kim Eng Futures (Hong Kong) Limited ¹²	Futures contracts broker	Hong Kong	6,000,000 ⁶	6,000,000 ⁶	100.00	100.00	-	-	100.00	100.00
Maybank ATR Kim Eng Capital Partners, Inc. ¹²	Corporate finance & financial and investment advisory	Philippines	864,998,000 ⁴	864,998,000 ⁴	100.00	100.00	-	-	100.00	100.00
Maybank ATR Kim Eng Securities, Inc. ¹²	Dealing in securities	Philippines	400,000,000 ⁴	400,000,000 ⁴	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Securities Limited ¹²	Dealing in securities	Vietnam	829,110,000,000 ¹¹	829,110,000,000 ¹¹	100.00	100.00	-	-	100.00	100.00
Asset Management/ Trustees/Custody										
Maybank (Indonesia) Berhad	Dormant	Malaysia	5,000,000	5,000,000	100.00	100.00	-	-	100.00	100.00
Cekap Mentari Berhad	Securities issuer	Malaysia	2	2	100.00	100.00	-	-	100.00	100.00
Maybank International Trust (Labuan) Berhad	Investment holding	Malaysia	156,030	156,030	100.00	100.00	-	-	100.00	100.00
Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.	Investment holding	Malaysia	40,008	40,008	100.00	100.00	-	-	100.00	100.00
Maybank Trustees Berhad	Trustee services	Malaysia	500,000	500,000	100.00	100.00	-	-	100.00	100.00
Maybank Private Equity Sdn. Bhd.	Private equity investments	Malaysia	14,000,000	14,000,000	100.00	100.00	-	-	100.00	100.00
Maybank Asset Management Sdn. Bhd.	Fund management	Malaysia	10,001,000	10,001,000	100.00	100.00	-	-	100.00	100.00
Philmay Property, Inc. ¹²	Property leasing and trading	Philippines	100,000,000 ⁴	100,000,000 ⁴	60.00	60.00	40.00	40.00	100.00	100.00
Maybank (Nominees) Sdn. Bhd.	Nominee services	Malaysia	31,000	31,000	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Singapore) Private Limited ¹²	Nominee services	Singapore	60,000 ⁵	60,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Hong Kong) Limited ¹²	Nominee services	Hong Kong	3 ⁶	3 ⁶	100.00	100.00	-	-	100.00	100.00
Maybank Securities Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Securities Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Allied Berhad	Investment holding	Malaysia	753,908,638	753,908,638	100.00	100.00	-	-	100.00	100.00

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62. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Issued and Paid-up Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2015 RM	2014 RM	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Asset Management/ Trustees/Custody (cont'd.)										
Dourado Tora Holdings Sdn. Bhd.	Investment holding	Malaysia	3,200,000	3,100,000	100.00	100.00	-	-	100.00	100.00
Aurea Lakra Holdings Sdn. Bhd.	Property investment	Malaysia	1,000,000	1,000,000	100.00	100.00	-	-	100.00	100.00
Mayban Property (PNG) Limited ¹³	Disposed	Papua New Guinea	-	2,125,000 ³	-	100.00	-	-	-	100.00
Maybank International Trust (Labuan) Ltd.	Trustee services	Malaysia	40,000 ²	40,000 ²	100.00	100.00	-	-	100.00	100.00
KBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
KBB Properties Sdn. Bhd.	Ceased operations	Malaysia	410,000	410,000	100.00	100.00	-	-	100.00	100.00
Etiqa Overseas Investment Pte. Ltd.	Investment holding	Malaysia	1 ²	1 ²	69.05	69.05	30.95	30.95	100.00	100.00
Double Care Sdn. Bhd. ¹⁵	Under member's voluntary liquidation	Malaysia	35,000,000	35,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Sorak Financial Holdings Pte. Ltd. ¹²	Investment holding	Singapore	779,694,200 ⁵	779,694,200 ⁵	100.00	100.00	-	-	100.00	100.00
Rezan Pte. Ltd. ¹²	Investment holding	Singapore	2 ⁵	2 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank KE Strategic Pte. Ltd. ¹²	Investment holding	Singapore	2 ⁵	2 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Properties Pte. Ltd. ¹²	Property investment	Singapore	8,000,000 ⁵	8,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Strategic Acquisitions Pte. Ltd. ¹²	Investment holding	Singapore	1 ⁵	1 ⁵	100.00	100.00	-	-	100.00	100.00
Kim Eng Investment Limited ¹²	Investment holding	Hong Kong	415,000,000 ⁶	160,000,000 ⁶	100.00	100.00	-	-	100.00	100.00
KE Sovereign Limited ¹⁴	Investment holding	British Virgin Islands	5,000,000 ²	5,000,000 ²	100.00	100.00	-	-	100.00	100.00
FXDS Learning Group Pte. Ltd. ¹²	Financial education	Singapore	200,000 ⁵	200,000 ⁵	100.00	100.00	-	-	100.00	100.00
Ong & Company Private Limited ¹²	Dormant	Singapore	53,441,173 ⁵	53,441,173 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Securities Nominees Pte. Ltd. ¹²	Acting as nominee for beneficiary shareholders	Singapore	10,000 ⁵	10,000 ⁵	100.00	100.00	-	-	100.00	100.00
St. Michael's Development Pte. Ltd. ¹²	Real estate development	Singapore	1,000,000 ⁵	5,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Asset Management Singapore Pte. Ltd. ¹²	Fund management	Singapore	5,000,000 ⁵	5,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
PT Kim Eng Asset Management ¹²	Dormant	Indonesia	25,800,000,000 ¹	25,800,000,000 ¹	85.00	85.00	15.00	15.00	100.00	100.00
Kim Eng Nominees (Hong Kong) Limited ¹²	Nominee services	Hong Kong	2 ⁶	2 ⁶	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Properties USA Inc. ¹⁴	Property investment	United States of America	3,000,000 ²	3,000,000 ²	100.00	100.00	-	-	100.00	100.00
Maybank Asset Management (Thailand) Company Limited ¹²	Fund management	Thailand	270,000,000 ⁸	270,000,000 ⁸	100.00	100.00	-	-	100.00	100.00

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62. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Issued and Paid-up Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2015 RM	2014 RM	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Asset Management/ Trustees/Custody (cont'd.)										
PT Prosperindo ¹³	Investment holding	Indonesia	240,510,000,000 ¹	193,810,000,000 ¹	100.00	100.00	-	-	100.00	100.00
Maybank Shared Services Sdn. Bhd.	IT shared services	Malaysia	5,000,000	5,000,000	100.00	100.00	-	-	100.00	100.00
PT Maybank GMT Asset Management ¹²	Fund management	Indonesia	32,000,000,000 ¹	32,000,000,000 ¹	99.00	99.00	1.00	1.00	100.00	100.00
Maybank Islamic Asset Management Sdn. Bhd.	Fund management	Malaysia	3,000,000	3,000,000	100.00	100.00	-	-	100.00	100.00
MAM DP Ltd.	Fund management	Malaysia	1 ²	1 ²	100.00	100.00	-	-	100.00	100.00

(b) Details of the deemed controlled structured entities are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Effective Interest	
			2015 %	2014 %
Akshayam Asia Fund Limited ¹²	Equity Fund	British Virgin Islands	91	92
Akshayam Asia Master Fund Limited ¹²	Equity Fund	British Virgin Islands	91	92
MAM PE Asia Fund I (Labuan) LLP	Private Equity Fund	Malaysia	100	100
Maybank Asian Equity Fund ¹²	Equity Fund	Singapore	100	100
Maybank Asian Income Fund ¹²	Fixed Income Fund	Singapore	100	100
Maybank AsiaPac Ex-Japan Equity-I Fund	Equity Fund	Malaysia	100	100
Maybank Bluewaterz Total Return Bond Fund ¹²	Fixed Income Fund and other securities	Cayman Islands	87	86
Maybank Global Sukuk Fund	Fixed Income Fund	Malaysia	100	100
Maybank Malaysia Equity-I Fund	Equity Fund	Malaysia	94	100
Maybank Malaysia Sukuk Fund	Fixed Income Fund	Malaysia	100	100

(c) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Effective Interest	
			2015 %	2014 %
Held by the Bank				
Uzbek Leasing International A.O. ¹³	Leasing	Uzbekistan	20	35
Philmay Holding, Inc. ¹²	Investment holding	Philippines	33	33
Maybank Agro Fund Sdn. Bhd.	Fund specific purpose vehicle	Malaysia	33	33
An Binh Commercial Joint Stock Bank ¹³	Banking	Vietnam	20	20
Held through subsidiaries				
Baiduri Securities Sdn. Bhd. ¹⁵	Liquidated	Brunei	-	39
Pak-Kuwait Takaful Company Limited ¹³	Investment holding	Pakistan	22	22
MCB Bank Limited ¹³	Banking	Pakistan	20	20
Asian Forum, Inc. ¹³	Offshore captive insurance	Malaysia	23	23
Tullet Prebon (Philippines), Inc. ¹³	Broker between participants in forex, and fixed income	Philippines	49	49
Adrian V. Ocampo Insurance Brokers, Inc. ¹²	Insurance brokerage	Philippines	40	40
ATRAM Investment Management Partners Corporation ¹²	Investment management	Philippines	35	35

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31 December 2015

62. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(d) Details of the joint ventures are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Effective Interest	
			2015 %	2014 %
Held through subsidiaries				
Maybank JAIC Management Ltd.	Fund management	Malaysia	50	50
Anfaal Capital ¹³	Investment banking	Kingdom of Saudi Arabia	35	35

Note:

- (1) Indonesia Rupiah (IDR)
- (2) United States Dollars (USD)
- (3) Papua New Guinea Kina (Kina)
- (4) Philippine Peso (Peso)
- (5) Singapore Dollars (SGD)
- (6) Hong Kong Dollars (HKD)
- (7) Great Britain Pound (GBP)
- (8) Thailand Baht (THB)
- (9) Indian Rupee (INR)
- (10) Chinese Renminbi (CNY)
- (11) Vietnamese Dong (VND)
- (12) Audited by other member firms of Ernst & Young Global
- (13) Audited by firms of auditors other than Ernst & Young
- (14) No audit required as allowed by the laws of the respective country of incorporation
- (15) No audit required as the entity is under members' voluntary liquidation
- (16) In the financial year ended 31 December 2013, the Group completed the disposal of 18.3% equity interest in PT Bank Maybank Indonesia Tbk ("BMI") to a third party investor. The disposal was undertaken to ensure compliance with the Otoritas Jasa Keuangan ("OJK")'s mandatory sell down requirement under the OJK Regulation No. IX.H.1. The Group has also entered into a commercial arrangement where the economic exposure resulting from the disposal is being retained. Hence, the disposal has no financial impact to the Group and has not resulted to a decrease in the Group's effective interest in BMI.

63. CURRENCY

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency and rounded to the nearest thousand (RM'000) unless otherwise stated.

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64. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Bank 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 the 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.

	Group		Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Retained profits:				
- Realised profits	12,458,038	11,014,533	4,506,237	3,696,362
- Unrealised (losses)/profits:	(473,742)	382,111	(1,253,599)	(95,558)
- in respect of deferred tax recognised in the income statement	(18,879)	38,569	241,593	227,499
- in respect of other items of income and expense	(454,863)	343,542	(1,495,192)	(323,057)
	11,984,296	11,396,644	3,252,638	3,600,804
Share of retained profits from associates and joint ventures:				
- Realised profits	509,815	422,306	-	-
- Unrealised profits	-	-	-	-
	509,815	422,306	-	-
Consolidation adjustments	338,893	569,027	-	-
Total retained profits	12,833,004	12,387,977	3,252,638	3,600,804

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Overview

The Pillar 3 Disclosure for the financial year ended 31 December 2015 for Malayan Banking Berhad (“Maybank” or the “Bank”) and its subsidiaries (“Maybank Group” or the “Group”) complies with Bank Negara Malaysia’s (“BNM”) “Risk-Weighted Capital Adequacy Framework (“RWCAF”) – Disclosure Requirements (“Pillar 3”)", which is the equivalent of that issued by the Basel Committee on Banking Supervision (“BCBS”) entitled “International Convergence of Capital Measurement and Capital Standards” (commonly referred to as Basel II).

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

For market risk, the Group adopts the Standardised Approach whereas operational risk is based on the Basic Indicator Approach (“BIA”). The Group is currently working towards The Standardised Approach (“TSA”) certification for operational risk.

MEDIUM AND LOCATION OF DISCLOSURE

The Group’s Pillar 3 Disclosure will be made available under the Investor Relations section of the Group’s website at www.maybank2u.com.my and as a separate report in the annual and half-yearly financial reports, after the notes to the financial statements.

BASIS OF DISCLOSURE

This Pillar 3 Disclosure document is designed to be in compliance with BNM’s Pillar 3 Guidelines, and is to be read in conjunction with the Group’s and Bank’s Financial Statements for the financial year ended 31 December 2015. Whilst this document discloses the Group’s assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the Financial Statements 2015 published by the Group.

COMPARATIVE INFORMATION

This is the sixth full Pillar 3 Disclosure since the Group adopted the Basel II IRB Approach in July 2010. The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 December 2014.

Scope of Application

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information of the Group, the Bank and Maybank Islamic Berhad (“Maybank Islamic”), a wholly-owned subsidiary of the Bank which provides Islamic banking financial services in Malaysia.

For regulatory reporting purposes, Maybank establishes two main levels of reporting namely at Maybank Group level, covering Maybank and its subsidiaries excluding the investments in insurance entities and associates; and at Maybank level, covering Maybank and its wholly-owned offshore banking subsidiary, Maybank International (L) Ltd. (“MILL”).

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

Capital Management

The Group's approach to capital management is driven by the following key thrusts:

- To diversify its sources of capital;
- To allocate and deploy capital efficiently, guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses; and
- To meet the expectations of key stakeholders, including investors, regulators and rating agencies.

The above key thrusts are adopted to ensure capital efficiency across the Group with the aim to:

- Maintain adequate capital ratios at all times, at levels sufficiently above the minimum regulatory requirements;
- Support the Group's credit rating by local and foreign rating agencies;
- Deploy capital efficiently to businesses and optimise returns on capital;
- Remain flexible to take advantage of future opportunities; and
- Build and invest in businesses, even in a reasonably stressed environment.

Capital Management Framework

The Group's capital management is guided by the Maybank Group Capital Management Framework ("Framework") to ensure integrated capital management and alignment of capital management policies and procedures across the Group.

The Framework, which is approved by the Board of Directors ("Board"), provides a comprehensive approach to the management of capital for the Group. Specifically, the Framework aims to establish:

- A blueprint for which capital management policies and procedures are developed;
- Principles and strategies in which capital is managed and optimised;
- The corporate governance and the roles and responsibilities of the Board, Group Executive Committee ("Group EXCO"), Group Asset and Liability Management Committee ("Group ALCO") and the business and support units pertaining to capital management matters;
- Guidelines to manage capital on an integrated approach and in compliance with all internal and regulatory requirements across the Group; and
- Basis for setting of internal capital targets for the Group and its relevant entities.

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

Overall responsibility for the effective management of capital rests with the Board whilst Group EXCO is responsible for ensuring the effectiveness of the capital management policies on an ongoing basis and for updating the Framework to reflect revisions and new developments.

Annual Group Capital Plan

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

The Group Capital Plan is updated on an annual basis and approved by the Board. It is comprehensively drawn up to cover at least a three year horizon and takes into account, amongst others, the Group's strategic objectives and business plans, regulatory capital requirements, views of key stakeholders such as regulators, investors, rating agencies and analysts, capital benchmarking, development on capital guidelines both locally and overseas, available supply of capital and capital raising options, performance of business sectors based on RAPM approach, risks under Pillar 2 Internal Capital Adequacy Assessment Process as well as stress test results. Key issues pertaining to capital position will be identified for discussion at the Board and appropriate solutions are recommended for implementation.

Internal capital targets ("ICT") are set for the Group as well as subsidiaries and overseas branches based on their respective risk profile and regulatory requirements at the jurisdictions in which they are based. The ICTs are reviewed annually to ensure adequate capital buffers to support their risk profiles and business growth.

The Group Capital Plan is reviewed by the Board semi-annually in order to keep abreast with the latest developments on the business plan, regulatory changes and other matters to ensure effective and timely execution of the plans contained therein.

Capital Contingency Plan

The Group Capital Contingency Plan is an extension of the Maybank Group Capital Management Framework that is approved by the Board and updated from time to time. The plan provides a comprehensive approach to the management and restoration of capital across the Group in the unlikely event of a capital crisis by:

- Establishing policies, procedures and governance for capital contingency planning;
- Providing early warning signals and establishing monitoring and escalation process;
- Establishing strategies and action plans to ensure that capital is managed promptly; and
- Serving as a reference guide for Maybank Group of companies.

The capital adequacy ratios of the Group including its subsidiaries and overseas branches are monitored actively by the Senior Management and relevant committees on a monthly basis. Appropriate trigger points are established based on the capital adequacy ratios computed in accordance with BNM guidelines and other foreign regulators (where relevant) in order to facilitate monitoring and escalation, reporting, decision making and action planning. The trigger points formalise the basis of escalation to the appropriate departments and committees and also provide clear action plans to ensure that capital is restored back to healthy levels in the event of a capital crisis.

Circumstances that could lead to deficiencies in capital position include, amongst others, economic environment, market and financial conditions. In this regard, appropriate strategies and action plans are developed so that, in the unlikely event of a capital crisis, the Group is prepared to deal with the event promptly and able to restore capital back to healthy levels.

Capital Structure

The Group places strong emphasis on the quality of its capital and, accordingly, holds a significant amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability on a going concern basis.

The common equity capital of the Group comprises of issued and paid-up share capital, share premium, reserves and retained profits. During the financial year, the issued and paid-up share capital of the Group has increased by approximately RM443 million arising from the issuance of new shares of about RM17 million under the Employee Share Option Schemes and from the issuance of new shares of about RM426 million pursuant to the completion of the 10th and 11th Dividend Reinvestment Plan ("DRP").

The DRP scheme was announced by the Bank on 25 March 2010 to allow shareholders of the Bank to reinvest their dividends into new ordinary shares of RM1.00 each in the Bank.

The Bank has implemented eleven DRPs since its implementation in 2010 to date, all with successful reinvestment rates around 85%. The latest two DRPs (10th and 11th) implemented during the year ended 31 December 2015 were successful with high reinvestment rates at 82.55% and 87.46%, respectively.

In respect of the financial year ended 31 December 2015, the Board proposed the payment of final single-tier dividend of 30 sen per ordinary share. Out of the said final dividend amount, 6 sen per ordinary share will be paid in cash while the balance of 24 sen per ordinary share will be the portion which can be elected to be reinvested by the shareholders in new Maybank shares in accordance with the DRP, subject to the relevant regulatory approvals and shareholders' approval at the forthcoming Annual General Meeting.

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

During the financial year ended 31 December 2015, the Bank issued RM2.2 billion and RM1.1 billion Basel III-compliant Subordinated Notes under Maybank Subordinated Notes Programme of RM7.0 billion which are due in 2025. The proceeds from the Subordinated Notes will be utilised to fund Maybank's working capital, general banking and other corporate purposes.

Capital Management

The Group has the following Tier 1 capital instruments and subordinated obligations which are qualified in the capital computation in accordance with BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012:

Tier 1 Capital Instruments

Description	Issue Date	Key Terms	As at 31.12.2015 RM'million
RM3.5 billion 6.85% Stapled Capital Securities ("NCPCS") (Non-innovative) due on 27 June 2038	27 June 2008	Callable on 27 June 2018 & maturing on 27 June 2038.	63
SGD600 million 6.00% Innovative Tier 1 Capital Securities due on 10 August 2068	11 August 2008	Callable at the option of the Bank 10 years from issuance date or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. Callable on 10 August 2018 & maturing on 10 August 2068.	1,585
RM1.1 billion 6.30% Innovative Tier 1 Capital Securities due on 25 September 2068	25 September 2008	Callable at the option of the Bank 10 years from issuance date. There will be step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the 3 month SGD Swap Offer Rate. Callable on 25 September 2018 & maturing on 25 September 2068.	1,100
RM3.5 billion 5.3% Basel III-compliant Perpetual Tier 1 Capital Securities	10 September 2014	Callable at the option of the Bank 10 years from issuance date. There will be step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3 months RM deposits. Callable on 10 September 2019 and thereafter on every coupon payment date.	3,500

Subordinated Obligations

Description	Issue Date	Key Terms	As at 31.12.2015 RM'million
SGD1.0 billion 3.80% Subordinated Notes due in 2021	28 April 2011	Callable on 28 April 2016 & maturing on 28 April 2021 (10 non-call 5).	3,034
RM2.0 billion 4.10% Subordinated Notes due in 2021	15 August 2011	Callable on 15 August 2016 & maturing on 16 August 2021 (10 non-call 5).	1,999
RM750 million 3.97% Subordinated Notes due in 2021	28 December 2011	Callable on 28 December 2016 & maturing on 28 December 2021 (10 non-call 5).	750
RM250 million 4.12% Subordinated Notes due in 2023	28 December 2011	Callable on 28 December 2018 & maturing on 28 December 2023 (12 non-call 7).	250
RM2.1 billion 4.25% Subordinated Notes due in 2024	10 May 2012	Callable on 10 May 2019 & maturing on 10 May 2024 (12 non-call 7).	2,100
USD800 million 3.25% Subordinated notes due in 2022	20 September 2012	Callable on 20 September 2017 & maturing on 20 September 2022 (10 non-call 5).	3,434
RM1.6 billion 4.9% Basel III-compliant Subordinated Notes due in 2024	29 January 2014	Callable on 29 January 2019 & maturing on 29 January 2024 (10 non-call 5).	1,600
RM1.5 billion 4.75% Basel III-compliant Subordinated Sukuk Murabahah due in 2024	7 April 2014	Callable on 5 April 2019 & maturing on 5 April 2024 (10 non-call 5).	1,500
RM2.2 billion 4.90% Basel III-compliant Subordinated Notes due in 2025	19 October 2015	Callable on 19 October 2020 & maturing on 17 October 2025 (10 non-call 5).	2,200
RM1.1 billion 4.90% Basel III-compliant Subordinated Notes due in 2025	27 October 2015	Callable on 27 October 2020 & maturing on 27 October 2025 (10 non-call 5).	1,100

Basel III

The Group is required to comply with BNM's Capital Adequacy Framework (Capital Components), which came into effect on 1 January 2013 and to be fully effective by 2019, for the determination of capital and computation of capital adequacy ratios which are subject to a series of transitional arrangements. Under BNM's Capital Adequacy Framework, banking institutions are required to maintain the regulatory minimum Common Equity Tier 1 ("CET1"), Tier 1 and Total Capital Ratio of 3.5%, 4.5% and 8.0% respectively at bank and group levels. These have increased progressively over time to 4.5%, 6.0% and 8.0% respectively as of 1 January 2015. The regulatory minimum capital requirements also include the introduction of Capital Conservation Buffer ("CCB") of 2.5% which is to be phased-in from 1 January 2016 to 1 January 2019. The CCB is intended to encourage the build-up of capital buffers by individual banking institutions during normal times that can be drawn down during stress periods.

In addition to the CCB, BNM has also introduced the Countercyclical Capital Buffer ("CCyB") ranging between 0% - 2.5% of total RWA to be effective from 1 January 2016. The CCyB is intended to protect the banking sector as a whole from build-up of systemic risk during an economic upswing when aggregate credit growth tends to be excessive. The CCyB will be determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies.

BNM may also introduce additional loss absorbency requirements for systematically important banking institutions. The additional loss absorbency requirements for systematically important banking institutions will be assessed at a later stage by BNM on the need for large banking institutions to operate at higher levels of capital.

The Group is poised to maintain healthy capital ratios above the minimum regulatory capital requirement under BNM's Capital Adequacy Framework (Capital Components). With the continued conservation of capital from the DRP coupled with active capital management across the Group, CET1 capital ratio will be maintained comfortably well ahead of the minimum level of 7% (inclusive of capital conservation buffer) as required by 2019.

Capital Management

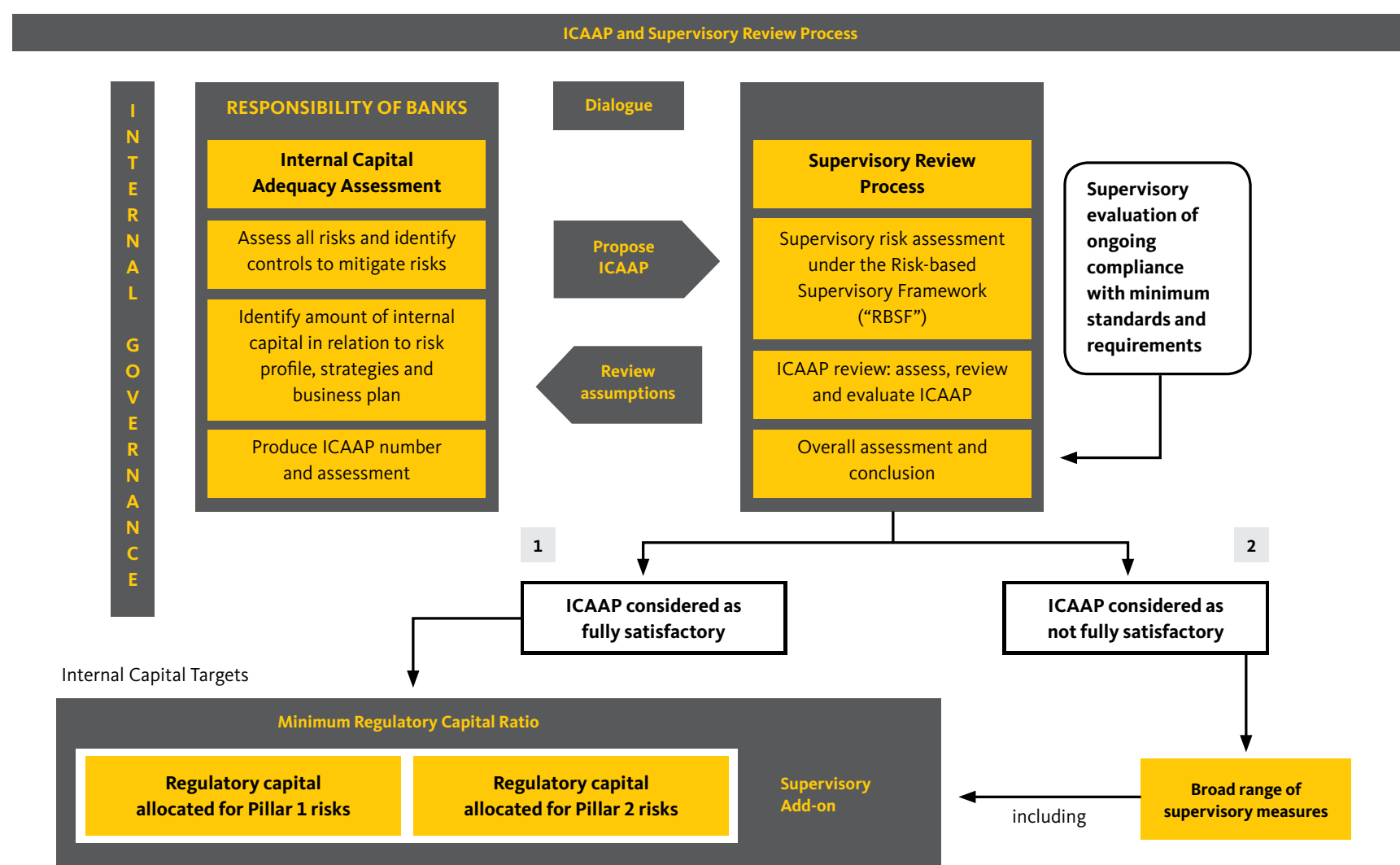
The Group's minimum regulatory capital requirement for 2015 to 2019 is as shown below:

From 1 January	2015	2016	2017	2018	2019
Minimum CAR	%	%	%	%	%
CET1 (a)	4.500	4.500	4.500	4.500	4.500
CCB (b)	-	0.625	1.250	1.875	2.500
CET1 including CCB (a) + (b)	4.500	5.125	5.750	6.375	7.000
Tier 1 Capital Ratio	6.000	6.625	7.250	7.875	8.500
Total Capital Ratio	8.000	8.625	9.250	9.875	10.500

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

The Group's overall capital adequacy in relation to its risk profile is assessed through a process articulated in the Maybank Group ICAAP Policy ("ICAAP Policy"). The ICAAP Policy is designed to ensure that adequate levels of capital, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted to the Group Executive Risk Committee ("ERC") and the Board Risk Management Committee ("RMC") for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them. The Group's ICAAP closely integrates the risk and capital planning and management processes.

In March 2013, the Group submitted a Board-approved ICAAP document to BNM to meet the requirements set by the regulator. The document includes an overview of ICAAP, current and projected financial and capital position, ICAAP governance, risk assessment models and processes, risk appetite and capital management, stress testing and capital planning and use of ICAAP. Annually, the Group submits an update of the material changes made to the document to BNM.



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

Capital Management

Comprehensive Risk Assessment under ICAAP Policy

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

- Risks captured under Pillar 1 (credit risk, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk);
- Risks not specifically addressed under Pillar 1 (e.g. interest rate risk/rate of return risk in the banking book, liquidity risk, business & strategic risk, reputational risk, credit concentration risk, IT risks (e.g. security risk and cyber risk), regulatory risk, country risk, systemic risk, compliance risk, collateral risk, capital risk, profitability risk and shariah non-compliance risk, amongst others); and
- External factors, including changes in economic environment, regulations and accounting rules.

A key process emplaced within the Group provides for the identification of material risks that may arise through the introduction of new products and services. Material risks are defined as "risks which would materially impact the financial performance (profitability), capital adequacy, asset quality and/or reputation of the Group should the risk occur".

In the ICAAP Policy, the Material Risk Assessment Process ("MRAP") is designed to identify key risks from the Group's Risk Universe. Annually, a group-wide risk landscape survey is carried out as part of a robust risk management approach to identify and prioritise the key risks based on potential impact of the risks on earnings and capital facing the Group. The survey results provide a synthesis of perceptions of current and future market outlook, based on perspectives of the key stakeholders across retail, commercial, investment banking and insurance operations in all the Group's major entities. In addition, the outcomes of the survey assist in identifying the major risk scenarios over the near term time horizon.

Risks deemed "material" are approved by RMC for periodic reporting to ERC and RMC via the ICAAP report. For each material risk identified, the Group shall ensure appropriate risk processes are emplaced to address these key risks, which include regular risk monitoring through Enterprise Risk Dashboard reporting, stress testing, risk mitigation, capital planning and crisis management strategies.

Assessment of Pillar 1 and Pillar 2 Risks

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

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

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

Regular and Robust Stress Testing

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

Under Maybank Group Stress Test ("GST") Policy, the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, RWA, capital adequacy and ability to comply with the risk appetites set, are considered.

Specifically, the stress test programme is designed to:

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

There are three types of stress tests conducted across the Group:

- Group stress tests – A Group-wide stress test using a common scenario approved by RMC and the results are submitted to BNM. It also includes periodic industry-wide stress tests organised by BNM where the scenarios are specified by the Central Bank.
- Localised stress tests – Limited scope stress tests undertaken at portfolio, branch/sector or entity levels based on scenarios relevant at the specific localities.
- Ad-hoc stress tests – Periodic stress tests conducted in response to emerging risk events.

Stress test themes reviewed by the Stress Test Working Group in the past include Federal Reserve rate hike, idiosyncratic event's implication to the Group, oil price decline, intensified capital outflows from emerging markets including ASEAN, rising inflation and interest rate hikes in ASEAN, impact of Federal Reserve Quantitative Easing tapering, sovereign rating downgrades, slowing Chinese economy, a repeat of Asian Financial Crisis, US dollar depreciation, pandemic flu, asset price collapse, interest rate hikes, a global double-dip recession scenario, Japan disasters, crude oil price hike, the Eurozone and US debt crises, amongst others.

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

Capital Management

CAPITAL ADEQUACY RATIOS

On 29 June 2010, the Bank and its subsidiary, Maybank Islamic received approval from BNM to migrate to IRB Approach for credit risk under Basel II RWCAF from 1 July 2010 onwards. BNM had on 28 November 2012 released the updated “Capital Adequacy Framework (RWA and Capital Components)” for the computation of RWA, capital and capital adequacy ratios for conventional banks and Islamic banks, respectively commencing from 1 January 2013 and subjected to transitional arrangements as set out in the table below:

Calendar Year	CET1 Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2014	4.0%	5.5%	8.0%
2015 onwards	4.5%	6.0%	8.0%

Table below depicts the Capital Adequacy Ratios and Capital Structure for the Group, the Bank and Maybank Islamic, respectively.

Table 1: Capital Adequacy Ratios for Maybank Group, Maybank and Maybank Islamic as at 31 December 2015

Capital Adequacy Ratios	Group	Maybank	Maybank Islamic
Before deducting electable portion dividend to be re-invested :			
CET1 Capital Ratio	12.780%	15.781%	12.435%
Tier 1 Capital Ratio	14.471%	17.969%	12.435%
Total Capital Ratio ¹	17.743%	17.969%	16.489%

Expressed in RM ('000)

	Group (RM'000)	Maybank (RM'000)	Maybank Islamic (RM'000)
Total Capital	66,241,172	47,686,050	10,296,480
Credit RWA	327,156,715	234,977,228	65,464,087
Credit RWA absorbed by the parent and Investment Account Holders (“IAH”) ²	-	-	(9,098,255)
Market RWA	11,256,514	9,343,171	1,135,708
Operational RWA	34,913,799	21,054,721	4,943,708
Total RWA	373,327,028	265,375,120	62,445,248

Notes:

¹ Total Capital Ratio is computed by dividing total capital over total RWA.

² 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 RPSIA and IA are excluded from the risk-weighted capital ratio (“RWCR”) calculation.

The Total Capital Ratio of the Group as at 31 December 2015 stood at 17.743%, which is an increase from the previous financial year’s ratio of 16.235%.

The Total Capital Ratio at 17.743% against the Group’s total RWA is well above the minimum regulatory requirement set out by BNM and a testament of the Group’s resilience and strength in meeting its obligations. Similarly, at entity level, the Bank’s Total Capital Ratio remains strong at 17.969% and Maybank Islamic registered a healthy ratio of 16.489%.

Table 2 discloses Capital Adequacy under IRB Approach for the Group, the Bank and Maybank Islamic, respectively.

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

Please refer to Note 57 in the Financial Statements for detailed discussion on the Capital Adequacy Ratios.

Capital Management

Table 2: Disclosure on Capital Adequacy under IRB Approach

As at 31.12.2015	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
CET1 Capital			
Paid-up share capital	9,761,751	9,761,751	263,959
Share premium	25,900,476	25,900,476	4,658,232
Retained profits	9,356,279	3,779,541	2,572,819
Other reserves	13,231,479	12,830,702	771,581
Qualifying non-controlling interests	119,376	-	-
Less: Shares-held-in-trust	(119,745)	(119,745)	-
CET1 capital before regulatory adjustments	58,249,616	52,152,725	8,266,591
Less: Regulatory adjustments applied on CET1 Capital	(10,538,139)	(10,273,993)	(501,597)
Deferred tax assets	(908,232)	(441,814)	(36,892)
Goodwill	(5,911,523)	(81,015)	-
Other intangibles	(994,076)	(428,464)	-
Profit equalisation reserve	(34,456)	-	(34,456)
Shortfall of total eligible provision over total expected loss	-	-	-
Regulatory reserve attributable to loans/financing	(1,247,509)	(813,800)	(430,249)
Investment in ordinary shares of unconsolidated financial/insurance entities	(1,442,343)	(8,508,900)	-
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 capital	-	-	-
Total CET1 capital	47,711,477	41,878,732	7,764,994
Additional Tier 1 Capital			
Capital securities	6,245,496	6,245,496	-
Qualifying CET1 and additional Tier 1 capital instruments held by third parties	67,719	-	-
Less: Regulatory adjustments due to insufficient Tier 2 capital	-	(438,178)	-
Total Tier 1 capital	54,024,692	47,686,050	7,764,994
Tier 2 Capital			
Subordinated obligations	12,984,020	12,984,020	2,200,000
Qualifying CET1, additional Tier 1 and Tier 2 capital instruments held by third parties	529,368	-	-
Collective allowance	452,504	160,737	27,625
Surplus of total eligible provision over total expected loss	414,103	470,242	303,861
Less: Regulatory adjustment not deducted from CET1 capital or additional Tier 1 capital provided under the transitional arrangements	(2,163,515)	(13,614,999)	-
Total Tier 2 capital	12,216,480	-	2,531,486
Total Capital	66,241,172	47,686,050	10,296,480

Capital Management

Table 2: Disclosure on Capital Adequacy under IRB Approach (cont'd.)

As at 31.12.2014	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
CET1 Capital			
Paid-up share capital	9,319,030	9,319,030	246,362
Share premium	22,747,922	22,747,922	4,099,343
Retained profits	9,173,105	4,052,916	2,262,559
Other reserves	8,600,064	10,629,085	620,707
Qualifying non-controlling interests	124,884	-	-
Less: Shares-held-in-trust	(113,463)	(113,463)	-
CET1 capital before regulatory adjustments	49,851,542	46,635,490	7,228,971
Less: Regulatory adjustments applied on CET1 Capital	(8,391,750)	(5,328,480)	(376,012)
Deferred tax assets	(835,018)	(348,350)	(34,702)
Goodwill	(5,144,128)	(81,015)	-
Other intangibles	(1,080,868)	(425,252)	-
Profit equalisation reserve	(34,456)	-	(34,456)
Shortfall of total eligible provision over total expected loss	(420,130)	-	(32,354)
Regulatory reserve attributable to loans/financing	(274,500)	-	(274,500)
Investment in ordinary shares of unconsolidated financial/insurance entities	(602,650)	(4,139,159)	-
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 capital	-	(334,704)	-
Total CET1 capital	41,459,792	41,307,010	6,852,959
Additional Tier 1 Capital			
Capital securities	6,246,181	6,246,181	-
Qualifying CET1 and additional Tier 1 capital instruments held by third parties	80,409	-	-
Less: Regulatory adjustments due to insufficient Tier 2 capital	-	(6,246,181)	-
Total Tier 1 capital	47,786,382	41,307,010	6,852,959
Tier 2 Capital			
Subordinated obligations	10,838,880	10,838,880	2,300,000
Qualifying CET1, additional Tier 1 and Tier 2 capital instruments held by third parties	530,022	-	-
Collective allowance	555,142	214,426	32,255
Surplus of total eligible provision over total expected loss	-	81,949	-
Less: Regulatory adjustment not deducted from CET1 capital or additional Tier 1 capital provided under the transitional arrangements	(2,410,601)	(11,135,255)	-
Total Tier 2 capital	9,513,443	-	2,332,255
Total Capital	57,299,825	41,307,010	9,185,214

Capital Management

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

Item	Exposure Class As at 31.12.2015	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	100,430,042	100,430,042	4,332,500	346,600
	Public Sector Entities	11,883,432	11,882,384	2,350,030	188,002
	Banks, Development Financial Institutions & MDBs	1,110,860	1,110,860	196,100	15,688
	Insurance Cos, Securities Firms & Fund Managers	374,874	374,874	374,874	29,990
	Corporates	15,186,159	15,129,484	10,998,763	879,901
	Regulatory Retail	29,019,943	28,896,929	19,206,980	1,536,558
	Residential Mortgages	2,079,848	2,079,848	811,953	64,956
	Higher Risk Assets	200,537	200,537	300,805	24,064
	Other Assets	12,301,125	12,293,671	5,417,710	433,417
	Securitisation Exposures	159,944	159,944	31,989	2,559
	Equity Exposures	919,811	919,811	919,811	73,585
	Defaulted Exposures	492,954	491,930	605,849	48,468
	Total On-Balance Sheet Exposures	174,159,529	173,970,314	45,547,364	3,643,788
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	1,007,155	1,007,155	339,273	27,142
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,655,078	1,655,078	1,433,567	114,686
	Defaulted Exposures	187	187	280	22
	Total Off-Balance Sheet Exposures	2,662,420	2,662,420	1,773,120	141,850
	Total On and Off-Balance Sheet Exposures	176,821,949	176,632,734	47,320,484	3,785,638
1.2	Exposures under the IRB Approach				
	<u>On-Balance Sheet Exposures</u>				
	Banks, Development Financial Institutions & MDBs	53,776,675	53,776,675	19,456,649	1,556,532
	Corporate Exposures	241,483,837	241,483,837	161,435,795	12,914,864
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	173,229,842	173,229,842	119,338,686	9,547,095
	b) Corporates (with firm-size adjustment)	68,253,995	68,253,995	42,097,109	3,367,769
	c) Specialised Lending (Slotting Approach)	-	-	-	-
	- Project Finance	-	-	-	-
	Retail Exposures	176,282,164	176,282,164	48,923,368	3,913,869
	a) Residential Mortgages	70,365,839	70,365,839	20,487,380	1,638,990
	b) Qualifying Revolving Retail Exposures	5,535,689	5,535,689	2,881,158	230,493
	c) Hire Purchase Exposures	44,011,750	44,011,750	10,607,363	848,589
	d) Other Retail Exposures	56,368,886	56,368,886	14,947,467	1,195,797
	Defaulted Exposures	3,622,426	3,622,426	950,394	76,032
	Total On-Balance Sheet Exposures	475,165,102	475,165,102	230,766,206	18,461,297
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	4,228,221	4,228,221	2,818,213	225,457
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	57,458,996	57,458,996	30,399,382	2,431,951
	Defaulted Exposures	99,987	99,987	12,643	1,011
	Total Off-Balance Sheet Exposures	61,787,204	61,787,204	33,230,238	2,658,419
	Total On and Off-Balance Sheet Exposures	536,952,306	536,952,306	263,996,444	21,119,716
	Total IRB Approach after Scaling Factor of 1.06			279,836,231	22,386,899
	Total (Exposures under Standardised Approach & IRB Approach)	713,774,255	713,585,040	327,156,715	26,172,537
2.0	Market Risk				
	Interest Rate Risk			5,326,824	426,146
	Foreign Currency Risk			3,504,669	280,373
	Equity Risk			682,974	54,638
	Option Risk			1,742,047	139,364
3.0	Operational Risk			34,913,799	2,793,104
4.0	Total RWA and Capital Requirements			373,327,028	29,866,162

Capital Management

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

Item	Exposure Class As at 31.12.2014	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	On-Balance Sheet Exposures				
	Sovereigns/Central Banks	85,414,726	85,414,726	3,685,201	294,816
	Public Sector Entities	11,373,375	11,373,375	2,286,143	182,891
	Banks, Development Financial Institutions & MDBs	648,833	648,833	95,362	7,629
	Insurance Cos, Securities Firms & Fund Managers	887,402	887,402	892,273	71,382
	Corporates	22,433,692	22,431,359	15,696,211	1,255,697
	Regulatory Retail	30,528,190	30,343,403	21,595,135	1,727,610
	Residential Mortgages	1,558,671	1,558,671	607,350	48,588
	Higher Risk Assets	232,560	232,560	218,081	17,447
	Other Assets	7,630,573	7,630,573	1,127,734	90,219
	Securitisation Exposures	185,502	185,502	37,101	2,968
	Equity Exposures	327,992	327,991	327,992	26,239
	Defaulted Exposures	373,261	373,260	294,920	23,594
	Total On-Balance Sheet Exposures	161,594,777	161,407,655	46,863,503	3,749,080
	Off-Balance Sheet Exposures				
	OTC Derivatives	532,659	532,659	415,807	33,265
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,704,910	2,704,910	1,505,315	120,425
	Defaulted Exposures	2,612	2,612	217	17
	Total Off-Balance Sheet Exposures	3,240,181	3,240,181	1,921,339	153,707
	Total On and Off-Balance Sheet Exposures	164,834,958	164,647,836	48,784,842	3,902,787
1.2	Exposures under the IRB Approach				
	On-Balance Sheet Exposures				
	Banks, Development Financial Institutions & MDBs	59,056,755	59,056,755	20,244,917	1,619,593
	Corporate Exposures	201,429,656	201,429,656	135,458,854	10,836,708
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	131,672,904	131,672,904	112,150,326	8,972,026
	b) Corporates (with firm-size adjustment)	65,106,250	65,106,250	20,112,811	1,609,025
	c) Specialised Lending (Slotting Approach)				
	- Project Finance	4,650,502	4,650,502	3,195,717	255,657
	Retail Exposures	160,853,841	160,853,841	51,392,354	4,111,389
	a) Residential Mortgages	51,799,320	51,799,320	16,788,110	1,343,049
	b) Qualifying Revolving Retail Exposures	5,153,503	5,153,503	3,980,687	318,455
	c) Hire Purchase Exposures	39,233,164	39,233,164	12,347,785	987,823
	d) Other Retail Exposures	64,667,854	64,667,854	18,275,772	1,462,062
	Defaulted Exposures	3,805,066	3,805,066	511,934	40,955
	Total On-Balance Sheet Exposures	425,145,318	425,145,318	207,608,059	16,608,645
	Off-Balance Sheet Exposures				
	OTC Derivatives	11,796,227	11,796,227	4,483,639	358,691
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	53,324,557	53,324,557	30,756,886	2,460,551
	Defaulted Exposures	235,585	235,585	2,814	225
	Total Off-Balance Sheet Exposures	65,356,369	65,356,369	35,243,339	2,819,467
	Total On and Off-Balance Sheet Exposures	490,501,687	490,501,687	242,851,398	19,428,112
	Total IRB Approach after Scaling Factor of 1.06			257,422,482	20,593,799
	Total (Exposures under Standardised Approach & IRB Approach)	655,336,645	655,149,523	306,207,324	24,496,586
2.0	Market Risk				
	Interest Rate Risk			5,339,070	427,125
	Foreign Currency Risk			5,274,095	421,928
	Equity Risk			874,725	69,978
	Option Risk			2,680,263	214,421
3.0	Operational Risk			32,568,977	2,605,518
4.0	Total RWA and Capital Requirements			352,944,454	28,235,556

Capital Management

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

Item	Exposure Class As at 31.12.2015	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	78,698,433	78,698,433	1,947,749	155,820
	Public Sector Entities	6,662,203	6,662,203	878,465	70,277
	Banks, Development Financial Institutions & MDBs	132,879	132,879	-	-
	Corporates	9,738,346	9,701,302	6,802,247	544,180
	Regulatory Retail	11,286,789	11,282,387	8,190,187	655,215
	Residential Mortgages	275,585	275,585	100,368	8,029
	Higher Risk Assets	127,618	127,618	191,428	15,314
	Other Assets	8,252,744	8,245,290	2,913,747	233,100
	Securitisation Exposures	159,944	159,944	31,989	2,559
	Equity Exposures	276,044	276,044	276,044	22,084
	Defaulted Exposures	80,426	80,425	99,931	7,994
	Total On-Balance Sheet Exposures	115,691,011	115,642,110	21,432,155	1,714,572
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	678,599	678,599	267,237	21,379
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	837,333	837,333	732,672	58,614
	Defaulted Exposures	9	9	14	1
	Total Off-Balance Sheet Exposures	1,515,941	1,515,941	999,923	79,994
	Total On and Off-Balance Sheet Exposures	117,206,952	117,158,051	22,432,078	1,794,566
1.2	Exposures under the IRB Approach				
	<u>On-Balance Sheet Exposures</u>				
	Banks, Development Financial Institutions & MDBs	56,537,716	56,537,716	19,231,976	1,538,558
	Corporate Exposures	199,728,486	199,728,486	129,442,826	10,355,426
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	141,147,491	141,147,491	94,457,493	7,556,599
	b) Corporates (with firm-size adjustment)	58,580,995	58,580,995	34,985,333	2,798,827
	c) Specialised Lending (Slotting Approach)	-	-	-	-
	- Project Finance	-	-	-	-
	Retail Exposures	99,935,960	99,935,960	24,522,669	1,961,814
	a) Residential Mortgages	46,871,563	46,871,563	10,367,502	829,400
	b) Qualifying Revolving Retail Exposures	4,963,758	4,963,758	2,438,071	195,046
	c) Hire Purchase Exposures	12,359,769	12,359,769	3,014,358	241,149
	d) Other Retail Exposures	35,740,870	35,740,870	8,702,738	696,219
	Defaulted Exposures	1,750,314	1,750,314	558,510	44,681
	Total On-Balance Sheet Exposures	357,952,476	357,952,476	173,755,981	13,900,479
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	3,911,088	3,911,088	2,451,039	196,083
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	46,253,446	46,253,446	24,304,271	1,944,342
	Defaulted Exposures	79,237	79,237	3,001	240
	Total Off-Balance Sheet Exposures	50,243,771	50,243,771	26,758,311	2,140,665
	Total On and Off-Balance Sheet Exposures	408,196,247	408,196,247	200,514,292	16,041,144
	Total IRB Approach after Scaling Factor of 1.06			212,545,150	17,003,612
	Total (Exposures under Standardised Approach & IRB Approach)	525,403,199	525,354,298	234,977,228	18,798,178
2.0	Market Risk				
	Interest Rate Risk			4,514,833	361,187
	Foreign Currency Risk			3,253,374	260,270
	Commodity Risk			-	-
	Option Risk			1,574,964	125,997
3.0	Operational Risk			21,054,721	1,684,378
4.0	Total RWA and Capital Requirements			265,375,120	21,230,010

Capital Management

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

Item	Exposure Class As at 31.12.2014	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk				
1.1	Exempted Exposures (Standardised Approach)				
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	57,592,192	57,592,192	1,394,065	111,525
	Public Sector Entities	6,104,389	6,104,389	887,754	71,020
	Banks, Development Financial Institutions & MDBs	182,768	182,768	-	-
	Corporates	12,901,288	12,898,954	8,770,503	701,640
	Regulatory Retail	9,211,958	9,161,261	6,965,246	557,220
	Residential Mortgages	390,459	390,459	145,530	11,642
	Higher Risk Assets	153,267	153,267	229,901	18,392
	Other Assets	7,855,029	7,855,029	2,641,650	211,332
	Securitisation Exposures	185,502	185,502	37,101	2,968
	Equity Exposures	189,691	189,691	189,691	15,175
	Defaulted Exposures	484	484	645	52
	Total On-Balance Sheet Exposures	94,767,027	94,713,996	21,262,086	1,700,966
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	388,020	388,020	381,469	30,518
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,102,213	2,102,213	908,275	72,662
	Total Off-Balance Sheet Exposures	2,490,233	2,490,233	1,289,744	103,180
	Total On and Off-Balance Sheet Exposures	97,257,260	97,204,229	22,551,830	1,804,146
1.2	Exposures under the IRB Approach				
	<u>On-Balance Sheet Exposures</u>				
	Banks, Development Financial Institutions & MDBs	66,072,805	66,072,805	22,918,346	1,833,468
	Corporate Exposures	170,370,753	170,370,753	109,958,397	8,796,672
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	108,835,591	108,835,591	91,941,925	7,355,354
	b) Corporates (with firm-size adjustment)	56,999,364	56,999,364	14,879,124	1,190,330
	c) Specialised Lending (Slotting Approach)				
	- Project Finance	4,535,798	4,535,798	3,137,348	250,988
	Retail Exposures	90,961,465	90,961,465	27,623,489	2,209,879
	a) Residential Mortgages	37,739,777	37,739,777	9,603,394	768,271
	b) Qualifying Revolving Retail Exposures	4,721,958	4,721,958	3,777,272	302,182
	c) Hire Purchase Exposures	13,200,120	13,200,120	4,143,254	331,460
	d) Other Retail Exposures	35,299,610	35,299,610	10,099,569	807,966
	Defaulted Exposures	2,135,124	2,135,124	373,985	29,919
	Total On-Balance Sheet Exposures	329,540,147	329,540,147	160,874,217	12,869,938
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	11,014,064	11,014,064	4,159,127	332,730
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	43,390,122	43,390,122	25,432,154	2,034,572
	Defaulted Exposures	227,682	227,682	1,175	94
	Total Off-Balance Sheet Exposures	54,631,868	54,631,868	29,592,456	2,367,396
	Total On and Off-Balance Sheet Exposures	384,172,015	384,172,015	190,466,673	15,237,334
	Total IRB Approach after Scaling Factor of 1.06			201,894,673	16,151,574
	Total (Exposures under Standardised Approach & IRB Approach)	481,429,275	481,376,244	224,446,503	17,955,720
2.0	Market Risk				
	Interest Rate Risk			5,059,288	404,743
	Foreign Currency Risk			1,706,225	136,498
	Commodity Risk			44,463	3,557
	Option Risk			2,642,863	211,429
3.0	Operational Risk			19,911,571	1,592,926
4.0	Total RWA and Capital Requirements			253,810,913	20,304,873

Capital Management

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

Item	Exposure Class As at 31.12.2015	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk						
1.1	Exempted Exposures (Standardised Approach)						
	<u>On-Balance Sheet Exposures</u>						
	Sovereigns/Central Banks	12,340,870	12,340,870	17,491	-	17,491	1,399
	Public Sector Entities	7,694,964	7,694,964	1,191,185	(559,705)	631,480	50,518
	Corporates	1,922,751	1,922,751	1,674,467	(135,933)	1,538,534	123,083
	Regulatory Retail	3,094,318	3,094,318	2,213,765	-	2,213,765	177,101
	Residential Mortgages	1,503,044	1,503,044	602,959	-	602,959	48,237
	Higher Risk Assets	38	38	56	-	56	5
	Other Assets	522,655	522,655	310,798	-	310,798	24,863
	Defaulted Exposures	26,642	26,642	18,637	-	18,637	1,491
	Total On-Balance Sheet Exposures	27,105,282	27,105,282	6,029,358	(695,638)	5,333,720	426,697
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	316,821	316,821	71,874	-	71,874	5,750
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	327,433	327,433	316,758	-	316,758	25,341
	Total Off-Balance Sheet Exposures	644,254	644,254	388,632	-	388,632	31,091
	Total On and Off-Balance Sheet Exposures	27,749,536	27,749,536	6,417,990	(695,638)	5,722,352	457,788
1.2	Exposures under the IRB Approach						
	<u>On-Balance Sheet Exposures</u>						
	Banks, Development Financial Institutions & MDBs	11,273,618	11,273,618	4,000,938	-	4,000,938	320,075
	Corporate Exposures	34,776,537	34,776,537	20,819,128	(4,661,822)	16,157,306	1,292,585
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	25,103,537	25,103,537	13,707,353	(4,661,822)	9,045,531	723,643
	b) Corporates (with firm-size adjustment)	9,673,000	9,673,000	7,111,775	-	7,111,775	568,942
	c) Specialised Lending (Slotting Approach)						
	- Project Finance	-	-	-	-	-	-
	Retail Exposures	83,812,481	83,812,481	25,692,677	(3,265,175)	22,427,502	1,794,200
	a) Residential Mortgages	18,970,005	18,970,005	9,243,798	-	9,243,798	739,504
	b) Qualifying Revolving Retail Exposures	604,117	604,117	286,988	(204,668)	82,320	6,586
	c) Hire Purchase Exposures	28,811,629	28,811,629	7,079,200	(222,546)	6,856,654	548,532
	d) Other Retail Exposures	35,426,730	35,426,730	9,082,691	(2,837,961)	6,244,730	499,578
	Defaulted Exposures	557,997	557,997	301,102	-	301,102	24,088
	Total On-Balance Sheet Exposures	130,420,633	130,420,633	50,813,845	(7,926,997)	42,886,848	3,430,948
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	865,653	865,653	362,676	-	362,676	29,014
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	9,458,135	9,458,135	4,525,982	-	4,525,982	362,079
	Defaulted Exposures	6,820	6,820	1,362	-	1,362	109
	Total Off-Balance Sheet Exposures	10,330,608	10,330,608	4,890,020	-	4,890,020	391,202
	Total On and Off-Balance Sheet Exposures	140,751,241	140,751,241	55,703,865	(7,926,997)	47,776,868	3,822,150
	Total IRB Approach after Scaling Factor of 1.06			59,046,097	(8,402,617)	50,643,480	4,051,479
	Total (Exposures under Standardised Approach & IRB Approach)	168,500,777	168,500,777	65,464,087	(9,098,255)	56,365,832	4,509,267
2.0	Market Risk						
	Bench Mark Rate Risk			462,558	-	462,558	37,005
	Foreign Exchange Risk			673,150	-	673,150	53,852
3.0	Operational Risk			4,943,708	-	4,943,708	395,497
4.0	Total RWA and Capital Requirements			71,543,503	(9,098,255)	62,445,248	4,995,621

Capital Management

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

Item	Exposure Class As at 31.12.2014	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	Credit Risk						
1.1	Exempted Exposures (Standardised Approach)						
	<u>On-Balance Sheet Exposures</u>						
	Sovereigns/Central Banks	18,571,089	18,571,089	14,242	-	14,242	1,139
	Public Sector Entities	7,802,683	7,802,683	1,288,519	(554,013)	734,506	58,761
	Corporates	3,122,896	3,122,896	1,003,485	-	1,003,485	80,279
	Regulatory Retail	2,543,121	2,543,121	1,759,495	-	1,759,495	140,760
	Residential Mortgages	915,135	915,135	370,307	-	370,307	29,625
	Higher Risk Assets	38	38	58	-	58	5
	Other Assets	494,667	494,667	292,949	-	292,949	23,435
	Defaulted Exposures	8,911	8,911	10,585	-	10,585	846
	Total On-Balance Sheet Exposures	33,458,540	33,458,540	4,739,640	(554,013)	4,185,627	334,850
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	120,639	120,639	24,128	-	24,128	1,930
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	80,815	80,815	67,950	-	67,950	5,436
	Total Off-Balance Sheet Exposures	201,454	201,454	92,078	-	92,078	7,366
	Total On and Off-Balance Sheet Exposures	33,659,994	33,659,994	4,831,718	(554,013)	4,277,705	342,216
1.2	Exposures under the IRB Approach						
	<u>On-Balance Sheet Exposures</u>						
	Banks, Development Financial Institutions & MDBs	16,889,032	16,889,032	4,304,078	-	4,304,078	344,326
	Corporate Exposures	25,729,053	25,729,053	15,983,586	(3,185,417)	12,798,169	1,023,854
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	17,493,445	17,493,445	10,678,913	(3,172,800)	7,506,113	600,489
	b) Corporates (with firm-size adjustment)	8,106,886	8,106,886	5,233,687	-	5,233,687	418,695
	c) Specialised Lending (Slotting Approach)						
	- Project Finance	128,722	128,722	70,986	(12,617)	58,369	4,670
	Retail Exposures	69,892,376	69,892,376	23,768,864	-	23,768,864	1,901,509
	a) Residential Mortgages	14,059,543	14,059,543	7,184,716	-	7,184,716	574,777
	b) Qualifying Revolving Retail Exposures	431,545	431,545	203,414	-	203,414	16,273
	c) Hire Purchase Exposures	26,033,044	26,033,044	8,204,531	-	8,204,531	656,363
	d) Other Retail Exposures	29,368,244	29,368,244	8,176,203	-	8,176,203	654,096
	Defaulted Exposures	688,805	688,805	137,948	-	137,948	11,036
	Total On-Balance Sheet Exposures	113,199,266	113,199,266	44,194,476	(3,185,417)	41,009,059	3,280,725
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	605,464	605,464	206,912	-	206,912	16,553
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	8,716,764	8,716,764	4,156,668	-	4,156,668	332,534
	Defaulted Exposures	7,903	7,903	1,639	-	1,639	131
	Total Off-Balance Sheet Exposures	9,330,131	9,330,131	4,365,219	-	4,365,219	349,218
	Total On and Off-Balance Sheet Exposures	122,529,397	122,529,397	48,559,695	(3,185,417)	45,374,278	3,629,943
	Total IRB Approach after Scaling Factor of 1.06			51,473,277	(3,376,542)	48,096,735	3,847,739
	Total (Exposures under Standardised Approach & IRB Approach)	156,189,391	156,189,391	56,304,995	(3,930,555)	52,374,440	4,189,955
2.0	Market Risk						
	Bench Mark Rate Risk			99,321	-	99,321	7,946
	Foreign Exchange Risk			474,600	-	474,600	37,968
3.0	Operational Risk			4,145,952	-	4,145,952	331,676
4.0	Total RWA and Capital Requirements			61,024,868	(3,930,555)	57,094,313	4,567,545

Risk Management

Risk management plays an integral part in systematically managing various financial and non-financial risks posed by the rapidly evolving business environment in which the Group operates in. During the financial year, the Group continued to be dynamic in strengthening its risk capabilities and committed in assimilating strong risk management practices in the heart of the Group's business. The management of risk remains as an important driver for strategic decisions in support of the Group's aspirations to maintain sound performance and capital position to ultimately enhance shareholders value.

INTEGRATED RISK MANAGEMENT FRAMEWORK

The Group's approach to risk management is enterprise-wide and involves the establishment of a strong risk culture as the foundation and driver of the Group's governance and risk management practices. Its risk management is underpinned by a comprehensive, best-practice Integrated Risk Management Framework ("IRM Framework"), which is constantly evolving to remain relevant and effective in this environment of changing times and risk.

The broad overarching IRM Framework is underpinned by seven core principles to ensure the integration of risk strategies, governance, culture, processes and infrastructure within the Group's regional footprint. The seven key principles are broadly described below:

Principles of Risk Management

1. Establishment of a risk appetite and strategy which articulates the nature, type and level of risk the Group is willing to assume and must be approved by the Board.
2. Capital management driven by the Group's strategic objectives and accounts for the relevant regulatory, economic and commercial environments in which the Group operates.
3. Proper governance and oversight through a clear, effective and robust Group governance structure with well-defined, transparent and consistent lines of responsibility established within the Group.
4. Promotion of a strong risk culture which supports and provides appropriate standards and incentives for professional and responsible behavior.
5. Implementation of risk frameworks and policies to ensure that risk management practices and processes are effective at all levels.
6. Execution of sound risk management processes to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Group.
7. Ensure sufficient resources and systems infrastructure are in place to enable effective risk management.

RISK APPETITE AND STRATEGY

The Group's risk appetite is a critical component of the Group's robust IRM Framework and is driven by both top-down Board leadership and bottom-up involvement of management at all levels. The Group's risk appetite enables the Board and Senior Management to communicate, understand and assess the types and levels of risk that the Group is willing to accept in pursuit of its business objectives.

The Group's development of its risk appetite has been integrated into the annual strategy and business planning process and is adaptable to changing business and market conditions. The Group's risk appetite balances the needs of all stakeholders by acting both as a governor of risk, and a driver of future and current business activities. The articulation of the risk appetite is done through a set of risk appetite statements that defines the Group's risk appetite towards all materials risks in the Group.

RISK GOVERNANCE AND OVERSIGHT

The process of governance in the Group provides a transparent and effective structure that promotes active involvement and oversight from the Board and Senior Management in the risk management process to ensure a uniform view of risk across the Group. The risk governance model aims to place accountability and ownership, whilst facilitating an appropriate level of independence and segregation of duties.

The risk governance structure is premised on the three lines of defence and clearly defines the lines of authority, roles and responsibilities to efficiently manage risk across the Group.

The chart illustrating the risk governance structure of the Group can be found on page 175 of the Risk Management and Compliance write-up under the Corporate Governance and Accountability section in the Annual Report.

INDEPENDENT GROUP RISK FUNCTION

The Group Risk function, headed by the Group Chief Risk Officer ("GCRO"), provides value to the Group through its independent and integrated assessment of credit management, enterprise-wide risk management and compliance.

Group Risk plays a distinct role in the following key functions:

- Supporting the Group's regional expansion and businesses in the achievement of strategic objectives;
- Continuing as a strategic partner to the business in budget planning and risk appetite implementation;
- Enhancing risk functions across the regions that the Group have operations in and embedding the Group's risk culture;
- Providing authority limits for both central and regional approvals, controls, risk systems and architecture leadership;
- Managing various risk committees to facilitate pro-active monitoring and controlling of the Group's risk exposures and enterprise risk reporting;
- Acting as a strategic partner to the business in addressing external stakeholders including regulators and analysts pertaining to risk issues; and
- Engaging in business development activities such as new product sign-offs and approvals, post-implementation reviews and due diligence exercises.

In its continuous pursuit to drive efficiency, Group Risk has also established Centres of Excellence ("COEs") to build deep specialisation of risk professionals, to provide value-added risk insights to support business decision-making and increase economies of scale to drive down the cost of delivery.

The identified COEs have set consistent standards in terms of risk reporting, risk policy architecture and risk modelling implementation across the Group.

Credit Risk

Credit risk is the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms.

REGULATORY CAPITAL REQUIREMENT

Amongst the various risk types the Group engages in, credit risk continues to attract the largest regulatory capital requirement.

MANAGEMENT OF CREDIT RISK

Corporate and institutional credit risks are assessed by business units, and evaluated and approved by an independent party within the Group, where each customer is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors including the customer's financial position, future cash flows, types of facilities and securities offered.

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

The Group manages its credit risk using a two-pronged approach:

- Managing the Credit Risk; and
- Managing the Credit Portfolio.

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

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

Management of Concentration Risk

Concentration risk can materialise from excessive exposures to a single counterparty and persons connected to it, a particular instrument or a particular market segment/sector.

In managing large exposures and to avoid undue concentration of credit risk in its loans and financing portfolio, the Group has emplaced, amongst others, limits and related lending guidelines for:

- Countries;
- Business segments;
- Economic sectors;
- Single customer groups;
- Banks and Non-Bank Financial Institutions ("NBFIs");
- Counterparties; and
- Collaterals.

Asset Quality Management

The Group has dedicated teams to effectively manage vulnerable corporate, institutional and consumer credits of the Group. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial actions.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. Group Risk is responsible for developing, enhancing and communicating effective and consistent credit risk management policies, tools and methodologies across the Group, to ensure appropriate standards are in place to identify, measure, control, monitor and report such risks.

In view that the authority limits are directly related to the risk levels of the borrower and transaction, a Risk-based Authority Limit structure is implemented based on the Expected Loss principles and internally developed Credit Risk Rating System.

Tables 6 through 8 present the geographic analysis and distribution of credit exposures under both the Standardised Approach and IRB Approach for the Group, the Bank and Maybank Islamic, respectively.

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

Tables 12 through 14 present the credit risk exposures by maturity periods of one year or less, one to five years and over five years for the Group, the Bank and Maybank Islamic, respectively.

Credit Risk

Table 6: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Group

Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Other Overseas Units RM'000	Total RM'000
As at 31.12.2015					
Exempted Exposures (Standardised Approach)					
Sovereigns/Central Banks	49,662,873	32,917,512	7,171,500	10,914,991	100,666,876
Public Sector Entities	10,075,375	1,713,964	862,364	1,135	12,652,838
Banks, Development Financial Institutions & MDBs	1,093,030	117	-	17,713	1,110,860
Insurance Cos, Securities Firms & Fund Managers	-	-	-	374,874	374,874
Corporates	14,628,620	1,195	3,038,473	1,553,369	19,221,657
Regulatory Retail	4,965,006	6,852,803	7,521,006	7,748,902	27,087,717
Residential Mortgages	1,750,631	67	304,070	36,743	2,091,511
Higher Risk Assets	194,540	5,327	10,475	24,393	234,735
Other Assets	3,527,889	1,097,873	4,941,267	2,734,096	12,301,125
Securitisation Exposures	159,944	-	-	-	159,944
Equity Exposures	907,779	12,033	-	-	919,812
Total Standardised Approach	86,965,687	42,600,891	23,849,155	23,406,216	176,821,949
Exposures under the IRB Approach					
Banks, Development Financial Institutions & MDBs	32,103,400	13,751,039	2,856,087	16,862,650	65,573,176
Corporate Exposures	169,610,799	43,447,989	14,529,988	51,834,672	279,423,448
a) Corporates (excluding Specialised Lending and firm-size adjustment)	99,741,997	43,447,989	14,529,988	51,834,672	209,554,646
b) Corporates (with firm-size adjustment)	69,868,802	-	-	-	69,868,802
c) Specialised Lending (Slotting Approach)	-	-	-	-	-
- Project Finance	-	-	-	-	-
Retail Exposures	137,456,807	45,277,898	9,220,977	-	191,955,682
a) Residential Mortgages	43,019,425	23,230,087	4,577,533	-	70,827,045
b) Qualifying Revolving Retail Exposures	5,738,525	5,489,840	894,131	-	12,122,496
c) Hire Purchase Exposures	34,980,926	5,486,232	3,749,313	-	44,216,471
d) Other Retail Exposures	53,717,931	11,071,739	-	-	64,789,670
Total IRB Approach	339,171,006	102,476,926	26,607,052	68,697,322	536,952,306
Total Standardised and IRB Approaches	426,136,693	145,077,817	50,456,207	92,103,538	713,774,255
As at 31.12.2014					
Exempted Exposures (Standardised Approach)					
Sovereigns/Central Banks	51,815,134	22,806,535	6,567,946	4,964,008	86,153,623
Public Sector Entities	9,339,737	1,489,754	932,589	16,730	11,778,810
Banks, Development Financial Institutions & MDBs	648,833	-	-	-	648,833
Insurance Cos, Securities Firms & Fund Managers	-	886,425	-	5,848	892,273
Corporates	10,363,520	5,525,403	5,531,469	2,342,908	23,763,300
Regulatory Retail	7,290,729	7,660,585	14,023,400	2,678,848	31,653,562
Residential Mortgages	1,158,699	-	253,995	150,785	1,563,479
Higher Risk Assets	196,537	31,013	-	-	227,550
Other Assets	666,625	1,587,859	3,225,400	2,150,689	7,630,573
Securitisation Exposures	185,502	-	-	-	185,502
Equity Exposures	317,511	10,481	9,461	-	337,453
Total Standardised Approach	81,982,827	39,998,055	30,544,260	12,309,816	164,834,958
Exposures under the IRB Approach					
Banks, Development Financial Institutions & MDBs	39,661,441	16,967,621	1,729,257	15,216,900	73,575,219
Corporate Exposures	160,008,346	31,691,357	10,522,132	40,345,317	242,567,152
a) Corporates (excluding Specialised Lending and firm-size adjustment)	85,664,521	31,691,357	10,522,132	40,345,317	168,223,327
b) Corporates (with firm-size adjustment)	69,468,055	-	-	-	69,468,055
c) Specialised Lending (Slotting Approach)	-	-	-	-	-
- Project Finance	4,875,770	-	-	-	4,875,770
Retail Exposures	141,348,602	33,010,714	-	-	174,359,316
a) Residential Mortgages	38,075,671	14,189,541	-	-	52,265,212
b) Qualifying Revolving Retail Exposures	5,749,899	4,443,912	-	-	10,193,811
c) Hire Purchase Exposures	33,852,870	5,533,903	-	-	39,386,773
d) Other Retail Exposures	63,670,162	8,843,358	-	-	72,513,520
Total IRB Approach	341,018,389	81,669,692	12,251,389	55,562,217	490,501,687
Total Standardised and IRB Approaches	423,001,216	121,667,747	42,795,649	67,872,033	655,336,645

Credit Risk

Table 7: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank

Exposure Class	Malaysia RM'000	Singapore RM'000	Other Overseas Units RM'000	Total RM'000
As at 31.12.2015				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	37,338,667	32,917,512	8,667,515	78,923,694
Public Sector Entities	5,386,865	1,713,964	-	7,100,829
Banks, Development Financial Institutions & MDBs	132,879	-	-	132,879
Corporates	12,451,270	1,195	626,155	13,078,620
Regulatory Retail	1,611,911	6,852,803	383,835	8,848,549
Residential Mortgages	244,964	66	36,743	281,773
Higher Risk Assets	146,549	5,327	-	151,876
Other Assets	6,114,090	1,097,873	1,040,781	8,252,744
Securitisation Exposures	159,944	-	-	159,944
Equity Exposures	264,011	12,033	-	276,044
Total Standardised Approach	63,851,150	42,600,773	10,755,029	117,206,952
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	38,740,758	13,751,039	15,616,015	68,107,812
Corporate Exposures	137,066,085	43,447,989	47,912,899	228,426,973
a) Corporates (excluding Specialised Lending and firm-size adjustment)	78,485,090	43,447,989	47,912,899	169,845,978
b) Corporates (with firm-size adjustment)	58,580,995	-	-	58,580,995
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	-	-	-	-
Retail Exposures	66,383,564	45,277,898	-	111,661,462
a) Residential Mortgages	23,956,872	23,230,087	-	47,186,959
b) Qualifying Revolving Retail Exposures	5,389,980	5,489,840	-	10,879,820
c) Hire Purchase Exposures	6,953,461	5,486,232	-	12,439,693
d) Other Retail Exposures	30,083,251	11,071,739	-	41,154,990
Total IRB Approach	242,190,407	102,476,926	63,528,914	408,196,247
Total Standardised and IRB Approaches	306,041,557	145,077,699	74,283,943	525,403,199
As at 31.12.2014				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	32,900,579	22,737,047	2,679,151	58,316,777
Public Sector Entities	4,836,470	1,489,754	-	6,326,224
Banks, Development Financial Institutions & MDBs	182,768	-	-	182,768
Corporates	7,155,924	5,134,866	1,967,957	14,258,747
Regulatory Retail	4,532,158	4,679,319	187,218	9,398,695
Residential Mortgages	242,361	-	148,199	390,560
Higher Risk Assets	152,599	668	-	153,267
Other Assets	5,647,517	850,929	1,356,583	7,855,029
Securitisation Exposures	185,502	-	-	185,502
Equity Exposures	179,210	10,481	-	189,691
Total Standardised Approach	56,015,088	34,903,064	6,339,108	97,257,260
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	49,143,979	16,356,823	14,412,412	79,913,214
Corporate Exposures	135,052,497	31,691,357	37,240,742	203,984,596
a) Corporates (excluding Specialised Lending and firm-size adjustment)	70,448,564	31,691,357	37,240,742	139,380,663
b) Corporates (with firm-size adjustment)	59,960,626	-	-	59,960,626
c) Specialised Lending (Slotting Approach)	4,643,307	-	-	4,643,307
- Project Finance	-	-	-	-
Retail Exposures	67,263,491	33,010,714	-	100,274,205
a) Residential Mortgages	23,862,814	14,189,541	-	38,052,355
b) Qualifying Revolving Retail Exposures	5,206,853	4,443,912	-	9,650,765
c) Hire Purchase Exposures	7,739,407	5,533,903	-	13,273,310
d) Other Retail Exposures	30,454,417	8,843,358	-	39,297,775
Total IRB Approach	251,459,967	81,058,894	51,653,154	384,172,015
Total Standardised and IRB Approaches	307,475,055	115,961,958	57,992,332	481,429,275

Credit Risk

Table 8: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Islamic

Exposure Class	As at 31.12.2015 Total RM'000	As at 31.12.2014 Total RM'000
Exposures under Standardised Approach		
Sovereigns/Central Banks	12,340,870	18,571,089
Public Sector Entities	8,003,379	7,964,853
Corporates	2,258,829	3,162,776
Regulatory Retail	3,109,590	2,545,781
Residential Mortgages	1,505,667	916,338
Higher Risk Assets	8,546	4,490
Other Assets	522,655	494,667
Total Standardised Approach	27,749,536	33,659,994
Exposures under IRB Approach		
Banks, Development Financial Institutions & MDBs	12,121,967	17,427,466
Corporate Exposures	41,440,274	31,016,822
a) Corporates (excluding Specialised Lending and firm-size adjustment)	30,152,467	21,262,911
b) Corporates (with firm-size adjustment)	11,287,807	9,507,429
c) Specialised Lending (Slotting Approach)		
- Project Finance	-	246,482
Retail Exposures	87,189,000	74,085,109
a) Residential Mortgages	19,062,553	14,212,858
b) Qualifying Revolving Retail Exposures	782,694	543,045
c) Hire Purchase Exposures	28,910,360	26,113,462
d) Other Retail Exposures	38,433,393	33,215,744
Total IRB Approach	140,751,241	122,529,397
Total Standardised and IRB Approaches	168,500,777	156,189,391

* Credit exposure for Maybank Islamic is derived from Malaysia only.

Credit Risk

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

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
As at 31.12.2015												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	42	-	100,762	-	-	222	89,483,540	2,840,372	303,537	-	7,938,401	100,666,876
Public Sector Entities	390,553	-	31	88	7,647	1,479	9,803,298	-	1,691,644	-	758,098	12,652,838
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	464,045	-	-	-	646,815	1,110,860
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	22,184	-	-	-	352,690	374,874
Corporates	56,407	3,159	115,234	112,007	856,278	248,584	275,042	285,992	29,038	662,658	16,577,258	19,221,657
Regulatory Retail	2,840	935	20,281	3,081	19,412	70,067	2,808,896	442,938	58,172	20,190,896	3,470,199	27,087,717
Residential Mortgages	-	-	-	-	-	-	-	36,743	-	2,054,768	-	2,091,511
Higher Risk Assets	-	-	-	150	-	281	80,880	-	-	138,017	15,407	234,735
Other Assets	-	-	-	-	-	-	62,226	688	-	8,774,711	3,463,500	12,301,125
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	159,944	159,944
Equity Exposures	-	-	3,156	683	53,971	-	8,876	-	-	209,333	643,793	919,812
Total Standardised Approach	449,842	4,094	239,464	116,009	937,308	320,633	103,008,987	3,606,733	2,082,391	32,030,383	34,026,105	176,821,949
Exposures under the IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	65,535,134	-	-	-	38,042	65,573,176
Corporate Exposures	9,542,685	6,620,811	30,269,579	16,740,008	14,572,337	21,883,842	59,723,401	20,319,585	8,633,066	18,066	91,100,068	279,423,448
a) Corporates (excluding Specialised Lending and firm-size adjustment)	9,113,740	6,574,450	29,779,765	15,525,835	14,432,332	21,398,410	57,293,896	20,243,956	8,499,468	18,066	26,674,728	209,554,646
b) Corporates (with firm-size adjustment)	428,945	46,361	489,814	1,214,173	140,005	485,432	2,429,505	75,629	133,598	-	64,425,340	69,868,802
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	591,681	86,861	1,831,338	1,481,114	55,144	5,216,648	3,045,929	713,847	704,778	170,373,030	7,855,312	191,955,682
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	70,827,045	-	70,827,045
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	12,122,496	-	12,122,496
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	44,216,471	-	44,216,471
d) Other Retail Exposures	591,681	86,861	1,831,338	1,481,114	55,144	5,216,648	3,045,929	713,847	704,778	43,207,018	7,855,312	64,789,670
Total IRB Approach	10,134,366	6,707,672	32,100,917	18,221,122	14,627,481	27,100,490	128,304,464	21,033,432	9,337,844	170,391,096	98,993,422	536,952,306
Total Standardised and IRB Approaches	10,584,208	6,711,766	32,340,381	18,337,131	15,564,789	27,421,123	231,313,451	24,640,165	11,420,235	202,421,479	133,019,527	713,774,255
As at 31.12.2014												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	40	-	-	-	-	155	71,966,094	2,070,161	2,852,999	-	9,264,174	86,153,623
Public Sector Entities	390,339	-	-	88	6,703	1,005	9,620,776	-	608,371	-	1,151,528	11,778,810
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	648,833	648,833
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	1,002	-	-	891,271	892,273
Corporates	106,348	22,654	2,083,883	2,520,953	934,081	145,151	575,564	438,459	868,101	458,265	15,609,841	23,763,300
Regulatory Retail	11,595	-	15,489	4,794	1,532	42,752	1,386	8,628	17,700	14,462,613	17,087,073	31,653,562
Residential Mortgages	-	-	527	9	1,133	5,993	1,602	110,133	1,866	1,188,221	253,995	1,563,479
Higher Risk Assets	-	12,000	-	-	-	-	47,448	-	-	126,691	41,411	227,550
Other Assets	-	-	-	-	-	-	-	69,378	-	6,457,496	1,103,699	7,630,573
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	185,502	185,502
Equity Exposures	-	-	2,749	126	53,970	-	7,732	-	-	125,113	147,763	337,453
Total Standardised Approach	508,322	34,654	2,102,648	2,525,970	997,419	195,056	82,220,602	2,697,761	4,349,037	22,818,399	46,385,090	164,834,958
Exposures under the IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	72,968,280	-	5,758	-	601,181	73,575,219
Corporate Exposures	7,025,553	4,825,095	37,196,957	13,444,527	10,310,502	25,150,979	108,057,743	18,058,867	6,221,433	1,818,643	10,456,853	242,567,152
a) Corporates (excluding Specialised Lending and firm-size adjustment)	6,613,071	4,731,579	36,691,870	12,682,466	10,181,174	20,189,453	47,180,577	18,006,145	6,145,853	1,818,643	3,982,496	168,223,327
b) Corporates (with firm-size adjustment)	412,482	54,097	258,605	762,061	129,328	371,657	60,877,166	52,722	75,580	-	6,474,357	69,468,055
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	39,419	246,482	-	-	4,589,869	-	-	-	-	-	4,875,770
Retail Exposures	476,375	70,023	1,313,410	1,159,398	36,489	4,031,048	2,286,521	568,383	556,947	163,431,216	429,506	174,359,316
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	52,265,212	-	52,265,212
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	10,193,811	-	10,193,811
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	39,386,773	-	39,386,773
d) Other Retail Exposures	476,375	70,023	1,313,410	1,159,398	36,489	4,031,048	2,286,521	568,383	556,947	61,585,420	429,506	72,513,520
Total IRB Approach	7,501,928	4,895,118	38,510,367	14,603,925	10,346,991	29,182,027	183,312,544	18,627,250	6,784,138	165,249,859	11,487,540	490,501,687
Total Standardised and IRB Approaches	8,010,250	4,929,772	40,613,015	17,129,895	11,344,410	29,377,083	265,533,146	21,325,011	11,133,175	188,068,258	57,872,630	655,336,645

Credit Risk

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

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
As at 31.12.2015												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	42	-	389	-	-	222	69,877,701	2,726,149	303,537	-	6,015,654	78,923,694
Public Sector Entities	285,263	-	31	88	7,647	1,479	5,304,133	-	747,333	-	754,855	7,100,829
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	132,879	132,879
Corporates	16,042	135	53,107	92,662	745,210	138,117	17,522	194,819	12,452	152	11,808,402	13,078,620
Regulatory Retail	-	-	1,060	-	301	16,048	7,365	105,796	3,527	8,694,717	19,735	8,848,549
Residential Mortgages	-	-	-	-	-	-	-	36,743	-	245,030	-	281,773
Higher Risk Assets	-	-	-	149	-	281	17,043	-	-	129,471	4,932	151,876
Other Assets	-	-	-	-	-	-	-	688	-	8,252,056	-	8,252,744
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	159,944	159,944
Equity Exposures	-	-	3,156	684	53,973	-	8,876	-	-	209,333	22	276,044
Total Standardised Approach	301,347	135	57,743	93,583	807,131	156,147	75,232,640	3,064,195	1,066,849	17,530,759	18,896,423	117,206,952
Exposures under the IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	68,107,812	-	-	-	-	68,107,812
Corporate Exposures	7,008,924	4,844,655	23,727,350	11,165,294	13,923,235	18,959,946	52,604,518	17,872,483	7,971,659	9,103	70,339,806	228,426,973
a) Corporates (excluding Specialised Lending and firm-size adjustment)	7,008,924	4,844,655	23,727,350	11,165,294	13,923,235	18,959,946	52,604,518	17,872,483	7,971,659	9,103	11,758,811	169,845,978
b) Corporates (with firm-size adjustment)	-	-	-	-	-	-	-	-	-	-	58,580,995	58,580,995
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	298,028	35,869	810,298	649,827	16,640	2,641,437	1,232,464	356,922	298,506	97,717,454	7,604,017	111,661,462
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	47,186,959	-	47,186,959
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	10,879,820	-	10,879,820
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	12,439,693	-	12,439,693
d) Other Retail Exposures	298,028	35,869	810,298	649,827	16,640	2,641,437	1,232,464	356,922	298,506	27,210,982	7,604,017	41,154,990
Total IRB Approach	7,306,952	4,880,524	24,537,648	11,815,121	13,939,875	21,601,383	121,944,794	18,229,405	8,270,165	97,726,557	77,943,823	408,196,247
Total Standardised and IRB Approaches	7,608,299	4,880,659	24,595,391	11,908,704	14,747,006	21,757,530	197,177,434	21,293,600	9,337,014	115,257,316	96,840,246	525,403,199
As at 31.12.2014												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	40	-	-	-	-	156	52,691,646	1,197,263	2,853,000	-	1,574,672	58,316,777
Public Sector Entities	285,157	-	-	88	6,703	1,004	5,271,022	-	600,282	-	161,968	6,326,224
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	182,768	182,768
Corporates	16,340	18,652	28,659	2,458,096	270,876	31,231	572,153	332,335	842,077	15,346	9,672,982	14,258,747
Regulatory Retail	-	-	433	-	20	7,439	122	5,939	2,401	7,549,491	1,832,850	9,398,695
Residential Mortgages	-	-	526	8	1,133	3,407	1,603	110,133	1,867	271,883	-	390,560
Higher Risk Assets	-	12,000	-	-	-	-	17,103	-	-	122,203	1,961	153,267
Other Assets	-	-	-	-	-	-	-	69,378	-	5,962,828	1,822,823	7,855,029
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	185,502	185,502
Equity Exposures	-	-	2,749	127	53,971	-	7,732	-	-	125,112	-	189,691
Total Standardised Approach	301,537	30,652	32,367	2,458,319	332,703	43,237	58,561,381	1,715,048	4,299,627	14,046,863	15,435,526	97,257,260
Exposures under the IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	79,867,986	-	5,758	-	39,470	79,913,214
Corporate Exposures	5,530,636	3,886,295	24,333,093	10,470,465	9,402,061	22,597,857	102,789,679	16,018,947	5,545,371	9,354	3,400,838	203,984,596
a) Corporates (excluding Specialised Lending and firm-size adjustment)	5,530,636	3,846,876	24,333,093	10,470,465	9,402,061	17,993,969	42,829,053	16,018,947	5,545,371	9,354	3,400,838	139,380,663
b) Corporates (with firm-size adjustment)	-	-	-	-	-	-	59,960,626	-	-	-	-	59,960,626
c) Specialised Lending (Slotting Approach)	-	39,419	-	-	-	4,603,888	-	-	-	-	-	4,643,307
- Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	295,471	34,314	754,882	638,942	16,702	2,454,057	1,085,351	329,902	275,090	94,166,244	223,250	100,274,205
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	38,052,355	-	38,052,355
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	9,650,765	-	9,650,765
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	13,273,310	-	13,273,310
d) Other Retail Exposures	295,471	34,314	754,882	638,942	16,702	2,454,057	1,085,351	329,902	275,090	33,189,814	223,250	39,297,775
Total IRB Approach	5,826,107	3,920,609	25,087,975	11,109,407	9,418,763	25,051,914	183,743,015	16,348,849	5,826,219	94,175,598	3,663,558	384,172,015
Total Standardised and IRB Approaches	6,127,644	3,951,261	25,120,342	13,567,726	9,751,466	25,095,151	242,304,396	18,063,897	10,125,846	108,222,461	19,099,084	481,429,275

Credit Risk

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

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
As at 31.12.2015												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	-	-	100,373	-	-	-	12,240,497	-	-	-	-	12,340,870
Public Sector Entities	105,291	-	-	-	-	-	4,499,165	-	80,812	-	3,318,111	8,003,379
Corporates	-	-	-	12,122	16,778	146	-	-	-	662,506	1,567,277	2,258,829
Regulatory Retail	-	-	-	-	-	-	-	-	-	3,109,590	-	3,109,590
Residential Mortgages	-	-	-	-	-	-	-	-	-	1,505,667	-	1,505,667
Higher Risk Assets	-	-	-	-	-	-	-	-	-	8,546	-	8,546
Other Assets	-	-	-	-	-	-	-	-	-	522,655	-	522,655
Total Standardised Approach	105,291	-	100,373	12,122	16,778	146	16,739,662	-	80,812	5,808,964	4,885,388	27,749,536
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	12,083,926	-	-	-	38,041	12,121,967
Corporate Exposures	2,330,531	1,698,013	6,251,678	5,240,012	545,761	2,277,789	7,078,920	1,803,379	604,575	-	13,609,616	41,440,274
a) Corporates (excluding Specialised Lending and firm-size adjustment)	1,901,586	1,651,652	5,761,864	4,025,839	405,756	1,792,357	4,649,415	1,727,750	470,977	-	7,765,271	30,152,467
b) Corporates (with firm-size adjustment)	428,945	46,361	489,814	1,214,173	140,005	485,432	2,429,505	75,629	133,598	-	5,844,345	11,287,807
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	293,653	50,992	1,021,040	831,287	38,504	2,575,211	1,813,465	356,926	406,272	79,550,354	251,296	87,189,000
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	19,062,553	-	19,062,553
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	782,694	-	782,694
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	28,910,360	-	28,910,360
d) Other Retail Exposures	293,653	50,992	1,021,040	831,287	38,504	2,575,211	1,813,465	356,926	406,272	30,794,747	251,296	38,433,393
Total IRB Approach	2,624,184	1,749,005	7,272,718	6,071,299	584,265	4,853,000	20,976,311	2,160,305	1,010,847	79,550,354	13,898,953	140,751,241
Total Standardised and IRB Approaches	2,729,475	1,749,005	7,373,091	6,083,421	601,043	4,853,146	37,715,973	2,160,305	1,091,659	85,359,318	18,784,341	168,500,777
As at 31.12.2014												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	-	-	-	-	-	-	18,571,089	-	-	-	-	18,571,089
Public Sector Entities	105,182	-	-	-	-	-	5,053,112	-	6,145	-	2,800,414	7,964,853
Corporates	-	-	2,022,271	61,063	641,641	-	-	-	-	437,801	-	3,162,776
Regulatory Retail	-	-	-	-	-	-	-	-	-	2,545,781	-	2,545,781
Residential Mortgages	-	-	-	-	-	-	-	-	-	916,338	-	916,338
Higher Risk Assets	-	-	-	-	-	-	-	-	-	4,490	-	4,490
Other Assets	-	-	-	-	-	-	-	-	-	494,667	-	494,667
Total Standardised Approach	105,182	-	2,022,271	61,063	641,641	-	23,624,201	-	6,145	4,399,077	2,800,414	33,659,994
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	16,893,756	-	-	-	533,710	17,427,466
Corporate Exposures	1,366,665	837,332	4,008,402	2,826,926	888,902	1,875,074	5,066,548	1,175,061	649,395	-	12,322,517	31,016,822
a) Corporates (excluding Specialised Lending and firm-size adjustment)	954,183	783,235	3,503,315	2,064,865	759,574	1,503,417	4,150,008	1,122,339	573,815	-	5,848,160	21,262,911
b) Corporates (with firm-size adjustment)	412,482	54,097	258,605	762,061	129,328	371,657	916,540	52,722	75,580	-	6,474,357	9,507,429
c) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	246,482	-	-	-	-	-	-	-	-	246,482
Retail Exposures	180,904	35,709	558,528	520,456	19,787	1,576,991	1,201,170	238,481	281,856	69,264,971	206,256	74,085,109
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	14,212,858	-	14,212,858
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	543,045	-	543,045
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	26,113,462	-	26,113,462
d) Other Retail Exposures	180,904	35,709	558,528	520,456	19,787	1,576,991	1,201,170	238,481	281,856	28,395,606	206,256	33,215,744
Total IRB Approach	1,547,569	873,041	4,566,930	3,347,382	908,689	3,452,065	23,161,474	1,413,542	931,251	69,264,971	13,062,483	122,529,397
Total Standardised and IRB Approaches	1,652,751	873,041	6,589,201	3,408,445	1,550,330	3,452,065	46,785,675	1,413,542	937,396	73,664,048	15,862,897	156,189,391

Credit Risk

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

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31.12.2015				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	39,991,204	21,036,235	39,639,437	100,666,876
Public Sector Entities	6,611,136	3,400,769	2,640,933	12,652,838
Banks, Development Financial Institutions & MDBs	464,045	646,815	-	1,110,860
Insurance Cos, Securities Firms & Fund Managers	-	374,874	-	374,874
Corporates	3,095,240	14,139,838	1,986,579	19,221,657
Regulatory Retail	9,228,611	11,162,733	6,696,373	27,087,717
Residential Mortgages	38,413	129,903	1,923,195	2,091,511
Higher Risk Assets	60,528	162,161	12,046	234,735
Other Assets	5,327,043	-	6,974,082	12,301,125
Securitisation Exposures	159,944	-	-	159,944
Equity Exposures	-	919,812	-	919,812
Total Standardised Approach	64,976,164	51,973,140	59,872,645	176,821,949
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	52,373,759	7,970,171	5,229,246	65,573,176
Corporate Exposures	84,530,975	98,790,536	96,101,937	279,423,448
a) Corporates (excluding Specialised Lending and firm-size adjustment)	80,242,713	96,752,627	32,559,306	209,554,646
b) Corporates (with firm-size adjustment)	4,288,262	2,037,909	63,542,631	69,868,802
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	-	-	-	-
Retail Exposures	8,686,741	35,141,251	148,127,690	191,955,682
a) Residential Mortgages	329,412	2,887,908	67,609,725	70,827,045
b) Qualifying Revolving Retail Exposures	3,341,810	8,455,588	325,098	12,122,496
c) Hire Purchase Exposures	852,354	16,893,555	26,470,562	44,216,471
d) Other Retail Exposures	4,163,165	6,904,200	53,722,305	64,789,670
Total IRB Approach	145,591,475	141,901,958	249,458,873	536,952,306
Total Standardised and IRB Approaches	210,567,639	193,875,098	309,331,518	713,774,255
As at 31.12.2014				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	35,216,815	15,145,111	35,791,697	86,153,623
Public Sector Entities	1,529,718	8,179,463	2,069,629	11,778,810
Banks, Development Financial Institutions & MDBs	-	648,833	-	648,833
Insurance Cos, Securities Firms & Fund Managers	1,002	891,271	-	892,273
Corporates	4,282,526	6,538,757	12,942,017	23,763,300
Regulatory Retail	8,165,380	18,219,514	5,268,668	31,653,562
Residential Mortgages	33,869	164,733	1,364,877	1,563,479
Higher Risk Assets	11,652	209,487	6,411	227,550
Other Assets	3,196,138	3,974,407	460,028	7,630,573
Securitisation Exposures	-	185,502	-	185,502
Equity Exposures	-	337,453	-	337,453
Total Standardised Approach	52,437,100	54,494,531	57,903,327	164,834,958
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	58,891,310	1,288,497	13,395,412	73,575,219
Corporate Exposures	71,418,116	78,370,490	92,778,546	242,567,152
a) Corporates (excluding Specialised Lending and firm-size adjustment)	66,084,156	71,050,158	31,089,013	168,223,327
b) Corporates (with firm-size adjustment)	798,162	7,048,450	61,621,443	69,468,055
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	4,535,798	271,882	68,090	4,875,770
Retail Exposures	4,815,308	29,920,435	139,623,573	174,359,316
a) Residential Mortgages	172,830	1,698,530	50,393,852	52,265,212
b) Qualifying Revolving Retail Exposures	653,115	9,232,803	307,893	10,193,811
c) Hire Purchase Exposures	429,759	13,138,741	25,818,273	39,386,773
d) Other Retail Exposures	3,559,604	5,850,361	63,103,555	72,513,520
Total IRB Approach	135,124,734	109,579,422	245,797,531	490,501,687
Total Standardised and IRB Approaches	187,561,834	164,073,953	303,700,858	655,336,645

Credit Risk

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

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31.12.2015				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	29,319,711	15,984,822	33,619,161	78,923,694
Public Sector Entities	1,790,573	3,668,207	1,642,049	7,100,829
Banks, Development Financial Institutions & MDBs	-	132,879	-	132,879
Corporates	491,441	12,110,395	476,784	13,078,620
Regulatory Retail	4,800,819	3,181,918	865,812	8,848,549
Residential Mortgages	970	29,200	251,603	281,773
Higher Risk Assets	18,715	127,955	5,206	151,876
Other Assets	-	1,040,016	7,212,728	8,252,744
Securitisation Exposures	159,944	-	-	159,944
Equity Exposures	-	276,044	-	276,044
Total Standardised Approach	36,582,173	36,551,436	44,073,343	117,206,952
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	42,225,771	14,885,070	10,996,971	68,107,812
Corporate Exposures	54,943,802	83,647,604	89,835,567	228,426,973
a) Corporates (excluding Specialised Lending and firm-size adjustment)	54,943,802	83,647,604	31,254,572	169,845,978
b) Corporates (with firm-size adjustment)	-	-	58,580,995	58,580,995
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	-	-	-	-
Retail Exposures	6,269,334	20,493,877	84,898,251	111,661,462
a) Residential Mortgages	275,353	1,358,587	45,553,019	47,186,959
b) Qualifying Revolving Retail Exposures	3,245,914	7,322,219	311,687	10,879,820
c) Hire Purchase Exposures	316,175	7,539,371	4,584,147	12,439,693
d) Other Retail Exposures	2,431,892	4,273,700	34,449,398	41,154,990
Total IRB Approach	103,438,907	119,026,551	185,730,789	408,196,247
Total Standardised and IRB Approaches	140,021,080	155,577,987	229,804,132	525,403,199
As at 31.12.2014				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	19,646,847	9,685,088	28,983,842	58,316,777
Public Sector Entities	541,316	4,054,168	1,730,740	6,326,224
Banks, Development Financial Institutions & MDBs	-	182,768	-	182,768
Corporates	533,057	2,325,882	11,399,808	14,258,747
Regulatory Retail	4,811,822	1,758,198	2,828,675	9,398,695
Residential Mortgages	2,642	68,491	319,427	390,560
Higher Risk Assets	10,797	139,360	3,110	153,267
Other Assets	2,559,061	5,295,968	-	7,855,029
Securitisation Exposures	-	185,502	-	185,502
Equity Exposures	-	189,691	-	189,691
Total Standardised Approach	28,105,542	23,886,116	45,265,602	97,257,260
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	47,307,944	26,872,865	5,732,405	79,913,214
Corporate Exposures	54,349,813	63,309,302	86,325,481	203,984,596
a) Corporates (excluding Specialised Lending and firm-size adjustment)	49,814,016	63,269,882	26,296,765	139,380,663
b) Corporates (with firm-size adjustment)	-	-	59,960,626	59,960,626
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	4,535,797	39,420	68,090	4,643,307
Retail Exposures	3,565,736	21,061,464	75,647,005	100,274,205
a) Residential Mortgages	165,994	1,377,891	36,508,470	38,052,355
b) Qualifying Revolving Retail Exposures	559,786	8,793,744	297,235	9,650,765
c) Hire Purchase Exposures	299,122	7,021,992	5,952,196	13,273,310
d) Other Retail Exposures	2,540,834	3,867,837	32,889,104	39,297,775
Total IRB Approach	105,223,493	111,243,631	167,704,891	384,172,015
Total Standardised and IRB Approaches	133,329,035	135,129,747	212,970,493	481,429,275

Credit Risk

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

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31.12.2015				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	4,589,851	1,887,692	5,863,327	12,340,870
Public Sector Entities	4,798,285	2,984,801	220,293	8,003,379
Corporates	1,072,809	492,353	693,667	2,258,829
Regulatory Retail	305,967	819,957	1,983,666	3,109,590
Residential Mortgages	897	35,305	1,469,465	1,505,667
Higher Risk Assets	2,370	769	5,407	8,546
Other Assets	70,789	-	451,866	522,655
Total Standardised Approach	10,840,968	6,220,877	10,687,691	27,749,536
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	8,579,562	692,028	2,850,377	12,121,967
Corporate Exposures	19,349,761	8,898,013	13,192,500	41,440,274
a) Corporates (excluding Specialised Lending and firm-size adjustment)	15,061,499	6,860,104	8,230,864	30,152,467
b) Corporates (with firm-size adjustment)	4,288,262	2,037,909	4,961,636	11,287,807
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	-	-	-	-
Retail Exposures	1,978,830	10,720,008	74,490,162	87,189,000
a) Residential Mortgages	12,995	359,310	18,690,248	19,062,553
b) Qualifying Revolving Retail Exposures	53,521	724,660	4,513	782,694
c) Hire Purchase Exposures	181,042	7,005,538	21,723,780	28,910,360
d) Other Retail Exposures	1,731,272	2,630,500	34,071,621	38,433,393
Total IRB Approach	29,908,153	20,310,049	90,533,039	140,751,241
As at 31.12.2014				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	10,428,117	2,044,848	6,098,124	18,571,089
Public Sector Entities	711,342	7,032,692	220,819	7,964,853
Corporates	843,239	2,063,377	256,160	3,162,776
Regulatory Retail	235,403	578,071	1,732,307	2,545,781
Residential Mortgages	425	27,433	888,480	916,338
Higher Risk Assets	855	335	3,300	4,490
Other Assets	34,639	-	460,028	494,667
Total Standardised Approach	12,254,020	11,746,756	9,659,218	33,659,994
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	9,818,851	598,767	7,009,848	17,427,466
Corporate Exposures	9,667,436	16,043,674	5,305,712	31,016,822
a) Corporates (excluding Specialised Lending and firm-size adjustment)	8,869,273	8,748,743	3,644,895	21,262,911
b) Corporates (with firm-size adjustment)	798,163	7,048,449	1,660,817	9,507,429
c) Specialised Lending (Slotting Approach)	-	246,482	-	246,482
- Project Finance	-	246,482	-	246,482
Retail Exposures	1,249,573	8,858,971	63,976,565	74,085,109
a) Residential Mortgages	6,839	320,639	13,885,380	14,212,858
b) Qualifying Revolving Retail Exposures	93,329	439,059	10,657	543,045
c) Hire Purchase Exposures	130,637	6,116,749	19,866,076	26,113,462
d) Other Retail Exposures	1,018,768	1,982,524	30,214,452	33,215,744
Total IRB Approach	20,735,860	25,501,412	76,292,125	122,529,397
Total Standardised and IRB Approaches	32,989,880	37,248,168	85,951,343	156,189,391

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

Refer to Note 2.3 to Note 2.5 of the financial statements for the accounting policies and accounting estimates on impairment assessment for loans, advances and financing. The Disclosures on reconciliation of impairment/allowance can be found in Note 51(c) (10) of the financial statements. This credit impairment policy shall be applicable to the Group.

Table 15a to 15c provides details on impaired loans, advances and financing for the Group, the Bank and Maybank Islamic, respectively.

Credit Risk

Table 15a: Impaired and past due loans, advances and financing and allowances by industry for Maybank Group

	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
As at 31.12.2015				
Agriculture	323,611			
Mining & quarrying	270,939			
Manufacturing	788,475			
Construction	896,761			
Electricity, gas & water supply	631,533			
Wholesale, retail trade, restaurants & hotels	1,792,535			
Finance, insurance, real estate & business	1,591,439			
Transport, storage & communication	841,638			
Education, health & others	231,464			
Household	1,064,315			
Others	122,297			
Total	8,555,007	21,534,159	2,259,910	3,899,141
As at 31.12.2014				
Agriculture	246,337			
Mining & quarrying	188,370			
Manufacturing	1,546,896			
Construction	631,900			
Electricity, gas & water supply	187,640			
Wholesale, retail trade, restaurants & hotels	487,213			
Finance, insurance, real estate & business	1,103,237			
Transport, storage & communication	750,888			
Education, health & others	142,043			
Household	845,371			
Others	104,266			
Total	6,234,161	22,668,412	1,989,856	3,968,699

Table 15b: Impaired and past due loans, advances and financing and allowances by industry for Maybank

	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
As at 31.12.2015				
Agriculture	82,685			
Mining & quarrying	2,524			
Manufacturing	582,444			
Construction	830,762			
Electricity, gas & water supply	132,781			
Wholesale, retail trade, restaurants & hotels	1,386,708			
Finance, insurance, real estate & business	1,234,129			
Transport, storage & communication	419,219			
Education, health & others	100,275			
Household	613,501			
Others	13,598			
Total	5,398,626	9,101,025	1,422,090	2,627,341
As at 31.12.2014				
Agriculture	54,403			
Mining & quarrying	7,169			
Manufacturing	1,385,974			
Construction	571,784			
Electricity, gas & water supply	15,519			
Wholesale, retail trade, restaurants & hotels	277,778			
Finance, insurance, real estate & business	893,002			
Transport, storage & communication	411,869			
Education, health & others	108,693			
Household	508,338			
Others	15,300			
Total	4,249,829	10,967,428	1,437,215	2,940,357

Credit Risk

Table 15c: Impaired and past due loans, advances and financing and allowances by industry for Maybank Islamic

	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
As at 31.12.2015				
Agriculture	10,590			
Mining & quarrying	1,060			
Manufacturing	53,805			
Construction	18,018			
Electricity, gas & water supply	331			
Wholesale, retail trade, restaurants & hotels	118,153			
Finance, insurance, real estate & business	161,954			
Transport, storage & communication	250,271			
Education, health & others	11,400			
Household	244,877			
Others	2,771			
Total	873,230	10,797,003	208,683	747,774
As at 31.12.2014				
Agriculture	14,100			
Mining & quarrying	85			
Manufacturing	75,491			
Construction	26,963			
Electricity, gas & water supply	252			
Wholesale, retail trade, restaurants & hotels	114,044			
Finance, insurance, real estate & business	127,470			
Transport, storage & communication	90,090			
Education, health & others	7,590			
Household	216,916			
Others	1,816			
Total	674,817	10,363,615	212,946	597,403

BASEL II REQUIREMENTS

The Group has obtained BNM's approval to use internal credit models for evaluating the majority of its credit risk exposures. For the RWA computation of Corporate and Bank portfolios, the Group adopts the FIRB Approach, which relies on its own internal PD estimates and applies supervisory estimates for LGD and EAD, while the Retail and Retail-Small and Medium Enterprises ("RSME") portfolios adopt the AIRB Approach which relies on internal estimates for PD, LGD, and EAD.

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

- Probability of Default ("PD")**

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

- Loss Given Default ("LGD")**

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

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

- Exposure at Default ("EAD")**

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

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

Credit Risk

Application of Internal Ratings

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

- Credit Approval**
 The level of approval for a loan application is determined based on the internal rating of the borrower.
- Policy**
 Policy is formulated to fast track loan application processing for low risk borrowers. Additionally for the Review Policy, borrowers with higher risk grades are subjected to additional semi-annual reviews to ensure close monitoring and tracking of these borrowers.
- Reporting**
 Regular reporting on the risk rating portfolio distribution and sectoral outlook vs. borrower risk profile within sectors are being produced and monitored by the Group.
- Capital Management**
 The Group has emplaced risk-based capital management, ICAAP programme and uses regulatory capital charge for decision making and budgeting process.
- Risk Governance**
 Internal ratings are used for various risk governance activities such as the setting of group exposure limits under the Maybank Group Sectoral ("MGS") Policy, threshold limit for Credit Review Committee ("CRC") review, sectoral limit policy, sampling methodology for credit review and policy breach policy.
- Pricing decision**
 Internal ratings are being used as a basis for pricing credit facilities.

NON-RETAIL PORTFOLIO

Non-retail exposures comprise of Corporate, Commercial, Small Business, Real Estate, NBFIs and Special Purpose Vehicles, while, for bank exposures, they include Commercial, Investment, Savings and Co-operative banks apart from the Development Financial institutions ("DFIs") portfolios.

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

- Default History Based ("Good-Bad" analysis)**
 This approach is adopted when the Group has sufficient default data. Under this approach, statistical method is employed to determine the likelihood of default on existing exposures. Scorecards under the Group's CRRS models were developed using this approach.
- Shadow Rating Approach**
 This approach is usually applied when there are few or no default data available or also known as "low default portfolio" category. The objective of this methodology is to replicate the risk ranking applied by external rating agency. The Group's Bank Risk Rating Scorecards ("BRRS") were developed using this approach.
- Experts Judgment Approach**
 The default experience for some exposures, for example Holding Companies and Specialised Lending is insufficient for the Group to perform the required analyses to develop a robust statistical model. Hence, another approach known as experts' judgement approach is opted to develop the scorecard. Under this approach, the qualitative, quantitative and factor weights are determined by the Group's credit experts.

Credit Risk Models and Tools

Credit Risk Rating System ("CRRS")

The Borrower Risk Rating ("BRR"), which is a component of CRRS, is a borrower-specific rating element that provides an estimate on the likelihood of the borrower going into default over the next twelve months. The BRR estimates the borrower risk and is independent of the type/nature of facilities and collaterals offered.

The BRR is generated from a structured rating process which consists of quantitative and qualitative factors. From the raw rating, the rating is then capped at policy rating, if any. The Group Support Matrix is then used to objectively measure the impact of the group relationship on the raw rating of the borrower, where relevant. In view that the risk rating is based on historical financial data, judgemental override is allowed on the BRR by the relevant parties. Rating judgemental override is permissible subject to a maximum 5 notches upgrade to be decided by the rating approval party and unlimited downgrade (subject to the worst performing grade of 21) that can be performed by the business units.

For reference, each grade can be mapped to external agency ratings, such as Standard & Poor's ("S&P"), as illustrated in the following table that contains mapping of internal rating grades of corporate borrowers with S&P's and Rating Agency of Malaysia's ("RAM") rating grades.

Risk Category	Rating Grade	S&P equivalent	RAM Equivalent
Very Low	1-5	AAA to A-	AAA to AA
Low	6-10	A- to BB+	AA to A
Medium	11-15	BB+ to B+	A to BB
High	16-21	B+ to CCC	BB to C

International Risk Rating Scorecard ("IRRS")

IRRS is used to rate Corporate and Commercial borrowers of the Group's branches and subsidiaries, incorporated and/or operating outside Malaysia and Singapore (except Maybank Indonesia, which has its own scorecards). Different versions of IRRS cater to developed and emerging markets.

Bank Risk Rating Scorecard ("BRRS")

The Group has developed BRRS to risk grade the Group's bank counterparties.

As the Group's bank portfolio fall under low default portfolio category, the shadow-bond rating technique is used in developing the scorecards.

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

Rating Grade	S&P equivalent	RAM Equivalent
1-4	AAA to AA-	AAA
5-8	A+ to BBB+	AAA to AA
9-12	BBB to BB	AA to BBB
13-17	BB- to CCC	BBB to C

Tables 16 through 19 show the exposures by PD bands for Non-Retail Portfolios of the Group, the Bank and Maybank Islamic, respectively. A summary of the PD distribution of these exposures are also provided.

Credit Risk

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

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
As at 31.12.2015					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	24,285,553	45.19	20.24	-	4,916,057
0.0520 - 0.3335	31,337,774	45.00	32.84	131,293	10,291,860
0.3335 - 1.5000	9,133,800	45.00	73.35	26,443	6,699,768
1.5000 - 100	816,049	45.00	155.01	111	1,264,957
100	-	-	-	-	-
Total for Bank Exposures	65,573,176			157,847	23,172,643
Corporate (excluding Specialised Lending and firm-size adjustment)					
0.0000 - 0.1200	34,707,424	44.93	22.41	5,734,645	7,778,814
0.1200 - 0.6440	73,511,117	44.76	53.41	8,545,006	39,262,805
0.6440 - 3.0000	82,438,900	44.80	93.52	2,891,206	77,094,570
3.0000 - 100	13,962,949	44.21	141.152	265,648	19,760,188
100	4,934,255	44.56	0.01	55,579	336
Total for Corporate (excluding Specialised Lending and firm-size adjustment)	209,554,646			17,492,084	143,896,714
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	6,015,903	44.12	19.56	39,162	1,176,472
0.1200 - 0.6440	24,653,502	44.04	45.22	541,852	11,147,727
0.6440 - 3.0000	32,213,433	43.39	75.34	743,846	24,269,910
3.0000 - 100	5,272,124	44.19	115.87	209,020	6,108,873
100	1,713,840	44.64	-	7,182	27
Total for Corporate (with firm-size adjustment)	69,868,802			1,541,062	42,703,010
Total Non-Retail Exposures	344,996,624			19,190,993	209,772,367
As at 31.12.2014					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	20,002,418	45.00	18.17	5	3,634,247
0.0520 - 0.3335	38,909,512	44.77	24.07	33,556	9,363,824
0.3335 - 1.5000	12,168,539	45.00	60.12	11,602	7,315,602
1.5000 - 100	2,468,224	45.00	131.57	2	3,247,547
100	26,526	-	-	-	-
Total for Bank Exposures	73,575,219			45,165	23,561,220
Corporate (excluding Specialised Lending and firm-size adjustment)					
0.0000 - 0.1200	23,168,111	45.00	24.27	5,962,736	5,622,757
0.1200 - 0.6440	59,433,045	45.00	54.49	5,052,366	32,382,494
0.6440 - 3.0000	66,888,338	45.00	98.72	2,887,476	66,032,115
3.0000 - 100	12,368,571	45.00	144.73	663,072	17,740,302
100	6,365,264	45.00	-	62,352	85
Total for Corporate (excluding Specialised Lending and firm-size adjustment)	168,223,329			14,628,002	121,777,753
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	8,423,287	45.00	13.02	-	1,096,329
0.1200 - 0.6440	25,701,504	44.70	47.57	344	12,225,062
0.6440 - 3.0000	30,185,373	43.05	75.53	13,865	22,799,807
3.0000 - 100	5,073,330	43.40	97.92	557	5,076,353
100	84,561	44.85	1.26	-	1,175
Total for Corporate (with firm-size adjustment)	69,468,055			14,766	41,198,726
Total Non-Retail Exposures	311,266,603			14,687,933	186,537,699

Credit Risk

Table 17: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
As at 31.12.2015					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	11,802,270	45.00	20.02	-	2,363,213
0.0520 - 0.3335	46,039,100	45.00	26.96	8,005	12,412,385
0.3335 - 1.5000	8,571,346	45.00	68.01	11,443	5,829,082
1.5000 - 100	1,695,096	45.00	129.30	111	2,191,677
100	-	-	-	-	-
Total for Bank Exposures	68,107,812			19,559	22,796,357
Corporate (excluding Specialised Lending and firm-size adjustment)					
0.0000 - 0.1200	29,815,182	45.00	22.15	4,533,543	6,604,329
0.1200 - 0.6440	63,357,527	45.00	53.62	7,109,275	33,972,756
0.6440 - 3.0000	62,742,514	45.00	94.48	1,909,726	59,276,848
3.0000 - 100	10,524,235	45.00	139.40	212,373	14,670,464
100	3,406,520	45.00	0.01	53,377	308
Total for Corporate (excluding Specialised Lending and firm-size adjustment)	169,845,978			13,818,294	114,524,705
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	5,418,201	45.00	19.28	29,179	1,044,400
0.1200 - 0.6440	21,084,152	45.00	44.99	442,446	9,484,714
0.6440 - 3.0000	26,430,633	45.00	75.22	613,569	19,882,150
3.0000 - 100	4,039,245	45.00	113.24	25,745	4,574,069
100	1,608,764	45.00	-	4,634	-
Total for Corporate (with firm-size adjustment)	58,580,995			1,115,573	34,985,333
Total Non-Retail Exposures	296,534,785			14,953,426	172,306,395
As at 31.12.2014					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	17,726,227	45.00	18.16	5	3,219,654
0.0520 - 0.3335	49,728,892	45.00	26.14	32,504	12,997,148
0.3335 - 1.5000	9,706,815	45.00	64.70	11,602	6,280,241
1.5000 - 100	2,724,754	45.00	130.68	2	3,560,796
100	26,526	-	-	-	-
Total for Bank Exposures	79,913,214			44,113	26,057,839
Corporate (excluding Specialised Lending and firm-size adjustment)					
0.0000 - 0.1200	20,486,715	45.00	24.13	5,962,736	4,944,282
0.1200 - 0.6440	51,441,284	45.00	54.73	5,052,366	28,152,716
0.6440 - 3.0000	53,783,384	45.00	98.29	2,887,476	52,865,727
3.0000 - 100	8,841,303	45.00	139.68	663,072	12,349,890
100	4,827,977	45.00	-	62,352	-
Total for Corporate (excluding Specialised Lending and firm-size adjustment)	139,380,663			14,628,002	98,312,615
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	7,935,193	45.00	12.56	-	996,563
0.1200 - 0.6440	21,313,420	45.00	47.67	-	10,159,690
0.6440 - 3.0000	26,039,191	45.00	74.94	-	19,514,271
3.0000 - 100	4,656,569	45.00	96.54	-	4,495,623
100	16,253	45.00	7.23	-	1,175
Total for Corporate (with firm-size adjustment)	59,960,626			-	35,167,322
Total Non-Retail Exposures	279,254,503			14,672,115	159,537,776

Credit Risk

Table 18: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank Islamic

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
As at 31.12.2015					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	3,328	45.00	18.93	-	630
0.0520 - 0.3335	9,273,056	45.01	29.87	123,288	2,770,267
0.3335 - 1.5000	2,843,842	45.00	52.19	15,000	1,484,260
1.5000 - 100	1,741	45.00	158.77	-	2,765
100	-	-	-	-	-
Total for Bank Exposures	12,121,967			138,288	4,257,922
Corporate (excluding Specialised Lending and firm-size adjustment)					
0.0000 - 0.1200	7,825,370	44.98	23.87	1,201,102	1,867,736
0.1200 - 0.6440	11,369,281	44.80	52.67	1,435,731	5,987,839
0.6440 - 3.0000	9,182,646	44.92	78.98	981,480	7,252,202
3.0000 - 100	1,166,160	43.72	138.42	53,275	1,614,165
100	609,010	44.69	-	2,202	27
Total for Corporate (excluding Specialised Lending and firm-size adjustment)	30,152,467	-	-	3,673,790	16,721,969
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	597,701	43.27	22.10	9,982	132,071
0.1200 - 0.6440	3,569,350	44.18	46.59	99,406	1,663,013
0.6440 - 3.0000	5,782,800	43.60	75.88	130,276	4,387,760
3.0000 - 100	1,232,879	42.83	124.49	183,274	1,534,805
100	105,077	44.00	-	2,549	28
Total for Corporate (with firm-size adjustment)	11,287,807			425,487	7,717,677
Total Non-Retail Exposures	53,562,241			4,237,565	28,697,568
As at 31.12.2014					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	1,570,266	45.00	18.15	43,236	284,928
0.0520 - 0.3335	14,494,527	45.01	24.08	1	3,490,931
0.3335 - 1.5000	1,356,765	45.00	47.31	7,799	641,856
1.5000 - 100	5,908	45.00	185.93	-	10,985
100	-	-	-	-	-
Total for Bank Exposures	17,427,466			51,036	4,428,700
Corporate (excluding Specialised Lending and firm-size adjustment)					
0.0000 - 0.1200	5,981,461	44.98	23.92	644,939	1,430,998
0.1200 - 0.6440	6,978,813	44.70	52.22	1,554,882	3,644,583
0.6440 - 3.0000	6,897,093	43.97	93.29	450,602	6,434,158
3.0000 - 100	1,039,777	42.49	114.67	25,283	1,192,348
100	365,767	45.43	0.02	3,943	85
Total for Corporate (excluding Specialised Lending and firm-size adjustment)	21,262,911			2,679,649	12,702,172
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	488,094	43.27	20.44	7,813	99,765
0.1200 - 0.6440	4,388,084	44.18	47.07	52,616	2,065,372
0.6440 - 3.0000	3,552,666	43.60	75.71	108,471	2,689,901
3.0000 - 100	1,010,277	42.83	116.44	32,986	1,176,366
100	68,308	44.00	-	53	-
Total for Corporate (with firm-size adjustment)	9,507,429			201,939	6,031,404
Total Non-Retail Exposures	48,197,806			2,932,624	23,162,276

Credit Risk

Table 19a: Disclosure on Specialised Lending Exposures under the Supervisory Slotting Criteria for Maybank Group

Supervisory Categories/Risk-Weights	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Total RM'000
As at 31.12.2015						
Specialised Lending						
- Project Finance	-	-	-	-	-	-
EAD after CRM	-	-	-	-	-	-
As at 31.12.2014						
Specialised Lending						
- Project Finance	2,541,715	250,760	331,140	1,752,070	86	4,875,771
EAD after CRM	2,541,715	250,760	331,140	1,752,070	86	4,875,771

Table 19b: Disclosure on Specialised Lending Exposures under the Supervisory Slotting Criteria for Maybank

Supervisory Categories/Risk-Weights	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Total RM'000
As at 31.12.2015						
Specialised Lending						
- Project Finance	-	-	-	-	-	-
EAD after CRM	-	-	-	-	-	-
As at 31.12.2014						
Specialised Lending						
- Project Finance	2,317,101	250,760	323,290	1,752,070	86	4,643,307
EAD after CRM	2,317,101	250,760	323,290	1,752,070	86	4,643,307

Table 19c: Disclosure on Specialised Lending Exposures under the Supervisory Slotting Criteria for Maybank Islamic

Supervisory Categories/Risk-Weights	Strong (a) or 50% RM'000	Strong or 70% RM'000	Good (a) or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Total RM'000
As at 31.12.2015						
Specialised Lending						
- Project Finance	-	-	-	-	-	-
EAD after CRM	-	-	-	-	-	-
As at 31.12.2014						
Specialised Lending						
- Project Finance	224,614	-	7,850	14,018	-	246,482
EAD after CRM	224,614	-	7,850	14,018	-	246,482

Note: Prior to 2015, Specialised Lending Exposures under the Supervisory Slotting Approach were computed under the IRB Approach. From 2015 onwards, Specialised Lending Exposures are computed under the Standardised Approach.

Credit Risk

RETAIL PORTFOLIO

The Group's retail portfolios are under the AIRB Approach. This approach calls for a more extensive reliance on the Bank's own internal experience (based on the historical data) by estimating all three main components of RWA calculation namely PD, EAD and LGD based on its own historical data.

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

AIRB coverage for Retail Portfolios

Currently the following material retail portfolios are under Retail IRB:

Basel II Retail Sub-portfolio category	Maybank Retail Portfolios
Residential Mortgage	- Housing Loan (Malaysia, Singapore and Indonesia) - Other Property Based Loan (Malaysia) - Staff Housing Loan (Malaysia) - Equity Term Loan (Singapore)
Qualifying Revolving Retail Exposure ("QRRE")	Credit Card (Malaysia, Singapore and Indonesia)
Other Retail	- Auto Loan (Malaysia, Singapore and Indonesia) - Unit Trust Loan (Malaysia) - Commercial Property Loan (Malaysia)

Retail Small and Medium Enterprises ("RSME") Portfolio

Legal entities that carry a maximum exposure of RM5 million and are eligible for treatment as 'retail' exposure, are rated under the RSME scorecard. Similar to retail portfolios, separate PD, EAD and LGD statistical models are developed at the portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio.

Retail and RSME Masterscale

A retail and RSME masterscale with mapping to PD is used to promote a common risk language across the Group's retail portfolios as shown in the table below:

Rating Grade	PD range
R1 to R2	0.25% to 0.44%
R3 to R5	0.79% to 2.50%
R6 to R8	4.45% to 14.06%
R9 to R11	25% to 79.06%

Risk Measurement for Retail Portfolio

Application and behaviour scorecards are part of Basel II Retail IRB models and are used to estimate the probability that a customer will fail to make full and timely repayment of credit obligations. Business decisions and strategies are then built around the scores.

Application Scorecard

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

Application scorecards benefit both risk management and business acquisition process through:

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

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

Behaviour Scorecard

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

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

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

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

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

Credit Risk

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

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
As at 31.12.2015					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	32,489,927	17.64	10.17	23,619	3,304,205
0.5900 - 3.3330	31,827,621	24.52	35.58	34,380	11,323,943
3.3330 - 18.7500	4,959,573	27.80	94.66	23,527	4,694,816
18.7500 - 100	1,172,904	19.84	103.07	687	1,208,867
100	377,020	60.50	72.44	1,763	273,127
Total for Residential Mortgages Exposures	70,827,045			83,976	20,804,958
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	6,310,825	78.97	12.81	3,849,787	808,415
0.5900 - 3.3330	4,109,711	78.17	38.94	1,866,746	1,600,509
3.3330 - 18.7500	1,313,299	77.30	124.34	293,686	1,632,921
18.7500 - 100	359,186	78.74	237.37	84,027	852,589
100	29,475	74.63	109.56	-	32,293
Total for Qualifying Revolving Retail Exposures	12,122,496			6,094,246	4,926,727
Hire Purchase Exposures					
0.0000 - 0.5900	35,877,130	45.82	18.01	-	6,461,995
0.5900 - 3.3330	4,412,227	43.30	49.86	-	2,199,719
3.3330 - 18.7500	1,994,516	42.24	64.43	-	1,285,018
18.7500 - 100	284,459	42.01	100.60	-	286,158
100	1,648,139	83.64	48.11	-	792,946
Total Hire Purchase Exposures	44,216,471			-	11,025,836
Other Retail Exposures					
0.0000 - 0.5900	18,884,432	26.57	14.51	2,175,072	2,740,870
0.5900 - 3.3330	24,313,510	20.97	29.48	4,911,181	7,168,040
3.3330 - 18.7500	18,458,643	18.71	30.06	778,630	5,548,873
18.7500 - 100	2,613,332	27.96	67.80	86,645	1,771,743
100	519,753	55.39	45.60	4,712	237,031
Total Other Retail Exposures	64,789,670			7,956,240	17,466,557
Total Retail Exposures	191,955,682			14,134,462	54,224,078
As at 31.12.2014					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	19,946,155	17.95	10.02	62,666	1,998,807
0.5900 - 3.3330	26,028,860	24.11	34.98	23,623	9,104,273
3.3330 - 18.7500	4,984,441	27.09	92.00	597	4,585,579
18.7500 - 100	1,015,541	20.08	108.76	-	1,104,461
100	290,215	66.26	77.01	1,216	223,500
Total for Residential Mortgages Exposures	52,265,212			88,102	17,016,620
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	5,090,510	78.61	12.63	4,620,766	642,864
0.5900 - 3.3330	3,774,954	77.83	38.46	280,895	1,451,707
3.3330 - 18.7500	1,028,016	76.91	117.41	26,331	1,207,011
18.7500 - 100	299,424	78.47	237.05	-	709,775
100	906	74.63	77.31	-	701
Total for Qualifying Revolving Retail Exposures	10,193,810			4,927,992	4,012,058
Hire Purchase Exposures					
0.0000 - 0.5900	28,998,566	50.28	20.95	-	6,075,852
0.5900 - 3.3330	7,777,564	51.97	54.91	-	4,271,023
3.3330 - 18.7500	2,135,104	47.81	76.56	-	1,634,701
18.7500 - 100	321,930	46.14	113.75	-	366,209
100	153,609	95.78	66.26	-	101,776
Total Hire Purchase Exposures	39,386,773			-	12,449,561
Other Retail Exposures					
0.0000 - 0.5900	14,537,683	32.95	16.99	3,332,880	2,469,326
0.5900 - 3.3330	35,920,212	22.07	26.56	412,483	9,540,248
3.3330 - 18.7500	19,341,187	18.04	30.03	29,292	5,807,239
18.7500 - 100	2,490,939	30.63	63.27	-	1,575,960
100	223,498	53.65	83.91	3,379	187,538
Total Other Retail Exposures	72,513,519			3,778,034	19,580,311
Total Retail Exposures	174,359,314			8,794,128	53,058,550

Credit Risk

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

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
As at 31.12.2015					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	27,081,827	14.48	9.43	19,610	2,555,147
0.5900 - 3.3330	16,575,275	21.23	31.07	27,884	5,149,251
3.3330 - 18.7500	2,573,800	21.28	76.85	16,462	1,977,913
18.7500 - 100	705,208	18.12	101.65	592	716,876
100	250,849	51.78	73.19	1,219	183,605
Total for Residential Mortgages Exposures	47,186,959			65,767	10,582,792
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	5,607,276	83.31	12.78	3,751,299	716,435
0.5900 - 3.3330	3,921,562	81.70	38.77	1,796,222	1,520,452
3.3330 - 18.7500	1,051,070	79.96	118.73	285,949	1,247,971
18.7500 - 100	298,972	82.84	240.00	82,294	717,520
100	940	74.63	59.38	-	558
Total for Qualifying Revolving Retail Exposures	10,879,820			5,915,764	4,202,936
Hire Purchase Exposures					
0.0000 - 0.5900	10,078,106	45.24	17.61	-	1,775,140
0.5900 - 3.3330	1,532,915	42.62	46.25	-	709,002
3.3330 - 18.7500	650,378	41.95	65.52	-	426,096
18.7500 - 100	98,370	41.92	105.85	-	104,120
100	79,924	83.90	221.38	-	176,936
Total Hire Purchase Exposures	12,439,693			-	3,191,294
Other Retail Exposures					
0.0000 - 0.5900	14,308,464	20.68	13.10	1,901,864	1,873,914
0.5900 - 3.3330	19,077,178	21.49	26.20	2,766,472	4,997,969
3.3330 - 18.7500	6,309,182	20.97	35.25	389,948	2,223,867
18.7500 - 100	1,088,464	34.03	85.90	27,579	935,022
100	371,702	58.48	53.83	3,109	200,104
Total Other Retail Exposures	41,154,990			5,088,972	10,230,876
Total Retail Exposures	111,661,462			11,070,503	28,207,898
As at 31.12.2014					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	17,995,425	14.12	9.44	62,666	1,698,079
0.5900 - 3.3330	16,120,659	20.60	29.92	23,623	4,823,285
3.3330 - 18.7500	2,991,522	20.85	76.55	597	2,290,015
18.7500 - 100	719,057	18.30	102.62	-	737,885
100	225,692	60.48	78.21	1,216	176,509
Total for Residential Mortgages Exposures	38,052,355			88,102	9,725,773
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	4,894,691	82.60	12.71	4,620,766	622,088
0.5900 - 3.3330	3,523,433	81.03	38.51	280,895	1,356,964
3.3330 - 18.7500	947,206	79.19	118.30	26,331	1,120,498
18.7500 - 100	284,619	82.32	238.12	-	677,723
100	816	74.63	74.87	-	611
Total for Qualifying Revolving Retail Exposures	9,650,765			4,927,992	3,777,884
Hire Purchase Exposures					
0.0000 - 0.5900	9,025,579	47.62	19.23	-	1,735,690
0.5900 - 3.3330	3,140,969	48.16	51.29	-	1,610,914
3.3330 - 18.7500	924,456	45.98	73.57	-	680,159
18.7500 - 100	109,116	43.80	106.76	-	116,490
100	73,190	95.81	61.58	-	45,071
Total Hire Purchase Exposures	13,273,310			-	4,188,324
Other Retail Exposures					
0.0000 - 0.5900	11,654,970	23.87	15.03	3,332,880	1,752,225
0.5900 - 3.3330	18,026,126	22.01	26.24	412,484	4,729,767
3.3330 - 18.7500	8,109,124	18.82	31.64	29,291	2,566,033
18.7500 - 100	1,349,106	34.27	66.69	-	899,748
100	158,449	58.48	95.80	3,379	151,796
Total Other Retail Exposures	39,297,775			3,778,034	10,099,569
Total Retail Exposures	100,274,205			8,794,128	27,791,550

Credit Risk

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

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
As at 31.12.2015					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	3,293,162	20.79	14.95	4,008	492,421
0.5900 - 3.3330	13,100,613	27.80	43.38	6,496	5,683,504
3.3330 - 18.7500	2,248,803	34.31	118.25	7,065	2,659,273
18.7500 - 100	345,091	21.56	121.60	95	419,632
100	74,884	69.22	76.47	544	57,268
Total for Residential Mortgages Exposures	19,062,553			18,208	9,312,098
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	289,024	74.63	10.43	98,488	30,134
0.5900 - 3.3330	359,983	74.63	37.42	70,524	134,722
3.3330 - 18.7500	111,046	74.63	107.76	7,737	119,662
18.7500 - 100	22,483	74.63	216.15	1,733	48,596
100	158	74.63	112.48	-	178
Total for Qualifying Revolving Retail Exposures	782,694			178,482	333,292
Hire Purchase Exposures					
0.0000 - 0.5900	23,974,456	46.41	18.75	-	4,495,953
0.5900 - 3.3330	3,418,708	43.98	46.78	-	1,599,183
3.3330 - 18.7500	1,269,955	42.53	64.87	-	823,770
18.7500 - 100	148,509	42.11	107.94	-	160,294
100	98,732	83.38	210.74	-	208,066
Total Hire Purchase Exposures	28,910,360			-	7,287,266
Other Retail Exposures					
0.0000 - 0.5900	4,575,967	32.46	18.95	273,208	866,956
0.5900 - 3.3330	20,035,046	20.44	25.00	2,144,709	5,008,031
3.3330 - 18.7500	12,149,461	16.45	27.37	388,682	3,325,007
18.7500 - 100	1,524,868	21.88	54.87	59,067	836,720
100	148,051	52.30	24.94	1,602	36,928
Total Other Retail Exposures	38,433,393			2,867,268	10,073,642
Total Retail Exposures	87,189,000			3,063,958	27,006,298
As at 31.12.2014					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	1,950,730	21.77	15.42	8,352	300,728
0.5900 - 3.3330	9,908,201	27.61	43.21	44,542	4,280,988
3.3330 - 18.7500	1,992,919	33.32	115.19	35,598	2,295,564
18.7500 - 100	296,485	21.87	123.64	299	366,576
100	64,523	72.04	72.83	470	46,991
Total for Residential Mortgages Exposures	14,212,858			89,261	7,290,847
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	195,819	74.63	10.61	61,398	20,777
0.5900 - 3.3330	251,521	74.63	37.67	42,686	94,743
3.3330 - 18.7500	80,810	74.63	107.06	5,918	86,513
18.7500 - 100	14,804	74.63	216.52	1,498	32,052
100	91	74.63	99.25	-	90
Total for Qualifying Revolving Retail Exposures	543,045			111,500	234,175
Hire Purchase Exposures					
0.0000 - 0.5900	19,972,987	52.94	21.73	-	4,340,161
0.5900 - 3.3330	4,636,596	55.78	57.37	-	2,660,108
3.3330 - 18.7500	1,210,648	49.64	78.85	-	954,542
18.7500 - 100	212,813	48.49	117.34	-	249,719
100	80,418	95.75	70.51	-	56,706
Total Hire Purchase Exposures	26,113,462			-	8,261,236
Other Retail Exposures					
0.0000 - 0.5900	2,882,714	42.02	24.88	296,900	717,101
0.5900 - 3.3330	17,894,085	22.13	26.88	2,950,338	4,810,481
3.3330 - 18.7500	11,232,063	17.26	28.86	435,024	3,241,206
18.7500 - 100	1,141,833	26.99	59.22	42,990	676,212
100	65,049	48.81	54.95	2,107	35,743
Total Other Retail Exposures	33,215,744			3,727,359	9,480,743
Total Retail Exposures	74,085,109			3,928,120	25,267,001

Credit Risk

INDEPENDENT MODEL VALIDATION

The use of models will give rise to model risk, which is defined as the risk of a model not performing the tasks or able to capture the risks it was designed to. Any models not performing in line with the expectations may potentially result in financial loss, incorrect business decisions, misstatement of external financial disclosures, or damage to the reputation.

To manage this risk, model validation is performed to assess whether the model is performing according to expectations. The Model Validation team at the Group is separate from the Model Development team and the model users, with the objective to provide the required independence in performing the function. In line with regulatory requirements, all credit IRB models used for capital calculation are subject to independent validation by the Model Validation team. Additionally, as part of best practices, other significant models such as market risk models used for valuation and pricing are also subject to validation.

Model validation findings are presented to the technical committee known as Model Validation and Acceptance Committee ("MVAC") for deliberation and subsequently to GCRO for approval. The results are also shared with the risk management committees. Similarly any new models and model revision are presented and deliberated at MVAC prior to being tabled for approval.

Scope and Frequency of Model Validation

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

Model validation is conducted at two stages:

- Pre-implementation model validation which is conducted prior to launch of the model; and
- Post-implementation validation which must be carried out at least annually from the model implementation date or from the previous validation date for IRB models. For other types of models which are deemed as less risky and not subject to regulatory requirements, post-implementation validation is performed on a less frequent basis.

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

CREDIT RISK MITIGATION

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

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

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

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

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

Tables 23 through 25 show the credit risk mitigation analysis under Standardised Approach for the Group, the Bank and Maybank Islamic, respectively, whilst Tables 26 through 28 show the credit risk mitigation analysis under the IRB Approach.

Credit Risk

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

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
As at 31.12.2015				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	100,430,042	-	-	-
Public Sector Entities	11,883,432	4,797,946	754,858	-
Banks, Development Financial Institutions & MDBs	1,110,860	-	-	-
Insurance Cos, Securities Firms & Fund Managers	374,874	-	-	-
Corporates	15,186,159	315	858,019	41,621
Regulatory Retail	29,019,943	-	2,324,272	-
Residential Mortgages	2,079,848	-	-	2,043,105
Higher Risk Assets	200,537	-	-	-
Other Assets	12,301,125	-	-	-
Securitisation Exposures	159,944	-	-	-
Equity Exposures	919,811	-	-	-
Defaulted Exposures	492,954	-	14,048	12,354
Total On-Balance Sheet Exposures	174,159,529	4,798,261	3,951,197	2,097,080
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	1,007,155	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,655,078	-	109,463	102
Defaulted Exposures	187	-	-	-
Total for Off-Balance Sheet Exposures	2,662,420	-	109,463	102
Total On and Off-Balance Sheet Exposures	176,821,949	4,798,261	4,060,660	2,097,182
As at 31.12.2014				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	85,414,726	-	-	-
Public Sector Entities	11,373,375	4,640,155	2,623	-
Banks, Development Financial Institutions & MDBs	648,833	-	-	-
Insurance Cos, Securities Firms & Fund Managers	887,402	-	-	-
Corporates	22,433,692	1,643,174	1,560,892	26,224
Regulatory Retail	30,528,190	-	3,770,766	-
Residential Mortgages	1,558,671	-	50,697	1,142,905
Higher Risk Assets	232,560	-	-	-
Other Assets	7,630,573	-	-	-
Securitisation Exposures	185,502	-	-	-
Equity Exposures	327,992	-	-	-
Defaulted Exposures	373,261	208	532	1,203
Total On-Balance Sheet Exposures	161,594,777	6,283,537	5,385,510	1,170,332
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	532,659	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,704,910	-	66,529	-
Defaulted Exposures	2,612	-	-	-
Total for Off-Balance Sheet Exposures	3,240,181	-	66,529	-
Total On and Off-Balance Sheet Exposures	164,834,958	6,283,537	5,452,039	1,170,332

Credit Risk

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

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
As at 31.12.2015				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	78,698,433	-	-	-
Public Sector Entities	6,662,203	1,075,883	750,166	-
Banks, Development Financial Institutions & MDBs	132,879	-	-	-
Corporates	9,738,346	-	46,455	-
Regulatory Retail	11,286,789	-	1,533,609	-
Residential Mortgages	275,585	-	-	238,842
Higher Risk Assets	127,618	-	-	-
Other Assets	8,252,744	-	-	-
Securitisation Exposures	159,944	-	-	-
Equity Exposures	276,044	-	-	-
Defaulted Exposures	80,426	-	1,821	6,086
Total On-Balance Sheet Exposures	115,691,011	1,075,883	2,332,051	244,928
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	678,599	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	837,333	-	41,827	102
Defaulted Exposures	9	-	-	-
Total for Off-Balance Sheet Exposures	1,515,941	-	41,827	102
Total On and Off-Balance Sheet Exposures	117,206,952	1,075,883	2,373,878	245,030
As at 31.12.2014				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	57,592,192	-	-	-
Public Sector Entities	6,104,389	1,394,299	304	-
Banks, Development Financial Institutions & MDBs	182,768	-	-	-
Corporates	12,901,288	315	-	-
Regulatory Retail	9,211,958	-	1,080,617	-
Residential Mortgages	390,459	-	50,697	-
Higher Risk Assets	153,267	-	-	-
Other Assets	7,855,029	-	-	-
Securitisation Exposures	185,502	-	-	-
Equity Exposures	189,691	-	-	-
Defaulted Exposures	484	-	-	-
Total On-Balance Sheet Exposures	94,767,027	1,394,614	1,131,618	-
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	388,020	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,102,213	-	-	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	2,490,233	-	-	-
Total On and Off-Balance Sheet Exposures	97,257,260	1,394,614	1,131,618	-

Credit Risk

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

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
As at 31.12.2015				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	12,340,870	-	-	-
Public Sector Entities	7,694,964	3,722,063	4,692	-
Corporates	1,922,751	315	-	-
Regulatory Retail	3,094,318	-	363,602	-
Residential Mortgages	1,503,044	-	-	1,503,044
Higher Risk Assets	38	-	-	-
Other Assets	522,655	-	-	-
Defaulted Exposures	26,642	-	11,835	2,623
Total On-Balance Sheet Exposures	27,105,282	3,722,378	380,129	1,505,667
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	316,821	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	327,433	-	803	-
Total for Off-Balance Sheet Exposures	644,254	-	803	-
Total On and Off-Balance Sheet Exposures	27,749,536	3,722,378	380,932	1,505,667
As at 31.12.2014				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	18,571,089	-	-	-
Public Sector Entities	7,802,683	3,245,856	2,319	-
Corporates	3,122,896	1,642,860	-	-
Regulatory Retail	2,543,121	-	299,721	-
Residential Mortgages	915,135	-	-	915,135
Higher Risk Assets	38	-	-	-
Other Assets	494,667	-	-	-
Defaulted Exposures	8,911	-	135	1,203
Total On-Balance Sheet Exposures	33,458,540	4,888,716	302,175	916,338
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	120,639	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	80,815	-	225	-
Total for Off-Balance Sheet Exposures	201,454	-	225	-
Total On and Off-Balance Sheet Exposures	33,659,994	4,888,716	302,400	916,338

Credit Risk

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

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
As at 31.12.2015				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	53,776,675	-	1,329,964	-
Corporate Exposures	241,483,837	1,756,315	2,506,212	17,859,576
a) Corporates (excluding Specialised Lending and firm-size adjustment)	173,229,842	1,756,315	2,506,212	17,859,576
b) Corporates (with firm-size adjustment)	68,253,995	-	-	-
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	-	-	-	-
Retail Exposures	176,282,164	-	-	-
a) Residential Mortgages	70,365,839	-	-	-
b) Qualifying Revolving Retail Exposures	5,535,689	-	-	-
c) Hire Purchase Exposures	44,011,750	-	-	-
d) Other Retail Exposures	56,368,886	-	-	-
Defaulted Exposures	3,622,426	1,541	81,730	426,035
Total On-Balance Sheet Exposures	475,165,102	1,757,856	3,917,906	18,285,611
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	4,228,221	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	57,458,996	6,312	245,185	1,836,295
Defaulted Exposures	99,987	264	2,134	2,896
Total for Off-Balance Sheet Exposures	61,787,204	6,576	247,319	1,839,191
Total On and Off-Balance Sheet Exposures	536,952,306	1,764,432	4,165,225	20,124,802
As at 31.12.2014				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	59,056,755	-	15,212	1,123
Corporate Exposures	201,429,656	769,260	1,695,447	3,535,702
a) Corporates (excluding Specialised Lending and firm-size adjustment)	131,672,904	769,260	1,695,447	3,535,702
b) Corporates (with firm-size adjustment)	65,106,250	-	-	-
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	4,650,502	-	-	-
Retail Exposures	160,853,841	-	-	-
a) Residential Mortgages	51,799,320	-	-	-
b) Qualifying Revolving Retail Exposures	5,153,503	-	-	-
c) Hire Purchase Exposures	39,233,164	-	-	-
d) Other Retail Exposures	64,667,854	-	-	-
Defaulted Exposures	3,805,066	5,394	6,274	270,391
Total On-Balance Sheet Exposures	425,145,318	774,654	1,716,933	3,807,216
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	11,796,227	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	53,324,557	79,436	115,056	940,321
Defaulted Exposures	235,585	-	57	-
Total for Off-Balance Sheet Exposures	65,356,369	79,436	115,113	940,321
Total On and Off-Balance Sheet Exposures	490,501,687	854,090	1,832,046	4,747,537

Credit Risk

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

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
As at 31.12.2015				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	56,537,716	-	1,302,051	-
Corporate Exposures	199,728,486	187,145	1,378,757	14,446,315
a) Corporates (excluding Specialised Lending and firm-size adjustment)	141,147,491	187,145	1,378,757	14,446,315
b) Corporates (with firm-size adjustment)	58,580,995	-	-	-
c) Specialised Lending (Slotting Approach)				
- Project Finance	-	-	-	-
Retail Exposures	99,935,960	-	-	-
a) Residential Mortgages	46,871,563	-	-	-
b) Qualifying Revolving Retail Exposures	4,963,758	-	-	-
c) Hire Purchase Exposures	12,359,769	-	-	-
d) Other Retail Exposures	35,740,870	-	-	-
Defaulted Exposures	1,750,314	1,371	78,652	177,125
Total On-Balance Sheet Exposures	357,952,476	188,516	2,759,460	14,623,440
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	3,911,088	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	46,253,446	2,380	176,053	1,819,510
Defaulted Exposures	79,237	264	1,605	2,896
Total for Off-Balance Sheet Exposures	50,243,771	2,644	177,658	1,822,406
Total On and Off-Balance Sheet Exposures	408,196,247	191,160	2,937,118	16,445,846
As at 31.12.2014				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	66,072,805	-	-	-
Corporate Exposures	170,370,753	765,223	1,272,698	1,217,038
a) Corporates (excluding Specialised Lending and firm-size adjustment)	108,835,591	765,223	1,272,698	1,217,038
b) Corporates (with firm-size adjustment)	56,999,364	-	-	-
c) Specialised Lending (Slotting Approach)				
- Project Finance	4,535,798	-	-	-
Retail Exposures	90,961,465	-	-	-
a) Residential Mortgages	37,739,777	-	-	-
b) Qualifying Revolving Retail Exposures	4,721,958	-	-	-
c) Hire Purchase Exposures	13,200,120	-	-	-
d) Other Retail Exposures	35,299,610	-	-	-
Defaulted Exposures	2,135,124	5,205	6,274	82,902
Total On-Balance Sheet Exposures	329,540,147	770,428	1,278,972	1,299,940
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	11,014,064	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	43,390,122	79,436	115,056	940,320
Defaulted Exposures	227,682	-	-	-
Total for Off-Balance Sheet Exposures	54,631,868	79,436	115,056	940,320
Total On and Off-Balance Sheet Exposures	384,172,015	849,864	1,394,028	2,240,260

Credit Risk

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

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
As at 31.12.2015				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	11,273,618	-	-	-
Corporate Exposures	34,776,537	1,569,171	491,235	315,833
a) Corporates (excluding Specialised Lending and firm-size adjustment)	25,103,537	1,569,171	491,235	315,833
b) Corporates (with firm-size adjustment)	9,673,000	-	-	-
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	-	-	-	-
Retail Exposures	83,812,481	-	-	-
a) Residential Mortgages	18,970,005	-	-	-
b) Qualifying Revolving Retail Exposures	604,117	-	-	-
c) Hire Purchase Exposures	28,811,629	-	-	-
d) Other Retail Exposures	35,426,730	-	-	-
Defaulted Exposures	557,998	170	908	12,912
Total On-Balance Sheet Exposures	130,420,634	1,569,341	492,143	328,745
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	865,653	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	9,458,135	3,933	15,480	16,575
Defaulted Exposures	6,820	-	908	12,912
Total for Off-Balance Sheet Exposures	10,330,608	3,933	16,388	29,487
Total On and Off-Balance Sheet Exposures	140,751,242	1,573,274	508,531	358,232
As at 31.12.2014				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	16,889,032	-	-	-
Corporate Exposures	25,729,053	4,037	5,671	209,921
a) Corporates (excluding Specialised Lending and firm-size adjustment)	17,493,445	4,037	5,671	209,921
b) Corporates (with firm-size adjustment)	8,106,886	-	-	-
c) Specialised Lending (Slotting Approach)	-	-	-	-
- Project Finance	128,722	-	-	-
Retail Exposures	69,892,376	-	-	-
a) Residential Mortgages	14,059,543	-	-	-
b) Qualifying Revolving Retail Exposures	431,545	-	-	-
c) Hire Purchase Exposures	26,033,044	-	-	-
d) Other Retail Exposures	29,368,244	-	-	-
Defaulted Exposures	688,805	189	-	-
Total On-Balance Sheet Exposures	113,199,266	4,226	5,671	209,921
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	605,464	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	8,716,764	-	-	-
Defaulted Exposures	7,903	-	-	-
Total for Off-Balance Sheet Exposures	9,330,131	-	-	-
Total On and Off-Balance Sheet Exposures	122,529,397	4,226	5,671	209,921

Credit Risk

CREDIT EXPOSURES SUBJECT TO STANDARDISED APPROACH

The Standardised Approach is applied to portfolios that are classified as permanently exempted from the IRB Approach, and those portfolios that are currently in transition to the IRB Approach.

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

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

Table below shows the risk-weights applicable for banking institutions and Corporates under the Standardised Approach:

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

Table below shows the risk-weights applicable for banking institutions and Corporates under the Standardised Approach for Short-term ratings:

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

Tables 29 through 31 show the disclosure on risk-weights under Standardised Approach for the Group, the Bank and Maybank Islamic, respectively.

Tables 32 through 34 further show the rated exposures by ECAs for the Group, the Bank and Maybank Islamic, respectively.

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

Risk-Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation* RM'000	Total Risk-Weighted Assets* RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDI RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000		
As at 31.12.2015													
0%	93,584,942	8,076,052	132,879	-	2,445,573	4,879,912	-	-	6,650,560	-	-	115,769,918	-
20%	1,600,422	2,562,745	976,303	-	1,695,992	-	-	-	284,314	-	-	7,119,776	1,423,955
35%	-	-	-	-	-	-	1,524,115	-	-	-	-	1,524,115	533,440
50%	2,880,045	-	1,678	-	110,704	17,012	554,137	-	-	-	-	3,563,576	1,781,788
75%	-	-	-	-	-	20,769,584	4,521	-	-	-	-	20,774,105	15,580,579
100%	2,601,467	2,012,994	-	374,874	14,849,167	1,104,784	8,738	-	5,354,593	-	919,811	27,226,428	27,226,429
150%	-	-	-	-	63,533	192,399	-	234,735	4,203	-	-	494,870	742,304
Total	100,666,876	12,651,791	1,110,860	374,874	19,164,969	26,963,691	2,091,511	234,735	12,293,670	159,944	919,811	176,472,788*	47,288,495*
As at 31.12.2014													
0%	80,249,782	7,520,471	182,768	-	4,639,414	3,526,368	-	-	6,420,741	-	-	102,539,544	-
20%	1,509,424	2,108,449	458,902	-	2,609,029	-	-	-	104,438	-	-	6,790,242	1,358,048
35%	-	-	-	-	-	756,223	1,162,162	-	-	-	-	1,918,385	671,435
50%	2,022,202	528,218	7,163	-	681,806	32,325	389,408	-	-	-	-	3,661,122	1,830,561
75%	-	-	-	-	-	22,612,076	5,890	-	-	-	-	22,617,966	16,963,474
100%	2,372,215	1,621,672	-	892,273	14,464,846	3,417,846	6,019	-	1,102,490	-	327,992	24,205,353	24,205,353
125%	-	-	-	-	1,330,892	-	-	-	-	-	-	1,330,892	1,663,615
135%	-	-	-	-	-	895,879	-	-	-	-	-	895,879	1,209,437
150%	-	-	-	-	18,567	236,162	-	227,550	2,904	-	9,461	494,644	741,966
1250%	-	-	-	-	3,470	4,838	-	-	-	-	-	8,308	103,853
Total	86,153,623	11,778,810	648,833	892,273	23,748,024	31,481,717	1,563,479	227,550	7,630,573	185,502	337,453	164,462,335*	48,747,742*

* Total exposures after netting & credit risk mitigation and risk-weighted assets do not include securitisation.

Credit Risk

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

	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation* RM'000	Total Risk-Weighted Assets* RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000		
Risk-Weights													
As at 31.12.2015													
0%	75,532,168	4,349,297	132,879	-	1,255,315	1,574,319	-	-	5,297,726		-	88,141,704	-
20%	1,512,968	2,229,137	-	-	1,601,831	-	-	-	42,207		-	5,386,143	1,077,228
35%	-	-	-	-	-	-	253,802	-	-		-	253,802	88,831
50%	408,656	-	-	-	87,418	1,509	19,962	-	-		-	517,545	258,773
75%	-	-	-	-	-	7,250,875	4,521	-	-		-	7,255,396	5,441,547
100%	1,469,902	522,395	-	-	10,068,497	17,444	3,487	-	2,905,357		276,044	15,263,126	15,263,126
150%	-	-	-	-	28,514	-	-	151,877	-		-	180,391	270,584
Total	78,923,694	7,100,829	132,879	-	13,041,575	8,844,147	281,772	151,877	8,245,290	159,944	276,044	116,998,107*	22,400,089*
As at 31.12.2014													
0%	55,684,153	3,900,400	182,768	-	1,997,639	943,204	-	-	5,213,379		-	67,921,543	-
20%	1,438,216	1,922,587	-	-	2,359,382	-	-	-	-		-	5,720,185	1,144,037
35%	-	-	-	-	-	-	346,916	-	-		-	346,916	121,421
50%	175,973	-	-	-	623,756	2,258	36,122	-	-		-	838,109	419,054
75%	-	-	-	-	-	5,751,898	5,890	-	-		-	5,757,788	4,318,341
100%	1,018,435	503,237	-	-	9,273,927	2,650,234	1,632	-	2,641,650		189,691	16,278,806	16,278,806
150%	-	-	-	-	1,710	403	-	153,267	-		-	155,380	233,070
Total	58,316,777	6,326,224	182,768	-	14,256,414	9,347,997	390,560	153,267	7,855,029	185,502	189,691	97,018,727*	22,514,729*

* Total exposures after netting & credit risk mitigation and risk-weighted assets do not include securitisation.

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

Risk-Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing/ Investment RM'000	Equity RM'000		
As at 31.12.2015													
0%	12,253,416	6,249,658	-	-	182,130	376,242	-	-	211,857	-	-	19,273,303	-
20%	87,454	623,932	-	-	94,161	-	-	-	-	-	-	805,547	161,110
35%	-	-	-	-	-	-	990,418	-	-	-	-	990,418	346,646
50%	-	-	-	-	592	558	512,851	-	-	-	-	514,001	257,001
75%	-	-	-	-	-	2,070,283	-	-	-	-	-	2,070,283	1,552,713
100%	-	1,129,788	-	-	1,981,414	662,506	2,398	-	310,798	-	-	4,086,904	4,086,904
150%	-	-	-	-	532	-	-	8,548	-	-	-	9,080	13,616
Total	12,340,870	8,003,378	-	-	2,258,829	3,109,589	1,505,667	8,548	522,655	-	-	27,749,536	6,417,990
As at 31.12.2014													
0%	18,499,881	6,125,868	-	-	1,901,848	294,837	-	-	201,718	-	-	27,024,152	-
20%	71,208	688,083	-	-	233,094	-	-	-	-	-	-	992,385	198,477
35%	-	-	-	-	-	-	581,738	-	-	-	-	581,738	203,608
50%	-	-	-	-	28,580	278	333,715	-	-	-	-	362,573	181,287
75%	-	-	-	-	-	1,812,465	-	-	-	-	-	1,812,465	1,359,348
100%	-	1,150,902	-	-	999,109	438,201	885	-	292,949	-	-	2,882,046	2,882,046
150%	-	-	-	-	145	-	-	4,490	-	-	-	4,635	6,952
Total	18,571,089	7,964,853	-	-	3,162,776	2,545,781	916,338	4,490	494,667	-	-	33,659,994	4,831,718

Credit Risk

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

Exposure Class	Rating Categories					
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	Total RM'000
As at 31.12.2015						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	10,598,955	2,853,070	862,364	-	1,652,270	15,966,659
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	374,874	374,874
Corporates	1,623,217	1,003,936	1,620,251	47,025	15,006,474	19,300,903
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	89,511,047	1,600,422	624,758	-	2,164,241	93,900,468
C) Ratings of Banking Institutions:						
Banks, MDBs and FDIs	132,879	2,000,377	-	-	-	2,133,256
Total Exposures	101,866,098	7,457,805	3,107,373	47,025	19,197,859	131,676,160
As at 31.12.2014						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	7,520,471	2,108,449	528,218	-	1,621,672	11,778,810
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	892,273	892,273
Corporates	4,639,414	2,609,030	681,806	-	15,817,774	23,748,024
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	80,249,782	1,509,424	2,022,202	-	2,372,215	86,153,623
C) Ratings of Banking Institutions:						
Banks, MDBs and FDIs	182,768	466,065	-	-	-	648,833
Total Exposures	92,592,435	6,692,968	3,232,226	-	20,703,934	123,221,563

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

Exposure Class	Rating Categories					Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	
As at 31.12.2015						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	4,349,297	2,229,137	-	-	522,395	7,100,829
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	1,255,315	87,418	-	28,514	10,068,497	11,439,744
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	75,532,168	1,512,968	408,656	-	-	77,453,792
C) Ratings of Banking Institutions:						
Banks, MDBs and FDIs	132,879	-	-	-	-	132,879
Total Exposures	81,269,659	3,829,523	408,656	28,514	10,590,892	96,127,244
As at 31.12.2014						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	3,900,401	1,922,587	-	-	503,237	6,326,225
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	1,997,639	2,359,382	623,756	1,710	9,273,928	14,256,415
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	55,684,153	1,438,216	175,973	-	1,018,435	58,316,777
C) Ratings of Banking Institutions:						
Banks, MDBs and FDIs	182,768	-	-	-	-	182,768
Total Exposures	61,764,961	5,720,185	799,729	1,710	10,795,600	79,082,185

Credit Risk

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

Exposure Class	Rating Categories					Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	
As at 31.12.2015						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	6,249,658	623,932	-	-	1,129,788	8,003,378
Corporates	182,130	94,753	-	-	1,981,946	2,258,829
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	12,253,416	87,454	-	-	-	12,340,870
Total Exposures	18,685,204	806,139	-	-	3,111,734	22,603,077
As at 31.12.2014						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	6,125,868	688,083	-	-	1,150,902	7,964,853
Corporates	1,901,848	261,674	-	-	999,254	3,162,776
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	18,499,881	71,208	-	-	-	18,571,089
Total Exposures	26,527,597	1,020,965	-	-	2,150,156	29,698,718

COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk arising from the possibility that a counterparty may default on current and future payments as required by contract for treasury-related activities.

Counterparty credit risk originates from the Group's lending business, investment and treasury activities that impact the Group's trading and banking books through dealings in foreign exchange, money market instruments, fixed income securities, commodities, equities and over-the-counter ("OTC") derivatives. The primary distinguishing feature of counterparty credit risk compared to other forms of credit risk is that the future value of the underlying contract is uncertain, and may be either positive or negative depending on the value of all future cash flows.

Limits

Counterparty credit risk exposures are managed via counterparty limits either on a single counterparty basis or counterparty group basis that adheres to BNM's Single Counterparty Exposure Limits ("SCEL"). The Group actively monitors and manages its exposures to ensure that exposures to a single counterparty or a group of connected counterparties are within prudent limits at all times. Counterparty credit risk exposures may be materially affected by market risk events. The Group has in place dedicated teams to promptly identify, review, and prescribe appropriate actions to the respective risk committees.

Credit Risk Exposure Treatment

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

Counterparty Credit Risk Mitigation

The Group adopts credit risk mitigation methods using bilateral netting and collateral netting with counterparties, where appropriate, to mitigate counterparty credit risk. The Group typically engages with entities of strong credit quality and a comprehensive approach of limit setting by trade, counterparty and portfolio levels to diversify exposures across different counterparties.

Counterparty credit risk exposures are mitigated via master netting arrangements i.e. the International Swaps and Derivatives ("ISDA") Master Agreement with counterparties, where appropriate. In the event of a default, all amounts with a single counterparty (both derivative assets and liabilities) in a netting eligible jurisdiction are settled on a net basis.

The ISDA Master Agreement is used for documenting OTC derivative transactions; and contractually binds both parties to apply close-out netting across all outstanding transactions covered by the agreement when either party defaults or other predetermined events occur. Such master netting agreements allow the Group to perform bilateral netting, whereby the Group is legally able to offset positive and negative contract values with the same counterparty in the event of default. Where possible, the Group endeavours to enter into Credit Support Annex ("CSA") agreements with approved ISDA counterparties. This enables credit mitigation via collateral margining in order to mitigate counterparty credit risk exposures.

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

COUNTRY RISK

Country risk is the risk of investing or lending in a country, arising from changes in various political, financial or economic factors that may adversely cause a counterparty to default on their obligation.

The limits for countries are set based on country-specific strategic business considerations and approved by RMC.

Credit Risk

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

Nature of Item	Principal/Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
As at 31.12.2015			
Direct credit substitutes	11,792,160	10,934,760	6,533,559
Transaction related contingent items	18,382,110	8,320,847	6,352,100
Short-term self-liquidating trade-related contingencies	5,034,925	1,017,790	698,293
NIFs and obligations under an ongoing underwriting agreement	-	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	22,087,051	293,001	4,718
Foreign exchange related contracts	145,711,553	5,386,082	2,712,777
- One year or less	126,023,463	2,956,857	1,192,795
- Over one year to five years	15,269,832	1,326,621	838,108
- Over five years	4,418,258	1,102,604	681,874
Interest/profit rate related contracts	37,184,628	2,674,894	1,988,912
- One year or less	8,837,778	451,333	339,984
- Over one year to five years	22,815,508	1,394,219	972,479
- Over five years	5,531,342	829,342	676,449
Commodity contracts	225,177	25,545	15,875
- One year or less	177,847	20,601	12,739
- Over one year to five years	47,330	4,944	3,136
- Over five years	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	235,239,103	5,103,035	1,253,672
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	60,310,754	31,219,364	15,149,538
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	21,356,743	15,334,840	9,106,253
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	69,761,452	405,360	105,214
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	3,150,204	798,601	484,215
Total	630,235,860	81,514,119	43,698,298
As at 31.12.2014			
Direct credit substitutes	10,520,025	9,936,606	6,666,024
Transaction related contingent items	14,865,419	7,184,856	4,977,193
Short-term self-liquidating trade-related contingencies	5,029,197	1,009,034	769,542
NIFs and obligations under an ongoing underwriting agreement	30,000	15,000	3,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	5,737,935	1,796,922	88,412
Foreign exchange related contracts	143,845,524	5,450,203	2,398,672
- One year or less	121,348,847	2,987,000	1,093,430
- Over one year to five years	17,409,375	1,766,265	742,717
- Over five years	5,087,302	696,938	562,525
Interest/profit rate related contracts	91,635,828	3,794,706	1,664,866
- One year or less	22,599,910	159,202	144,825
- Over one year to five years	55,184,825	2,110,180	755,928
- Over five years	13,851,093	1,525,324	764,113
Commodity contracts	-	-	-
- One year or less	-	-	-
- Over one year to five years	-	-	-
- Over five years	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	133,814,938	2,611,251	687,770
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	41,918,978	25,106,218	12,403,146
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,728,451	10,622,636	7,050,985
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	47,214,562	338,561	96,932
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	1,111,658	213,456	199,061
Total	510,452,515	68,079,449	37,005,603

Credit Risk

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

Nature of Item	Principal/Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
As at 31.12.2015			
Direct credit substitutes	10,631,862	9,908,293	5,618,668
Transaction related contingent items	15,144,138	6,879,503	4,867,603
Short-term self-liquidating trade-related contingencies	4,256,260	845,865	539,308
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	22,087,051	293,001	4,718
Foreign exchange related contracts	129,766,833	4,793,921	2,338,799
- One year or less	119,303,093	2,858,592	1,138,981
- Over one year to five years	8,451,285	1,064,072	669,291
- Over five years	2,012,455	871,257	530,527
Interest/profit rate related contracts	35,812,603	2,585,608	1,904,319
- One year or less	7,871,126	421,597	329,692
- Over one year to five years	21,207,234	1,208,572	862,565
- Over five years	6,734,243	955,439	712,062
Commodity contracts	225,177	25,545	15,875
- One year or less	177,847	20,601	12,739
- Over one year to five years	47,330	4,944	3,136
- Over five years	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	235,239,103	5,103,035	1,253,672
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	43,862,544	26,710,386	13,584,070
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	15,676,503	11,287,456	6,530,353
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	54,602,860	208,676	50,415
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	1,158,914	204,165	180,457
Total	568,463,848	68,845,454	36,888,257
As at 31.12.2014			
Direct credit substitutes	9,508,877	8,839,581	5,859,923
Transaction related contingent items	13,096,309	6,159,173	4,012,308
Short term self liquidating trade related contingencies	4,285,190	852,447	625,480
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	5,737,935	1,796,922	88,412
Foreign exchange related contracts	134,369,448	5,023,029	2,261,119
- One year or less	116,955,231	2,908,536	1,094,071
- Over one year to five years	14,212,561	1,609,086	710,874
- Over five years	3,201,655	505,407	456,174
Interest/profit rate related contracts	88,592,143	3,767,804	1,591,438
- One year or less	17,788,490	111,564	52,494
- Over one year to five years	55,949,350	2,028,534	745,988
- Over five years	14,854,303	1,627,706	792,956
Commodity contracts	-	-	-
- One year or less	-	-	-
- Over one year to five years	-	-	-
- Over five years	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	133,814,938	2,611,251	687,770
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,515,981	20,106,778	10,497,737
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	10,741,599	7,643,638	5,126,483
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	30,978,534	228,026	52,472
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	511,642	93,453	79,058
Total	467,152,596	57,122,102	30,882,200

Credit Risk

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

Nature of Item	Principal/Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
As at 31.12.2015			
Direct credit substitutes	1,044,784	910,954	781,531
Transaction related contingent items	2,206,491	925,818	957,057
Short-term self-liquidating trade-related contingencies	244,436	48,758	44,704
Foreign exchange related contracts	14,952,754	646,330	267,667
- One year or less	10,152,999	357,026	96,863
- Over one year to five years	2,393,952	57,958	19,457
- Over five years	2,405,803	231,346	151,347
Interest/profit rate related contracts	3,883,278	546,246	180,533
- One year or less	1,359,454	112,958	28,930
- Over one year to five years	2,523,824	433,288	151,603
- Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,959,557	4,158,267	1,247,771
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,866,355	3,541,800	2,034,823
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	3,542,966	196,684	54,799
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	30	3	6
Total	36,700,651	10,974,860	5,568,891
As at 31.12.2014			
Direct credit substitutes	617,591	703,467	373,128
Transaction related contingent items	882,726	582,491	494,447
Short-term self-liquidating trade-related contingencies	144,297	36,646	22,058
Foreign exchange related contracts	10,782,298	531,695	150,234
- One year or less	6,107,376	212,154	17,156
- Over one year to five years	2,808,325	129,985	27,101
- Over five years	1,866,597	189,556	105,977
Interest/profit rate related contracts	2,119,637	238,208	91,437
- One year or less	-	-	-
- Over one year to five years	2,119,637	238,208	91,437
- Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,675,453	4,707,946	1,605,450
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,756,734	2,620,597	1,493,669
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	2,419,449	110,535	44,460
Total	25,398,185	9,531,585	4,274,883

Market Risk

MARKET RISK

Market risk is defined as the risk of loss or adverse impact on earnings or capital arising from changes in the level of volatility of market rates or prices such as interest rates/profit rates, foreign exchange rates, commodity prices and equity prices.

The Group manages market risk of its trading and non-trading/banking activities using a variety of measurement techniques and controls.

TRADED MARKET RISK

Traded market risk arises mainly from proprietary trading, client servicing and market making activities. These activities are held intentionally for short term resale and/or with the intention to benefit from actual or expected price movements or to lock in arbitrage profits.

Trading Book policies and limits are emplaced to govern the overall Trading Book portfolio. The Group adopts various measures to manage its traded market risk. Value-at-Risk ("VaR") measures the potential loss of Trading Book value resulting from market movements over a specified period of time within a specified probability of occurrence under normal business situation. The method adopted is based on historical simulation, at a 99% confidence level using a 1 day holding period. The VaR model is back tested and is subjected to periodic independent validation to ensure it meets its intended use.

Risk sensitivity measures are used, such as exposure to a one basis point increase in yields ("PV01") for managing portfolio sensitivity to market interest rate movements, Greek limits for managing options risk, and stressed profit/loss for an adverse impact to trading profit due from stress events. Notional limit such as Net Open Position ("NOP") caps foreign currency exposures while portfolio limit controls concentration exposures.

Additionally, the Group adopts measurements to manage market risk arising from credit trading activities through Jump to Default ("JTD") limits and Credit Spread ("CS") PV01. JTD measures the immediate impact to the value of the portfolio during a credit event e.g. issuer default while CS PV01 measures the value of the portfolio when the credit spread changes by 1 basis point.

Dealers are to adhere to the limits set at all times and are strictly prohibited from transacting any non-permissible instruments/activities as stipulated in the approved policies.

Robust escalation process to designated authorities is established to ensure prompt actions are taken for any non-adherence. Monthly reports are escalated and presented to Senior Management/Committee for further deliberation.

NON-TRADED MARKET RISK

Non-traded market risk is primarily inherent risk arising from banking book activities. The major risk classes are interest rate risk/rate of return risk in the banking book and foreign exchange risk.

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

IRR/RoR BB is defined as risk of loss in earnings or economic value on banking book exposures arising from movements in interest rates. Sources of IRR/RoR BB include repricing, basis, yield curve and optionality risk. In addition, Islamic operations are exposed to displaced commercial risk.

Accepting IRR/RoR BB is a normal part of banking and can be an important source of profitability and shareholder value. However, excesses of this risk can be detrimental to the Group's earnings, capital, liquidity and solvency.

Banking book policies and limits are established to measure and manage the non traded market risk. Repricing gap analysis remains one of the building blocks for IRR/RoR BB assessment for the Group. Earnings-at-Risk ("EaR") and Economic Value-at-Risk ("EVaR") are derived to gauge the maximum tolerance level of the adverse impact of market interest rate towards earnings and capital.

Through Group ALCO supervision, the lines of businesses are insulated from IRR/RoR BB through fund transfer pricing whereby non traded market and liquidity risks are centralised at the corporate treasury unit for active risk management and balance sheet optimisation. The corporate treasury unit reviews the risk exposure regularly and recommends strategies to mitigate any unwarranted risk exposures in accordance with the approved policies.

Certain portfolios such as products with non-deterministic characteristics are subjected to periodic statistical modelling to understand the customer/product's behavioural patterns in relation to changing rates and business cycles. Regular risk assessment and stress testing are applied to ensure the portfolios can withstand the risk tolerance and adverse rate scenarios.

Tables 38(a) to (b), show the impact of changes in IRR/RoR BB to earnings and capital for the Group, the Bank and Maybank Islamic respectively.

Market Risk

Table 38a: Interest Rate Risk/Rate of Return Risk in the Banking Book for Maybank Group, Maybank and Maybank Islamic (Impact on Earnings)

	As at 31.12.2015			As at 31.12.2014		
	Group	Bank	Maybank Islamic	Group	Bank	Maybank Islamic
	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000
Impact on Earnings of which,	907,692	1,921,842	104,351	890,542	691,458	116,720
MYR	1,087,471	983,120	104,351	472,195	355,475	116,720
USD	(234,415)	(166,262)	-	(15,178)	(6,488)	-
SGD	151,080	151,240	-	327,844	327,844	-
IDR	(75,787)	346	-	85,182	-	-
OTHERS	(20,657)	953,398	-	20,498	14,627	-

Table 38b: Interest Rate Risk in the Banking Book for Maybank Group and Maybank/Rate of Return in the Banking Book for Maybank Islamic (Impact on Capital)

	As at 31.12.2015			As at 31.12.2014		
	Group	Bank	Maybank Islamic	Group	Bank	Maybank Islamic
	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000	± 200bps RM'000
Impact on Capital of which,	(3,614,269)	(2,178,317)	1,361,693	4,052,646	3,181,523	973,450
MYR	(3,558,310)	(2,194,001)	1,361,693	4,135,262	3,161,812	973,450
USD	43,318	104,858	-	(71,526)	(63,750)	-
SGD	(40,346)	(40,837)	-	226,631	226,631	-
IDR	1,941	(52)	-	(83,099)	-	-
OTHERS	(60,872)	(48,285)	-	(154,622)	(143,170)	-

Notes:

¹ All figures are in absolute amount except the total impact is in net aggregate amount (result from after netting off currency/position at different geographical location).

² Others include GBP, HKD, AUD, JPY, BND, VND, CNY, EUR, PHP, PGK and other currencies.

Foreign Exchange Risk in the Banking Book

Foreign exchange ("FX") risk arises from adverse movements in the exchange rates of two currencies.

FX risk exposures can be attributed to structural and non-structural positions. Structural FX positions are primarily net investments in overseas branches and subsidiaries whereas other FX positions are non-structural in nature. Generally, structural FX positions need not be hedged as these investments are by definition "perpetual" and revaluation losses will not materialise if they are not sold. The residual or unhedged FX positions are managed in accordance with the approved policies and limits.

All foreign currency assets in the banking book must be match-funded by the same currency to minimise FX NOP. In addition, the Group implements qualitative controls such as listing of permissible on/offshore currencies and hedging requirements for managing FX risk.

The FX risk is primarily assessed from both earnings and capital perspectives. The Group ALCO plays an active role in ensuring FX risk is managed within the stipulated limits.

Market Risk

EQUITY EXPOSURES IN BANKING BOOK

Equity price risk is the risk arising from movements in the price of equities, equity indices and equity baskets.

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

- Publicly Traded**

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

- Privately Held**

Privately held equities are unquoted investments where their fair value cannot be reliably measured and therefore are carried at cost less impairment losses, if any.

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

CAPITAL TREATMENT FOR MARKET RISK

At the Group and the Bank level, the minimum capital requirement for market risk is computed as per BNM's updated Capital Adequacy Framework (Basel II - RWA) requirement under the Standardised Approach. As for Maybank Islamic, BNM's updated Capital Adequacy Framework for Islamic Bank, applies. This is imperative since capital serves as a financial buffer to withstand any adverse market risk movements. RWA of interest rate, foreign exchange and options are the primary risk factors experienced in the Group's trading activities. Other RWA such as commodity and equity are generally attributed to business activities from Investment Bank.

Table 39: Market Risk RWA and Minimum Capital Charge at 8%

Market Risk Categories As at 31.12.2015	Maybank Group		Maybank	
	RWA (RM'000)	Capital Requirement (RM'000)	RWA (RM'000)	Capital Requirement (RM'000)
Interest Rate	5,326,824	426,146	4,514,833	361,187
Foreign Exchange ¹	3,504,669	280,373	3,253,374	260,270
Equity	682,974	53,638	-	-
Commodity ¹	-	-	-	-
Options	1,742,047	139,364	1,574,964	125,997

Market Risk Categories As at 31.12.2015	Maybank Islamic	
	RWA (RM'000)	Capital Requirement (RM'000)
Benchmark Rate	462,558	37,005
Foreign Exchange ¹	673,150	53,852

Note:

¹ Commodity and foreign exchange cover both trading as well as non-trading book.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is defined as the risk of an adverse impact to the financial condition or overall safety and soundness that could arise from the inability (or perceived inability) or unexpected higher cost to meet obligations.

It is also known as consequential risk, triggered by underlying problems which can be endogenous e.g. credit risk deterioration, rating downgrade, operational risk events or exogenous e.g. market disruption, default in the banking payment system and deterioration of sovereign risk.

Balance sheet risk measures structurally maintain a diverse and stable funding base while achieving an optimal portfolio. These measures drive the desired targets for loans to deposits ratio, sources of funds through borrowing, wholesale borrowing and swaps markets in order to support the growing asset base regionally. Through these measures, the Group shapes its assets and liabilities profile to achieve its desired balance sheet state.

The net cash flow mismatch along different time horizons, also known as liquidity gap analysis, provides Management with a clear picture of the imminent funding needs in the near term as well as the structural balance sheet for the medium term and long term tenors. The sources of fund providers are reviewed to maintain a wide diversification by currency, provider, product and term, thus minimising excessive funding concentration.

The Group runs liquidity stress scenarios to assess the vulnerability of cash flows under stressed market situations. The Group continuously reviews and maintains unencumbered high quality liquid assets that can be easily sold or pledged as readily available sources of funds for immediate cash to determine the funding capacity to withstand stressed situations.

In line with leading practices, the Group has established the Liquidity Coverage Ratio ("LCR") which is aligned to BCBS and BNM standards. The ratio aims to assess the Group's ability to withstand significant liquidity stress over a short term horizon. Over and above this, the Group is preparing for the Net Stable Funding Ratio ("NSFR") to ensure that the Group maintains sufficient stable funds to support its asset growth.

Operational Risk

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

MANAGEMENT OF OPERATIONAL RISK

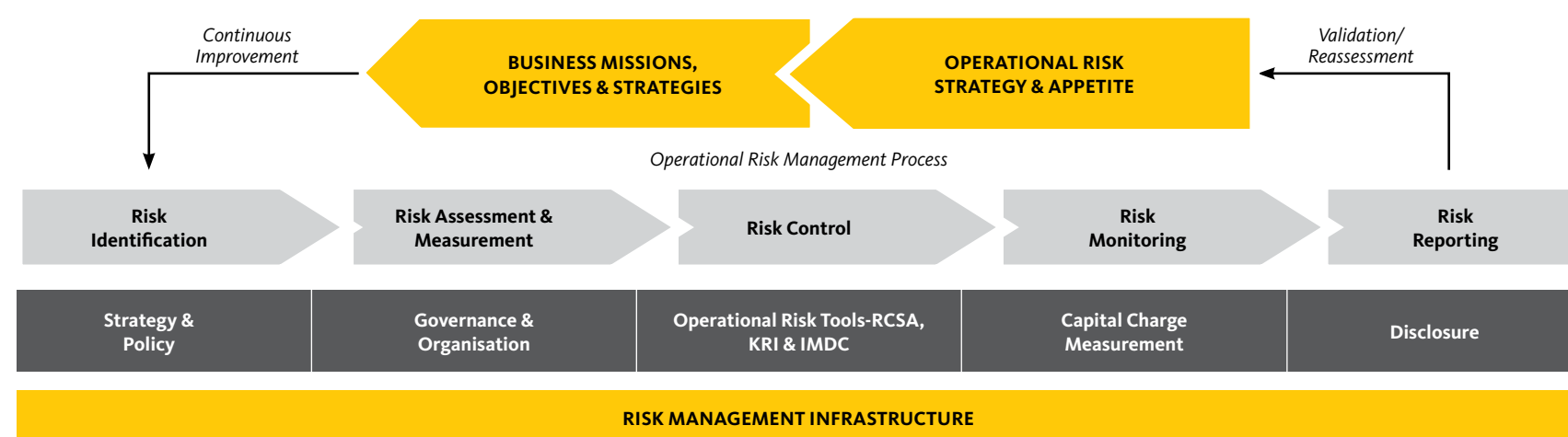
The Maybank Group Operational Risk Policy (“OR Policy”) encompasses the operational risk management strategy and governance structure. The OR Policy also includes the operational risk management tools and methodologies to identify, assess and measure, control, monitor and report operational risks in a structured and consistent manner.

Operational Risk Officers (“OROs”) are appointed within the various Strategic Business Units (“SBUs”) of the Group and are primarily responsible to manage the risk exposures inherent in their business activities.

Business Risk, a dedicated risk management function is established within all key SBUs of the Group to drive the implementation of the OR Policy across the business operations. The Business Risks also maintain an oversight role over SBUs by analysing and reporting operational risk exposures of the SBUs in a timely manner to stakeholders and inculcating risk awareness and culture across the Group.

OPERATIONAL RISK MANAGEMENT METHODOLOGY AND TOOLS

Operational Risk methodology and tools have been implemented to effectively identify, assess and measure, control, monitor and report operational risk exposures on a timely basis to facilitate informed decision making and enhance the operational risk management process.



Operational Risk Identification and Assessment

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

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

Operational Risk Measurement and Monitoring

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

- **Risk & Control Self-Assessment (“RCSA”)**
RCSA is a process of continual assessment of inherent operational risks and controls to identify control gaps and to develop action plans to close the gaps. It is a risk profiling tool which facilitates effective operational risk management for the Group.
SBUs undertake the RCSA exercise to give due focus in the review of business processes to enhance critical operations and controls. The SBUs level risk profiling exercises are compiled to establish the Maybank Group Risk Profile on a half-yearly basis. The consolidated Risk Profile is presented to the Group Operational Risk Management Committee (“GORMC”) and RMC.
- **Key Risk Indicators (“KRIs”)**
KRIs are developed to provide early warning signals at critical processes of the operating environment for continuous risk assessment. They are established and monitored at the Group, Business and Operating levels.
KRIs sources are from periodic RCSA process, Incident Management & Data Collection database, SBUs experiences, internal/external and regulatory audit findings, amongst others. SBUs are required to develop specific and concrete action plans for KRIs that exceed the pre-defined thresholds. OROs and Business Risks participate in developing and validating KRIs for SBUs.
- **Incident Management & Data Collection (“IMDC”)**
IMDC provides a platform of a structured and systematic process for SBUs to identify and focus attention on operational ‘hotspots’. This facilitates the establishment of a centralised database of consistent and standardised operational risk incident information readily available for analysis of operational lapses to minimise the risk impact of future operational losses.

Operational Risk

OPERATIONAL RISK MITIGATION AND CONTROL

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

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

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

- **Business Continuity Management (“BCM”)**

BCM acts as a tool that outlines a comprehensive and integrated approach to ensure business continuity and mitigate possible disruptions to the Group’s critical operations and people safety in the event of disruptions and disaster.

- **Outsourcing**

Outsourcing is one of the Group’s operational risk mitigation tools to reduce the risk exposure and to concentrate on the Group’s core business with a view to enhance operational efficiency.

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

Continuous review, monitoring and reporting to GORMC and RMC are carried out to ensure that the integrity and service quality of service providers are not compromised.

- **Anti-Fraud Management**

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

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

CAPITAL TREATMENT FOR OPERATIONAL RISK

Operational Risk Capital Charge is calculated using the BIA as per BNM’s Capital Adequacy Framework (Basel II - RWA).

The Group intends to adopt TSA for Operational Risk Capital Charge Calculation. For this purpose, the Group has mapped its business activities into the eight business lines as prescribed by Basel II and BNM’s Capital Adequacy Framework (Basel II - RWA).

Business Continuity Management

BCM is a holistic management process that provides standards for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. This includes identifying potential threats to an organisation, the level of impact to business operations should those threats be realised and implementation of appropriate strategies for business recovery.

The Group, through Maybank Group BCM Policy and Procedures has set the foundation upon which BCM capabilities are designed and built. A clearly defined and documented statement by Group EXCO and annual attestation by the Board exemplifies the level of importance and value that the Group places on BCM.

As part of its continuous enhancement process, the Group has embarked on digitising its BCM documentation and incident management process via implementation of the BCM System which has been rolled out to the Group. Maybank is the first bank in Malaysia to implement a fully automated BCM process.

Apart from the regular Crisis Simulation Exercise (“CSE”) for each sector, the Group has completed Business Continuity Plan (“BCP”) Exercises for a total of 17 countries. The Group has also successfully conducted several Enterprise CSEs with simultaneous disaster simulations in the Group, Region and Country. The objectives of the exercise were to test the coordination of recovery procedures between Command Centres and Alternate Sites, effectiveness of communication and escalation procedures between all locations and the effectiveness of BCM infrastructures which include BCM systems, multiple Command Centre and Recovery Sites. Additionally, the Group had successfully conducted several BCP “Live Run” Activations with the objectives to test the BCM elements (People, Building, IT, Services and Reputation) without prior notification.



The Group's incident management process follows the above methodology. This is designed to minimise the potential disruption caused by any disaster, crisis or emergencies. During an emergency situation, the main priority is always life safety, then stabilisation of the incident. This is followed by escalation to the appropriate stakeholder for the recovery process.

The Group has in place a formal Contingency Funding Plan (“CFP”) formulated to provide a systematic approach in addressing potential liquidity or funding disruption affecting its liquidity soundness and financial solvency. The CFP comprises of strategies, decision-making authorities, communication channels and processes as well as courses of action for management to make prompt decisions in a liquidity/funding event. The plan is reviewed and tested regularly to ensure its effectiveness and robustness in responding to different liquidity event scenarios. CFP tests are a range of scenario-based simulations customised to address the Group's strategies in handling liquidity events, to meet its obligations in a timely manner and at a reasonable cost.

This year, the Group has successfully conducted a Group-wide CFP test namely Enterprise CFP Simulation Exercise. In this exercise, the Group Liquidity Event Management Committee (“LEMC”), chaired by Group PCEO convened to discuss and deliberate on liquidity and funding issues impacting the Group. Participating simultaneously during the exercise were the LEMCs of Maybank Indonesia, Maybank Philippines Incorporated, Maybank Singapore and Maybank Hong Kong, chaired by their respective CEOs. The objectives of the exercise are to test the coordination of funding/liquidity activities and strategies between Group and entities, communication effectiveness during a liquidity event and familiarity of affected parties with their roles and responsibilities, as well as to assess the operational feasibility of the CFP.

The Group also continuously conducts internal CFP awareness sessions for countries, aiming at familiarising the participants with the key components of CFP, CFP documentation, developing CFP scenarios and getting accustomed to the various roles and responsibilities of the affected parties.

By having a robust BCM and CFP in place, the Group is able to respond effectively in a structured manner in the event of any financial and operational disaster, crisis or emergency, hence ensuring the Group's business continuity.

Reputational Risk

Reputational risk is the risk that the Group's reputation is damaged by one or more than one reputation events, as reflected from negative publicity about the Group's business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence in the Group, resulting in costly litigation, or lead to a decline in its customer base, business or revenue.

The Group has a sound governance infrastructure and appropriate risk management processes in place to identify, manage, control, monitor and report its reputational risk. Since the types of reputation events that could damage the Group's reputation are the consequences of various key drivers, the Group has clear and documented escalation mechanism to respond effectively, hence ensuring business continuity. The Group also emphasises on creating a strong brand value to build good reputation and reputational capital.

Shariah Governance

Shariah principles are the foundation for the practice of Islamic finance through the observance of the tenets, conditions and principles prescribed by Shariah as resolved by BNM's and Securities Commission's Shariah Advisory Council ("SAC") and Group Shariah Committee. Comprehensive Shariah compliance infrastructure will ensure stakeholders' confidence in Islamic financial institutions' business activities and operations.

In accordance with BNM regulatory requirements, the Group established a comprehensive and sound Shariah Governance Framework to ensure effective and efficient oversight by the Board, the Group Shariah Committee, the Management and Business Units on the business activities and operations of Islamic products and services carried out by the Group's Islamic banking businesses.

Underpinning the governance framework is detailed policies and procedures that include the required steps to ensure that each transaction executed by the Bank complies with Shariah requirements.

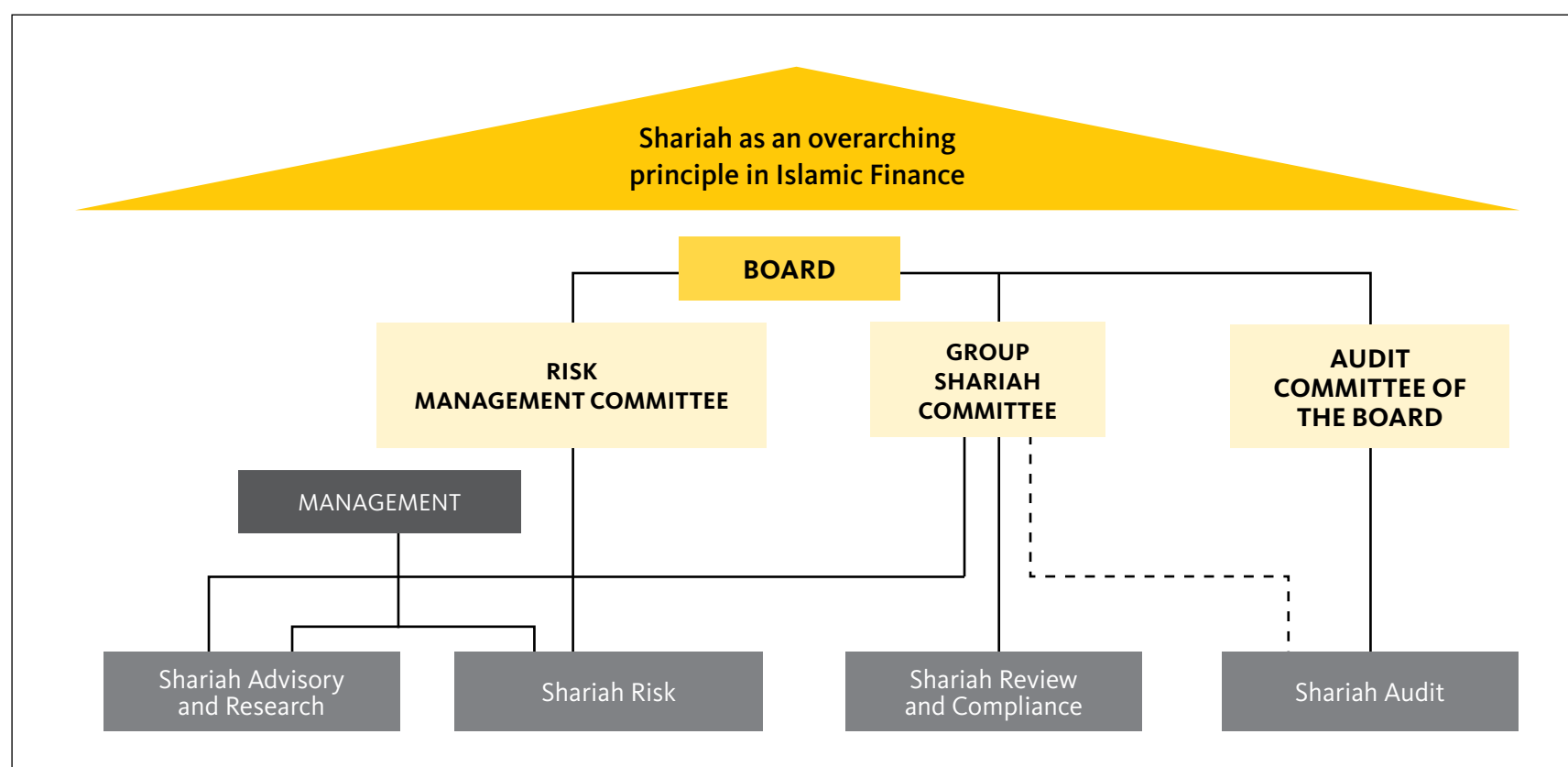
IMPLEMENTATION OF THE SHARIAH GOVERNANCE FRAMEWORK ("SGF")

The implementation of the SGF is through the following approach:

- Broad oversight, accountability and responsibility of the Board, Group Shariah Committee and Board Committees;
- Oversight, guidance and observance by the Executive Committees and the Shariah Working Committees;
- Establishment of functions for Shariah Advisory and Research, Shariah Risk Management, Shariah Review and Compliance and Shariah Audit; and
- Accountability of the management in ensuring day-to-day compliance to Shariah requirements in its business operations.

The Shariah Governance structure adopted by the Group is as illustrated below:

Shariah Governance Structure for the Group



RECTIFICATION PROCESS OF SHARIAH NON-COMPLIANT INCOME

Shariah non-compliance risk is the possible failure in fulfilling the required Shariah requirement and tenets of as determined by Shariah Advisory Council of BNM and Group Shariah Committee.

The control structure for handling and reporting of Shariah non-compliance issues has been emplaced in the Group. As at 31 December 2015, based on the on-going review of the Group's operational activities, Maybank Islamic reported a sum of RM56,097.63 that needed to be purified due to Shariah non-compliance activities whereby the amount has been fully channeled to charity in 2015.

Profit Sharing Investment Account

The Islamic Financial Services Act 2013 (“IFSA”) distinguishes investment account from Islamic deposits, where an investment account is defined by the application of Shariah contracts with a non-principal guarantee feature for the purpose of investment.

Mudarabah is a contract between a customer as the capital provider (rabbul mal) and the Bank as an entrepreneur (mudarib) under which the customer provides capital to be invested in a Mudarabah venture that is managed by the Bank. Any profit generated from the venture is distributed between the customer and the Bank according to a mutually agreed Profit Sharing Ratio (“PSR”) whilst financial losses are borne by the customer provided such losses are not due to the Bank’s misconduct (ta’addi), negligence (taqsir) or breach of specific terms (mukhalafah al-shurut).

The Mudarabah venture managed by the Bank in this instance refers to monies placed by the customers through various Mudarabah products offered by the Bank which are subsequently invested into a blended portfolio of the Bank’s assets.

Maybank Islamic offers two (2) types of Profit Sharing Investment Account (“PSIA”) namely, Restricted Profit Sharing Investment Account (“RPSIA”) which refers to a PSIA where the customer provides a specific investment mandate to the Bank and Unrestricted Investment Account (“IA”) which refers to a PSIA where the customer provides the Bank with the mandate to make the ultimate investment decision without specifying any particular restrictions or condition. The IA is not covered by the Perbadanan Insurans Deposit Malaysia (“PIDM”).

Maybank Islamic’s Unrestricted Mudarabah Investment Account (“IA”)

In line with the transition requirements by BNM, Maybank Islamic had undergone a reclassification exercise effective 16 July 2015 whereby eligible Mudarabah-based deposit accounts were reclassified to IA for customers who chose to do so.

The investment objective of IA places emphasis on capital preservation and stable returns with the risk profile varying from low risk to low to medium risk depending on the fund it is invested in.

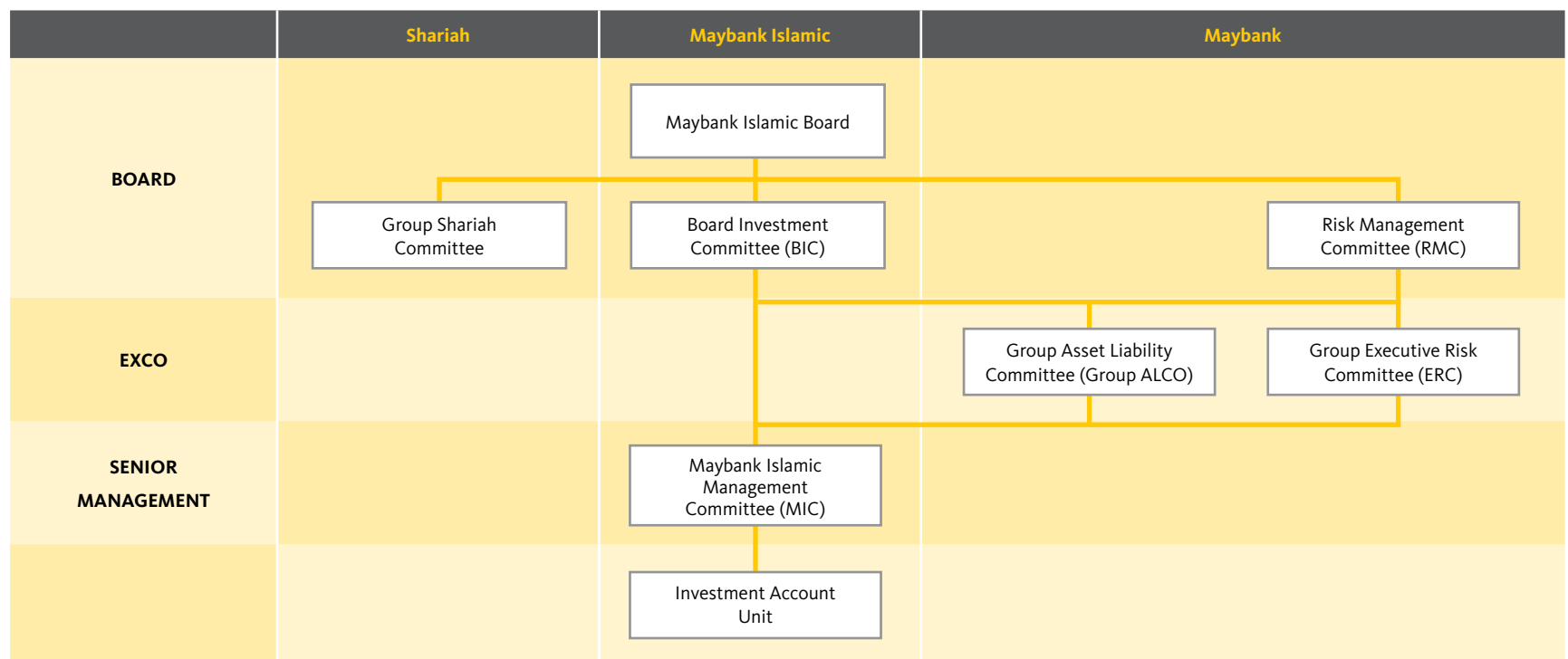
Notwithstanding the above, customers are made aware, through the respective fund’s Product Disclosure Sheet (“PDS”), of the various risk factors associated with IA which includes (but not limited to):

- Risk of capital reduction - Any investment carries the risk of reduction in the value of purchasing power. Hence, the Bank will only invest the fund in diversified assets with low risk attributes and apply sound investment management standards.
- Market Risk - Invested assets are subjected to fluctuations in market rates, which may impact the overall income performance of the fund. This risk shall be managed by the Bank in accordance with its overall hedging strategy.
- Liquidity Risk - Such risk occurs when withdrawals/redemptions exceed total investments. The risk shall be managed by the Bank in accordance with its overall liquidity management strategy.
- Credit Risk - This risk may arise when substantial amount of assets for the fund goes into default. This shall be managed by the Bank by prudent selection of diversified asset portfolios and close monitoring of the performance of the selected assets.

The investment mandate, strategy and parameters for IA are in accordance with the governance set up by the Bank to ensure effective and efficient oversight on the business activities and operations of IA in safeguarding the customer’s interest.

The governance structure adopted by the Group for IA is as illustrated below:

IA Governance Structure



Profit Sharing Investment Account

The roles and responsibilities of the respective committees are as below:

- Broad oversight, accountability and responsibility of Maybank Islamic Board, Group Shariah Committee and Board Committees;
- Oversight, guidance and observance by the Executive Committees;
- Accountability of the Senior Management in ensuring management, development and implementation of operational policies that govern the conduct of the IA; and
- Establishment of functions for the Investment Account Unit.

IA Performance

The gross exposure of the financing funded by IA as at 31 December 2015 was RM17,524.1 million. The related individual allowance and collective allowance related to financing funded by IA are not included in the financial statements of the Bank. The performance of IA is as described in the table below:

Table 40: IA Performance

As at 31 December 2015	%
Return on Assets (ROA)	5.84%
Average Net Distributable Income	5.44%
Average Net Distributable Income Attributable to the IAH	3.47%
Average Profit Sharing Ratio to the IAH	64.00%

Notes:

¹ Return on Assets refers to total gross income/total amount of assets funded by IA.

² Average Net Distributable Income refers to total average net distributable income/total amount of assets funded by IA.

Forward-Looking Statements

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

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

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

What makes us different only makes us stronger.

At Maybank, we believe that the diverse landscape across ASEAN is its biggest strength.

We know that because we are the only ASEAN financial services group to have dedicated ourselves to building a full on-the-ground operation in all countries.

With that comes a unique understanding of ASEAN, as we have witnessed the blossoming of all our nations on this journey of growth together. On this path, we've learnt that strength lies in our diversity and our differences make us uniquely powerful. We've learnt that by always putting people first, we all become partners.

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