Leading Asia

Maybank

ANNUAL REPORT 2014
FINANCIAL STATEMENTS

BUILDING
ASEAN
TOGETHER

RM6.72 billion
Profit attributable to equity holders of the bank

RM640 billion
Total Assets

13.4%
Group Loans Growth

Building ASEAN Together

Maybank has been a regional bank since 1960, with the incorporation of our operations in Malaysia and opening of branches in Singapore and Brunei in that same year. Our roots in ASEAN are deep, being a Group with presence in all 10 ASEAN countries.

We have been able to gain a place in ASEAN communities because we believe in embracing diversity & inclusiveness and in providing financial services with a humanising touch.

We have financed our customers' first home, helped start their small businesses, and partnered with them to expand their companies across the region. There are many more experiences that we have shared, and that we hope to be part of in the years to come.

We are passionate about being at the heart of the communities we serve to prepare them for the future and bridge them to opportunities and a better way of life.

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Highlights of 2014

RM6.72 billion
Net Profit
Net profit reached a new high of RM6.72 billion and met the ROE guidance of 13.0%-14.0%. FY2014 was supported by higher net operating income growth across business pillars and improved cost management.

57.0 sen
Dividend per Share
Dividend per share was 6.5% higher than FY2013, lifting dividend payout ratio to 78.5% compared to 71.9% a year ago and provided a healthy dividend yield of 6.2%.

13.4%
Group Loans Growth
Group loans growth surpassed the target of 13.0% driven by strong loans growth in Other Markets (ex-Malaysia, Singapore & Indonesia) of 47.5% which led to international loans contributing 40.3% of total Group gross loans from 37.9% the previous year. Loans growth in Malaysia and Singapore also surpassed industry growth.

11.75%
Common Equity Tier 1 Ratio
Maintained strong capital position with sufficient capacity to pursue business growth as Common Equity Tier 1 ratio [in accordance with BNM's Capital Adequacy Framework (Capital Components)] improved 49 bps to 11.75%. Total Capital Ratio also improved 57 bps to 16.24%.

43.8%
Islamic Financing to Total Malaysia Loans
Islamic financing grew 24.9% to increase its proportion to total Malaysia loans from 38.9% end FY2013, solidifying its position as the largest Islamic bank in Malaysia, and the third largest globally by asset size.

No.1
ASEAN ECM Deal Volume
Maybank Kim Eng secured the highest ASEAN Equity Capital Market deal volume in 2014 worth USD1.9 billion. It was the No.2 South East Asian issuer for ASEAN Domestic Bonds.

12.7%
Growth of Total Financial Assets (HNW & Affluent Banking)
Expanded Private Wealth and Premier Wealth business, with Total Financial Assets growing 14.1% for High Net Worth and 11.1% for Affluent Banking Segments.

25.9%
Malaysia Trade Finance Market Share
Maintained our strong leadership position in trade finance and cash management with Malaysian transaction volume market share of 41.3%.

Regional Expansion
Myanmar, China, Singapore
Maybank continued to expand its business and footprint. It opened its first branch in Myanmar, and its third branch in Kunming, China. In Singapore, Etiqa's insurance and Private Wealth businesses were launched.

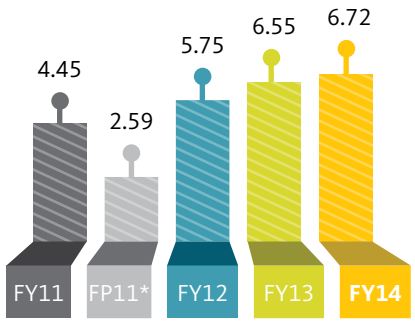
70%
Succession Realisation Rate
The succession realisation rate of 70% exceeded the 60% target, indicating the effectiveness of the Group's succession planning and demonstrating the strong institutionalisation of the Group's talent management framework.

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

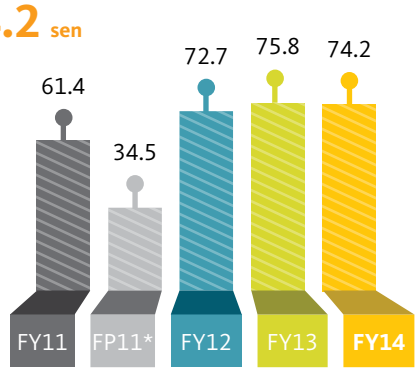
Highlights of 2014

FINANCIAL HIGHLIGHTS

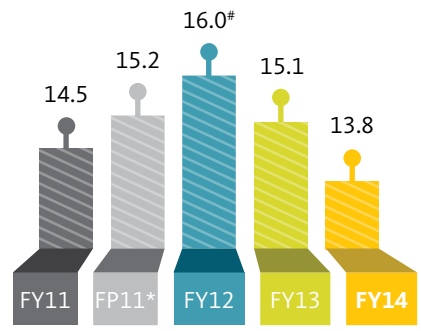
Net Profit
RM6.72 billion



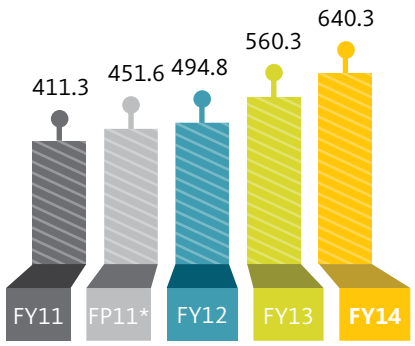
Earnings Per Share
74.2 sen



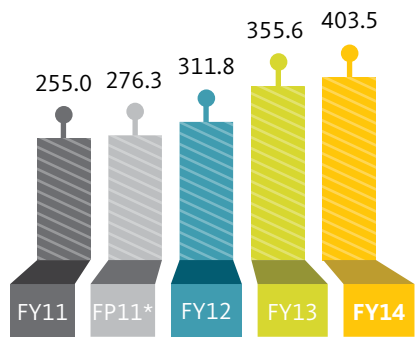
Return on Equity
13.8%



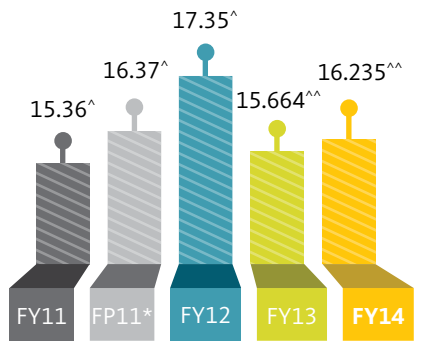
Total Assets
RM640.3 billion



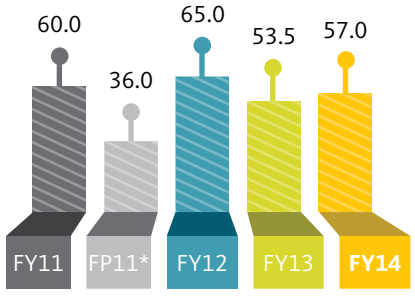
Loans, Advances and Financing
RM403.5 billion



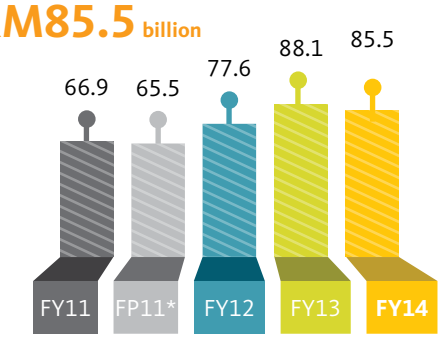
Total Capital Ratio
16.235%^^



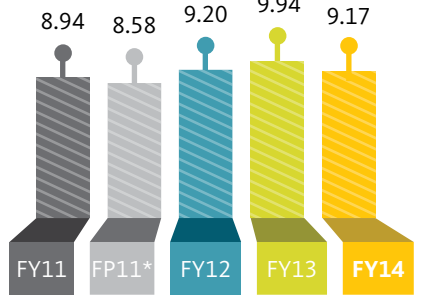
Gross Dividend per Share
57.0 sen



Market Capitalisation
RM85.5 billion



Share Price
RM9.17



* *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*

SIGNIFICANT EVENTS IN 2014

15 January - Maybank Premier Wealth was launched in Singapore and Malaysia.

4 February - Maybank became the first bank to offer trade financing in Malaysian Ringgit (RM) across China through branches in Beijing and Shanghai.

13 February - John Chong was appointed as CEO of Maybank Kim Eng Group and Maybank Investment Bank Berhad.

23 May - Maybank launched its inaugural TOKYO PRO-BOND Market listed transaction, raising JPY31.1 billion (USD305 million).

18 June - PT Bank Internasional Indonesia Tbk (BII) issued subordinated debt of IDR1.5 trillion and Mudharabah Sukuk of IDR300 billion.

12 August - Maybank launched its life insurance arm, Etiqa Insurance Pte. Ltd., to distribute products through Maybank Singapore.

29 August - Amirul Feisal Wan Zahir was appointed as Group Head of Global Banking (GB), effective 1 October.

8 September - Maybank launched its Maybank2u App, enabling all Maybank2u transactions on a smartphone.

1 October - Maybank was granted a banking license to open a branch in Myanmar.

31 October - Maybank launched myTrade2Cash, a centralised online trade financing facility for SMEs, offered in collaboration with Dagang NeXchange Bhd, a first of its kind in ASEAN.

28 November - BII shareholders approved a rights issue of IDR1.5 trillion at the Extraordinary General Meeting.

28 November - Maybank launched its inaugural GreTai Securities Market listed USD500 million Notes.

18 December - Maybank (Cambodia) Plc. launched Maybank Premier Wealth at the official opening ceremony of Maybank's 18th branch in Cambodia.

Five-Year Group Financial Summary

	Group				
	FY 30 June	FP 31 Dec		FY 31 Dec	
	2011	2011[1]	2012	2013	2014
OPERATING RESULT (RM' million)[2]					
Operating revenue	21,040	12,892	31,227	33,251	**35,712**
Operating profit	6,135	3,497	7,744	8,730	**8,948**
Profit before taxation and zakat	6,270	3,571	7,896	8,870	**9,112**
Profit attributable to equity holders of the Bank	4,450	2,587	5,746	6,552	**6,716**
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)[2]					
Total assets	411,254	451,632	494,757	560,319	**640,300**
Financial investments portfolio[3]	76,871	84,669	92,820	107,672	**115,911**
Loans, advances and financing	255,018	276,253	311,825	355,618	**403,513**
Total liabilities	377,522	415,747	450,942	512,576	**585,559**
Deposits from customers	282,797	314,692	347,156	395,611	**439,569**
Commitments and contingencies	292,109	369,792	379,695	433,829	**551,960**
Paid-up capital	7,478	7,639	8,440	8,862	**9,319**
Shareholders' equity	32,395	34,337	42,095	45,997	**52,975**
SHARE INFORMATION[2]					
Per share (sen)					
Basic earnings	61.4	34.5	72.7	75.8	**74.2**
Diluted earnings	61.4	34.5	72.7	75.7	**74.1**
Gross dividend	60.0	36.0	65.0	53.5	**57.0**
Net assets (sen)	433.2	449.5	498.8	519.0	**568.5**
Share price as at 31 Dec/30 June (RM)	8.94	8.58	9.20	9.94	**9.17**
Market capitalisation (RM' million)	66,855	65,546	77,648	88,088	**85,455**
FINANCIAL RATIOS (%)[2]					
Profitability Ratios/Market Share					
Net interest margin on average interest-earning assets	2.6	2.5[6]	2.6	2.5	**2.3**
Net interest on average risk-weighted assets	3.6	4.0[6]	4.2	4.2	**3.9**
Net return on average shareholders' funds	14.5	15.2[6]	16.0[7]	15.1	**13.8**
Net return on average assets	1.2	1.2[6]	1.2	1.2	**1.1**
Net return on average risk-weighted assets	1.8	2.0[6]	2.1	2.2	**2.0**
Cost to income ratio[4]	49.2	49.7	48.6	47.8	**48.9**
Domestic market share in:					
Loans, advances and financing	18.1	17.9	18.2	18.4	**18.4**
Deposits from customers - Savings Account	27.9	27.6	27.7	27.7	**27.6**
Deposits from customers - Current Account	20.7	19.5	20.2	20.4	**21.1**
CAPITAL ADEQUACY RATIOS (%)					
CET1 Capital Ratio	-	-	-	11.253	**11.747**
Tier 1 Capital Ratio	-	-	-	13.059	**13.539**
Total Capital Ratio	-	-	-	15.664	**16.235**
Core Capital Ratio[5] (after deducting proposed final dividend)	11.2 - 11.8	11.0 - 11.7	12.8 - 13.5	-	**-**
Risk-Weighted Capital Ratio[5] (after deducting proposed final dividend)	14.7 - 15.4	15.7 - 16.4	16.6 - 17.4	-	**-**
ASSET QUALITY RATIOS[2]					
Net impaired loans/non-performing loans ratio (%)	2.25	1.86	1.09	0.95	**1.04**
Loan loss coverage (%)[8]	82.3	86.9	105.6	107.5	**100.0**
Net loans to deposit ratio (%)	90.2	87.8	89.8	89.9	**91.8**
Deposits to shareholders' fund (times)	8.7	9.2	8.2	8.6	**8.3**
VALUATIONS ON SHARE[2]					
Gross dividend yield (%)	6.7	4.2	7.1	5.4	**6.2**
Dividend payout ratio (%)	74.9	79.9	74.7	71.9	**78.5**
Price to earnings multiple (times)	14.6	24.9	12.7	13.1	**12.4**
Price to book multiple (times)	2.1	1.9	1.8	1.9	**1.6**

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 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 Internasional Indonesia Tbk and Maybank Kim Eng Holdings Limited.

5 The capital adequacy ratios for December 2012, December 2011 and June 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.

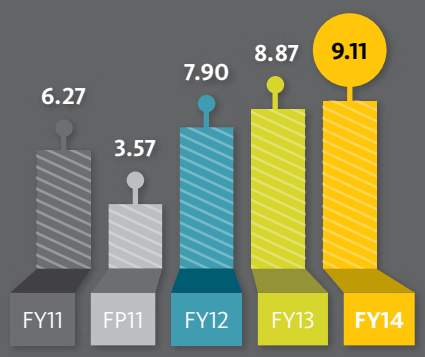
8 Loan loss coverage for December 2014 includes Regulatory Reserve.

Five-Year Group Financial Summary

	Bank	
	FY 31 Dec	
	2013	2014
	18,723	**20,507**
	6,127	**7,344**
	6,127	**7,344**
	4,886	**5,903**
	397,605	**452,559**
	75,433	**92,156**
	237,971	**264,524**
	357,106	**406,387**
	273,670	**306,939**
	399,786	**519,486**
	8,862	**9,319**
	40,500	**46,173**
	56.5	**65.2**
	56.5	**65.2**
	53.5	**57.0**
	457.0	**495.5**
	-	**-**
	-	**-**
	2.0	**1.8**
	3.1	**2.9**
	12.9	**13.9**
	1.3	**1.4**
	2.3	**2.5**
	40.5	**40.6**
	18.4	**18.4**
	27.7	**27.6**
	20.4	**21.1**
	15.925	**16.275**
	15.925	**16.275**
	15.925	**16.275**
	-	**-**
	-	**-**
	0.94	**1.05**
	116.2	**103.0**
	87.0	**86.2**
	6.8	**6.6**
	-	**-**
	-	**-**
	-	**-**
	-	**-**

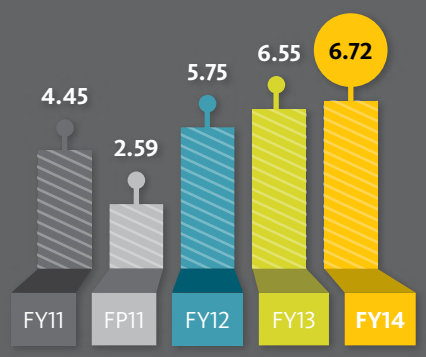
Profit Before Taxation and Zakat

RM9.11 billion



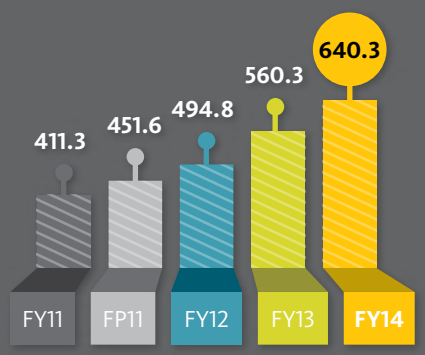
Profit Attributable to Equity Holders of the Bank

RM6.72 billion



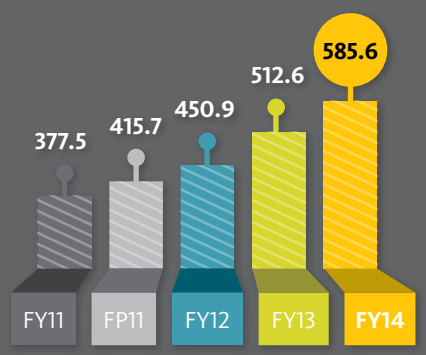
Total Assets

RM640.3 billion



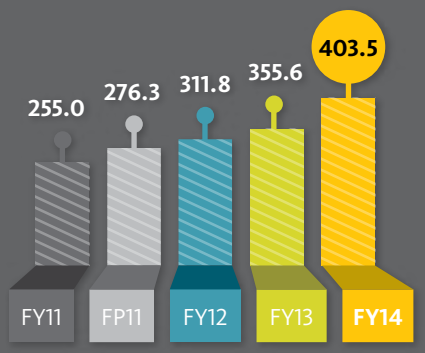
Total Liabilities

RM585.6 billion



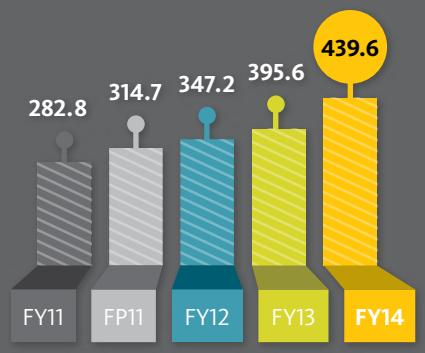
Loans, Advances and Financing

RM403.5 billion



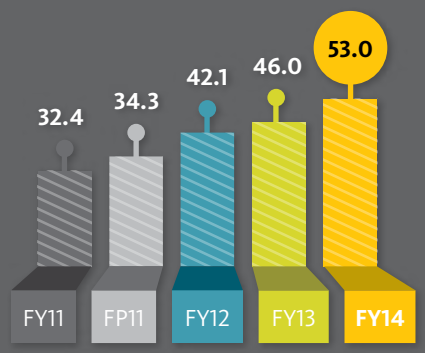
Deposits from Customers

RM439.6 billion



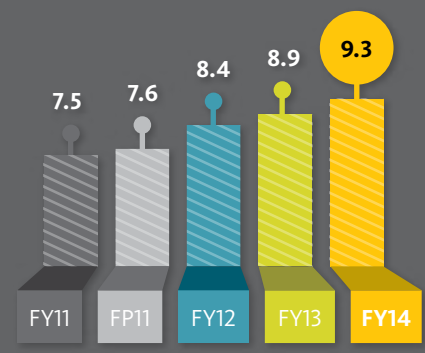
Shareholders' Equity

RM53.0 billion



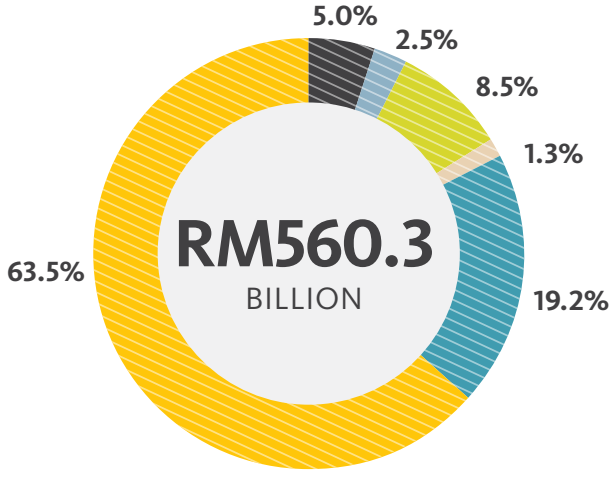
Paid-up Capital

RM9.3 billion



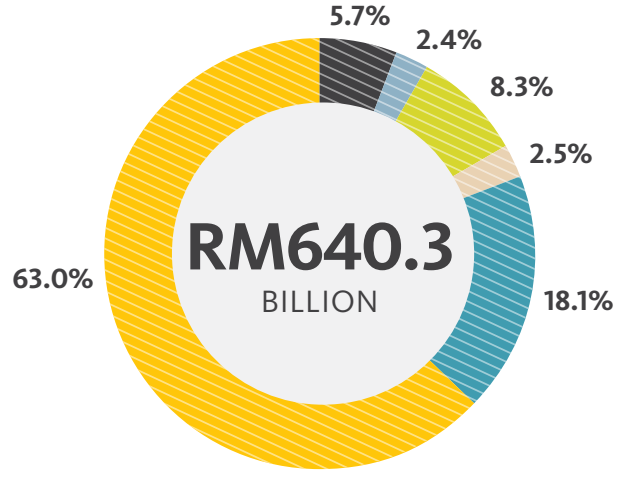
Simplified Group Statements of Financial Position

TOTAL ASSETS



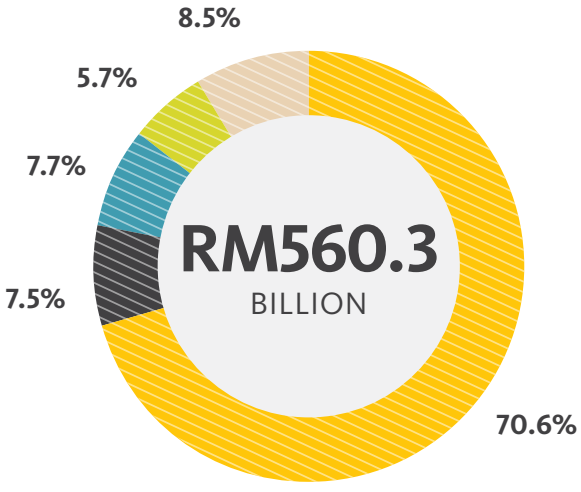
As at 31 December 2013

- 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



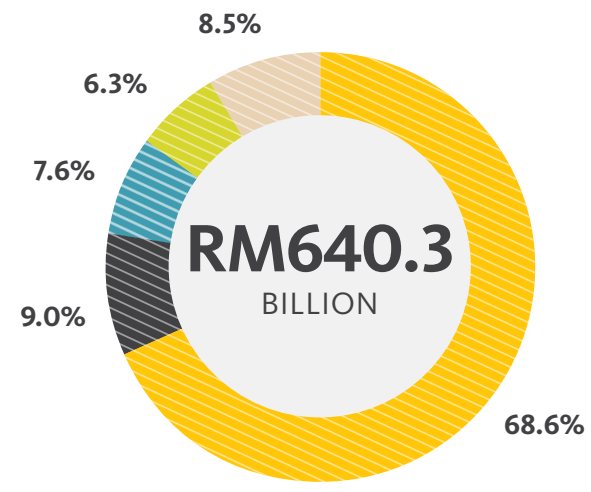
As at 31 December 2014

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY



As at 31 December 2013

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



As at 31 December 2014

Group Quarterly Financial Performance

	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**

	FY 31 Dec 2013				
RM' million	**Q1**	**Q2**	**Q3**	**Q4**	**YEAR**
Operating revenue	8,117	8,589	8,276	8,269	33,251
Net interest income (including income from Islamic Banking Scheme operations)	3,047	3,048	3,127	3,173	12,395
Net earned insurance premiums	1,126	1,136	813	866	3,941
Other operating income	1,364	1,703	1,488	1,327	5,882
Total operating income	5,538	5,886	5,428	5,367	22,219
Operating profit	2,091	2,047	2,308	2,284	8,730
Profit before taxation and zakat	2,127	2,089	2,352	2,302	8,870
Profit attributable to equity holders of the Bank	1,506	1,568	1,746	1,732	6,552
Earnings per share (sen)	17.89	18.25	20.07	19.58	75.79
Dividend per share (sen)	-	22.50	-	31.00	53.50

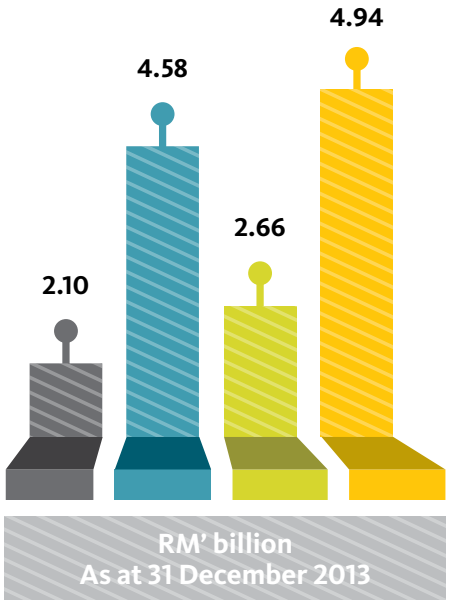
Key Interest Bearing Assets and Liabilities

	FY 31 Dec 2013			FY 31 Dec 2014		
	As at 31.12.2013 RM' million	**Effective Interest Rate %**	**Interest Income/ Expense RM' million**	**As at 31.12.2014 RM' million**	**Effective Interest Rate %**	**Interest Income/ Expense RM' million**
Interest earning assets						
Loans, advances and financing	355,618	5.09	16,556	**403,513**	**5.30**	**18,446**
Cash and short-term funds & deposits and placements with financial institutions	55,224	2.18	953	**68,959**	**2.13**	**960**
Financial assets at fair value through profit or loss	19,167	3.95	711	**23,705**	**4.30**	**801**
Financial investments available-for-sale	82,837	3.76	2,311	**82,631**	**4.14**	**2,698**
Financial investments held-to-maturity	5,668	5.23	113	**9,575**	**4.97**	**285**
Interest bearing liabilities						
Deposits from customers	395,611	1.96	6,909	**439,569**	**2.08**	**8,496**
Deposits and placements from financial institutions	42,139	1.60	900	**57,387**	**1.96**	**1,165**
Borrowings	13,322	3.24	432	**18,522**	**3.25**	**461**
Subordinated obligations	12,645	5.36	561	**15,640**	**4.16**	**701**
Capital securities	5,921	6.54	385	**5,902**	**5.73**	**384**

Statement of Value Added

VALUE ADDED	FY 31 Dec 2013 RM'000	FY 31 Dec 2014 RM'000
Net interest income	9,585,280	**9,703,703**
Income from Islamic Banking Scheme operations	2,810,182	**3,271,211**
Net earned insurance premiums	3,941,346	**3,946,068**
Other operating income	5,882,062	**5,540,439**
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(3,680,510)	**(3,930,819)**
Overhead expenses excluding personnel expenses, depreciation and amortisation	(3,508,866)	**(3,529,338)**
Allowances for impairment losses on loans, advances, financing and other debts, net	(729,586)	**(400,392)**
Allowances for impairment losses on financial investments, net	(150,522)	**(70,440)**
Share of profits in associates and joint ventures	139,267	**163,125**
Value added available for distribution	14,288,653	**14,693,557**

DISTRIBUTION OF VALUE ADDED	FY 31 Dec 2013 RM'000	FY 31 Dec 2014 RM'000
To employees:		
Personnel expenses	4,943,884	**5,019,296**
To the Government:		
Taxation	2,098,261	**2,200,540**
To providers of capital:		
Dividends paid to shareholders	4,365,481	**4,939,066**
Non-controlling interests	218,942	**194,588**
To reinvest to the Group:		
Depreciation and amortisation	475,175	**562,678**
Retained profits	2,186,910	**1,777,389**
Value added available for distribution	14,288,653	**14,693,557**

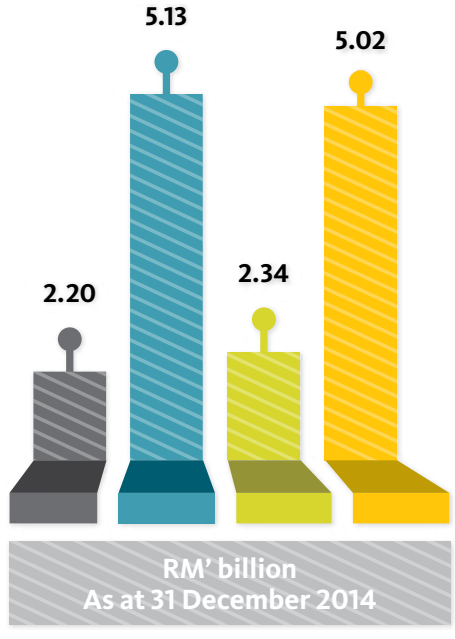


To employees:
Personnel expenses

To the Government:
Taxation

To providers of capital:
Dividends paid to shareholders
Non-controlling interests

To reinvest to the Group:
Depreciation and amortisation
Retained profits

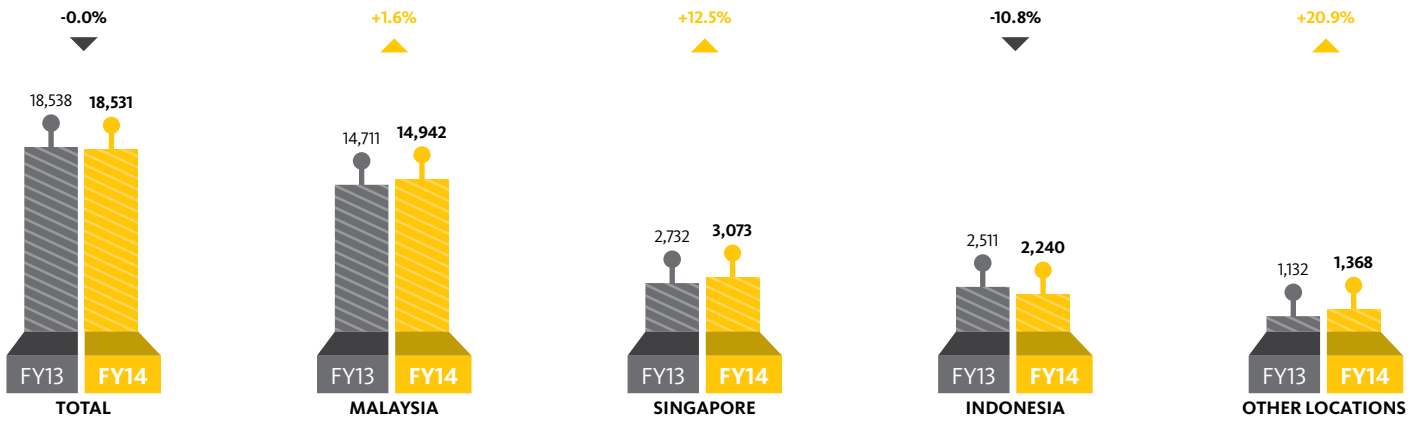


Segmental Information

ANALYSIS BY GEOGRAPHICAL LOCATION

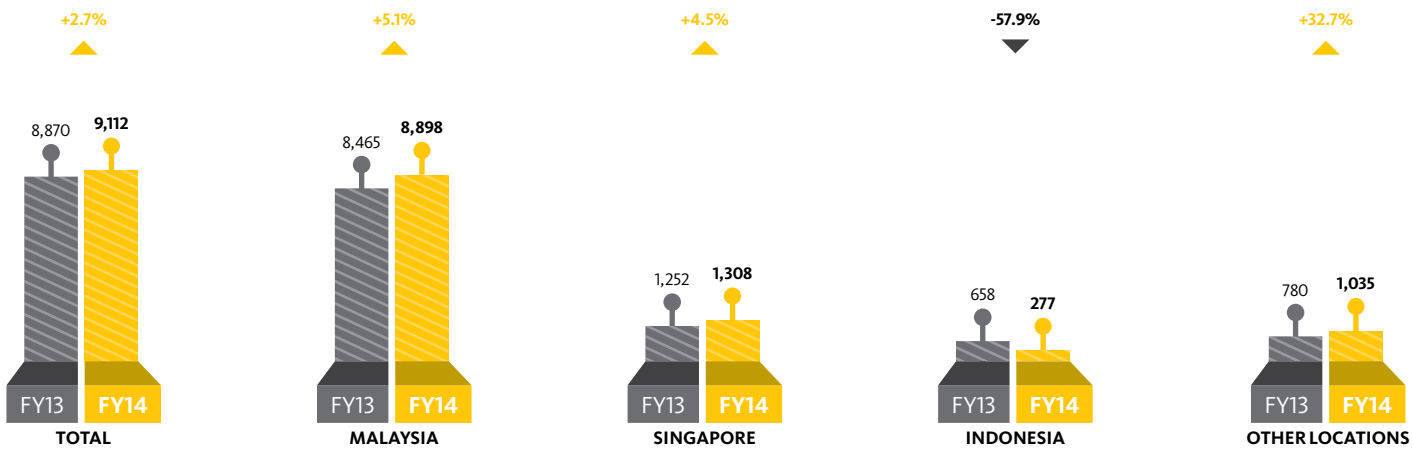
	Net operating income		Profit before taxation	
	FY 31 Dec 2013 RM'000	FY 31 Dec 2014 RM'000	FY 31 Dec 2013 RM'000	FY 31 Dec 2014 RM'000
Malaysia	14,711,450	**14,941,392**	8,464,785	**8,898,151**
Singapore	2,732,243	**3,073,428**	1,251,904	**1,307,960**
Indonesia	2,511,268	**2,239,999**	658,575	**276,612**
Other Locations	1,132,028	**1,368,317**	779,569	**1,035,481**
Elimination	(2,548,629)	**(3,092,534)**	(2,285,239)	**(2,406,621)**
	18,538,360	**18,530,602**	8,869,594	**9,111,583**

Net Operating Income (RM' million)



Note: Total net operating income includes inter-segment which are eliminated on consolidation of RM3,092 million for FY 31 December 2014 and RM2,548 million for FY 31 December 2013.

Profit Before Taxation (RM' million)



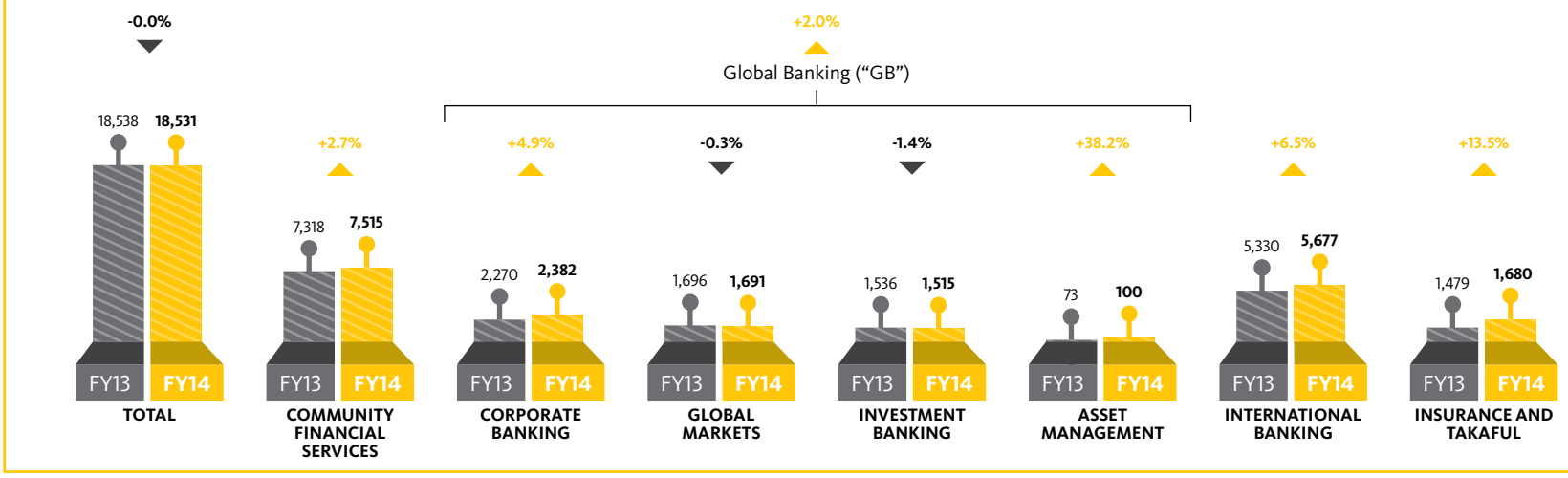
Note: Total profit before taxation includes inter-segment which are eliminated on consolidation of RM2,406 million for FY 31 December 2014 and RM2,285 million for FY 31 December 2013.

Segmental Information

ANALYSIS BY ACTIVITY

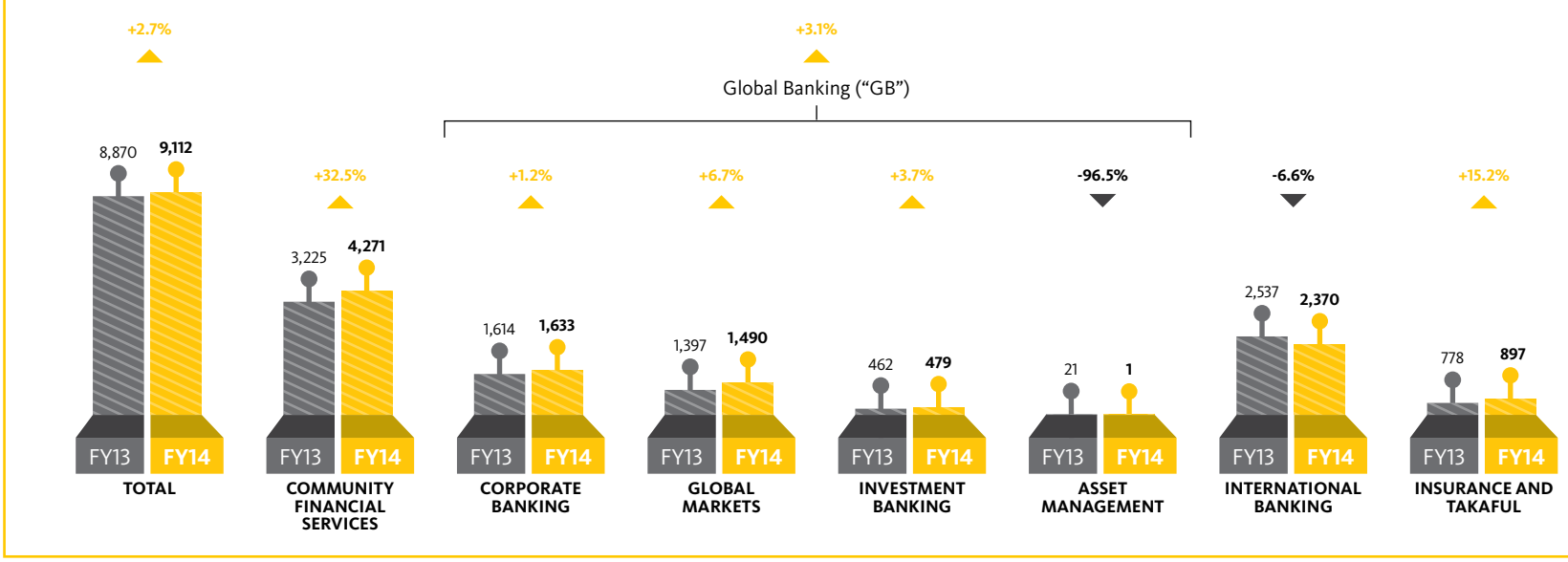
	Net operating income		Profit before taxation	
	FY 31 Dec 2013 RM'000	FY 31 Dec 2014 RM'000	FY 31 Dec 2013 RM'000	FY 31 Dec 2014 RM'000
Community Financial Services	7,318,023	**7,515,148**	3,224,468	**4,271,546**
Corporate Banking	2,270,424	**2,382,067**	1,614,106	**1,633,098**
Global Markets	1,695,516	**1,690,732**	1,396,614	**1,489,607**
Investment Banking	1,536,275	**1,515,299**	461,807	**478,811**
Asset Management	72,551	**100,240**	21,492	**760**
International Banking	5,330,225	**5,676,692**	2,536,707	**2,370,135**
Insurance and Takaful	1,479,208	**1,679,475**	778,262	**896,677**
Head Office and Others	(1,163,862)	**(2,029,051)**	(1,163,862)	**(2,029,051)**
	18,538,360	**18,530,602**	8,869,594	**9,111,583**

Net Operating Income (RM' million)



Note: Total net operating income includes expenditures of Head Office & Others of RM2,029 million for FY 31 December 2014 and RM1,164 million for FY 31 December 2013.

Profit Before Taxation (RM' million)



Note: Total profit before taxation includes expenditures of Head Office & Others of RM2,029 million for FY 31 December 2014 and RM1,164 million for FY 31 December 2013.

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Statement of Directors' Responsibility

in respect of the Audited Financial Statements for the Financial Year ended 31 December 2014

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 2014, and of their financial performance and cash flows for the 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

The Group's profit before taxation and zakat reached another record of RM9.11 billion (+2.7%) in the financial year ended 31 December 2014 from RM8.87 billion in the financial year ended 31 December 2013.

The growth was mainly attributable to higher net interest income ("NII") of RM118.4 million and income from Islamic Banking Scheme operations ("IBS") of RM461.0 million. These were offset by lower other operating income of RM341.7 million.

NET OPERATING INCOME

The Group's net operating income in the financial year ended 31 December 2014 stood at RM18.53 billion which was derived 52.4% from NII, 29.9% from other operating income and 17.7% from IBS income.

Group	FY 31 Dec 2014 RM' million	FY 31 Dec 2013 RM' million	Variance RM' million	% Change	% Contribution
Net interest income	**9,703.7**	9,585.3	118.4	1.2	52.4
Income from Islamic Banking Scheme operations	**3,271.2**	2,810.2	461.0	16.4	17.6
Net earned insurance premiums	**3,946.1**	3,941.3	4.8	0.1	21.3
Other operating income	**5,540.4**	5,882.1	(341.7)	(5.8)	29.9
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	**(3,930.8)**	(3,680.5)	(250.3)	(6.8)	(21.2)
Net operating income	**18,530.6**	18,538.4	(7.8)	(0.0)	100.0

NET INTEREST INCOME ("NII")

NII grew by RM118.4 million (+1.2%) to RM9.70 billion and remained as the Group's primary source of income as it contributed 52.4% of the Group's total net operating income in the financial year ended 31 December 2014. The increase was mainly attributable to stronger growth in loans and financial investments portfolio, but offset by compression in net interest margin ("NIM"). NIM on interest-bearing assets compressed from 2.43% in the financial year ended 31 December 2013 to 2.31% in the financial year ended 31 December 2014. This was attributable to competitive pricing environments, especially in the Malaysia and Indonesia operations.

INCOME FROM ISLAMIC BANKING SCHEME OPERATIONS ("IBS")

The Group's income from IBS grew by RM461.0 million (+16.4%) to RM3.27 billion which was attributable to increase in net fund based income of RM580.7 million. The growth was driven by the increase in financing and advances.

The Group's IBS fee based income subsided by RM119.7 million which was attributable to lower gain on disposal of financial investments portfolio (RM71.4 million) and fee income (RM37.5 million).

OTHER OPERATING INCOME

Other operating income decreased by RM341.7 million (-5.8%) to RM5.54 billion in the financial year ended 31 December 2014 as shown in the table below:

Group	FY 31 Dec 2014 RM' million	FY 31 Dec 2013 RM' million	Variance RM' million	% Change
Fee income	**3,710.5**	3,543.9	166.6	4.7
Investment income	**893.4**	1,190.0	(296.6)	(24.9)
Gross dividends from financial investments AFS	**118.7**	101.8	16.9	16.6
Unrealised loss on revaluation of financial assets at FVTPL and derivatives	**(57.3)**	(943.0)	885.7	(93.9)
Other income, of which:	**875.1**	1,989.4	(1,114.3)	(56.0)
Foreign exchange gain, net	**587.6**	1,732.3	(1,144.7)	(66.1)
Others	**287.5**	257.1	30.4	11.8
Total other operating income	**5,540.4**	5,882.1	(341.7)	(5.8)

Fee income increased by RM166.6 million (+4.7%) to RM3,710.5 million in the financial year ended 31 December 2014 attributable to higher commission by RM118.5 million, service charges and fees of RM68.2 million and fees on loans, advances and financing of RM77.7 million. These were offset by lower brokerage income of RM90.0 million and underwriting fees of RM7.8 million.

Investment income recorded lower contribution of RM296.6 million (-24.9%) to RM893.4 million in the financial year ended 31 December 2014 attributable to decrease in net gain on disposal of financial investments available-for-sale by RM258.0 million.

Unrealised loss on revaluation of financial assets at FVTPL and derivatives decreased by RM885.7 million in the financial year ended 31 December 2014.

Foreign exchange gain, a primary item under other income, registered a decrease of RM1.14 billion in the financial year ended 31 December 2014.

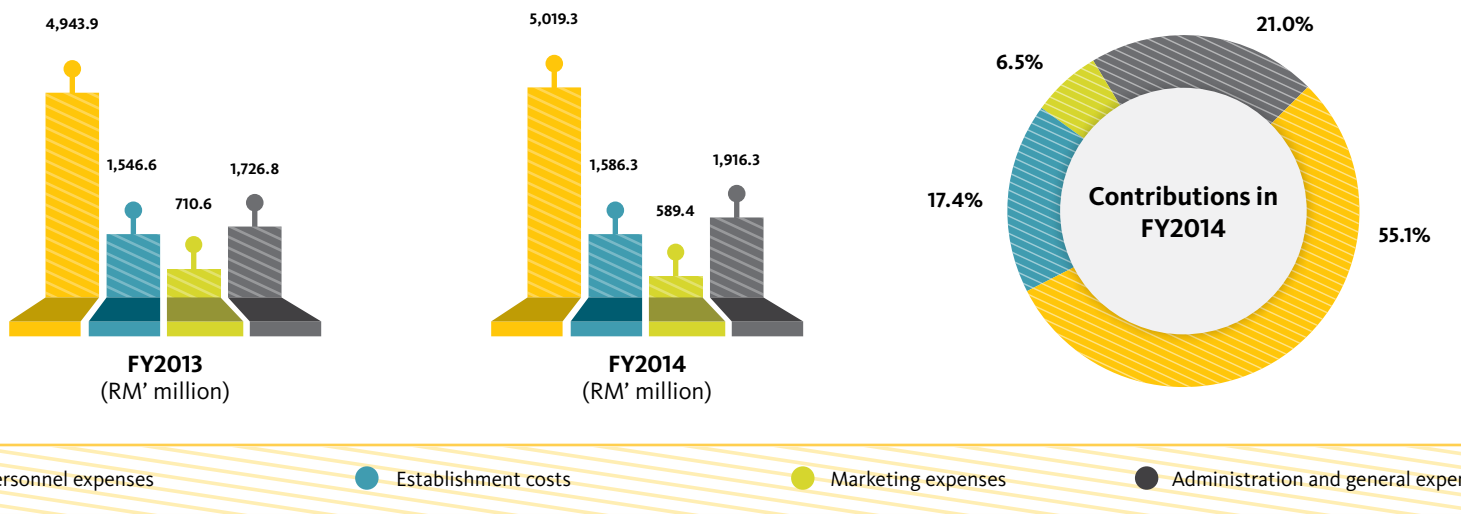
NET INSURANCE BENEFITS AND CLAIMS INCURRED, NET FEE AND COMMISSION EXPENSES, CHANGE IN EXPENSE LIABILITIES AND TAXATION OF LIFE AND TAKAFUL FUND

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund increased by RM250.3 million to RM3.93 billion in the financial year ended 31 December 2014. The increase was mainly attributable to higher net benefits and claims incurred by the Insurance subsidiary of RM277.6 million.

Analysis of Financial Statements

OVERHEAD EXPENSES

The Group's overhead expenses increased by RM183.4 million (+2.1%) to RM9.11 billion from RM8.93 billion in the financial year ended 31 December 2013. The Group's cost to income ratio was 48.9% compared to 47.8% in the financial year ended 31 December 2013.



Personnel expenses increased by RM75.4 million to RM5,019.3 million in the financial year ended 31 December 2014 and contributed 55.1% of the Group's total overhead expenses. This was attributable to increase in salaries, allowances and bonuses of RM96.2 million but mitigated by lower ESS expenses of RM26.3 million.

Establishment costs grew by RM39.7 million to RM1,586.3 million in the financial year ended 31 December 2014 attributable to increases in depreciation of property, plant and equipment by RM62.5 million, amortisation of computer software by RM36.9 million and rental of leasehold land and premises by RM13.4 million. These were mitigated by lower information technology expenses by RM88.0 million. Establishment costs accounted for 17.4% of the Group's total overhead expenses.

Administration and general expenses increased by RM189.5 million to RM1,916.3 million in the financial year ended 31 December 2014 and contributed 21.0% of the Group's total overhead expenses.

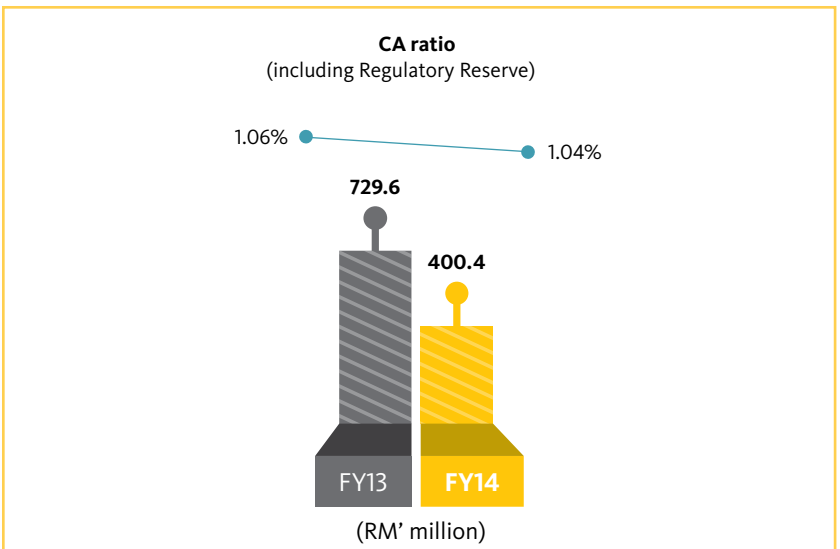
Marketing expenses decreased by RM121.2 million to RM589.4 million in the financial year ended 31 December 2014.

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

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM329.2 million to RM400.4 million in the financial year ended 31 December 2014. The decrease was mainly due to lower collective allowance ("CA") charge, lower individual allowance ("IA") charge and higher bad debts and financing recovered during the financial year ended 31 December 2014. The Group's CA ratio (including Regulatory Reserve) was 1.04% as at 31 December 2014 compared to 1.06% as at 31 December 2013.

ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET

The Group's allowances for impairment losses on financial investments decreased by RM80.1 million to RM70.4 million in the financial year ended 31 December 2014 due to recoveries from impaired loan stocks.



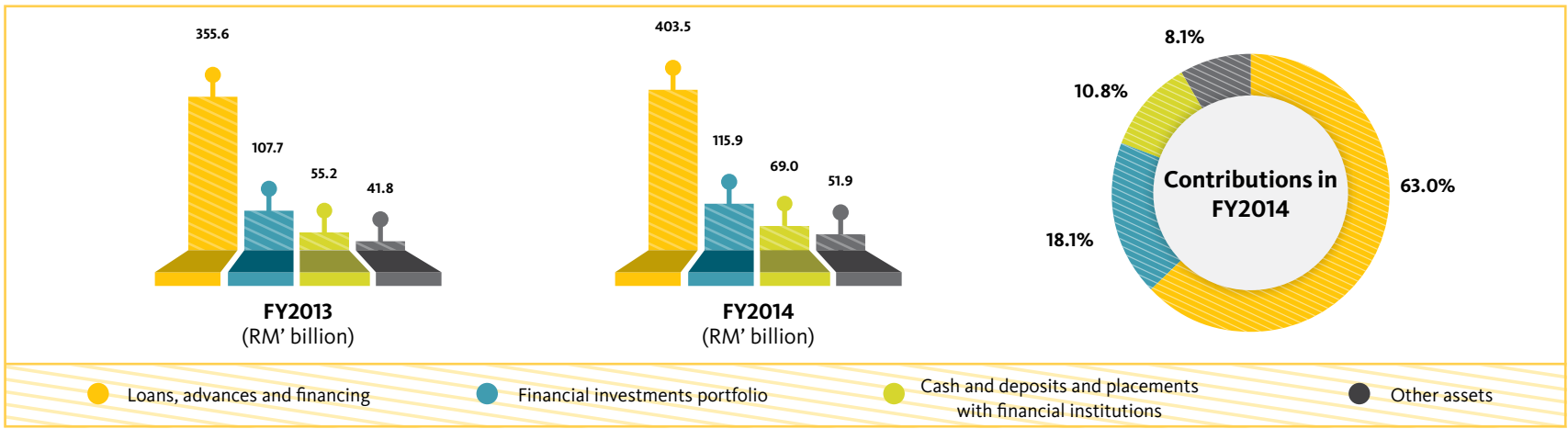
Analysis of Financial Statements

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

The Group's total assets grew by RM80.0 billion (+14.3%) to RM640.3 billion as at 31 December 2014 from RM560.3 billion as at 31 December 2013 attributable to growth in loans (+13.5%), financial investments portfolio (+7.7%) and cash and deposits and placements with financial institutions (+24.9%).

As at 31 December 2014, net loans, advances and financing remained as the largest component of the Group's total assets at 63.0%.



LOANS, ADVANCES AND FINANCING

The Group's loans, advances and financing grew strongly by RM47.9 billion (+13.5%) to RM403.5 billion as at 31 December 2014. This was supported by loans growth in International operations of 20.6% and Malaysia operations of 9.0%. The growth in International operations, led by Labuan Offshore (+98.4%), Greater China (+33.9%), Indochina (+31.9%) and Singapore (+13.3%).

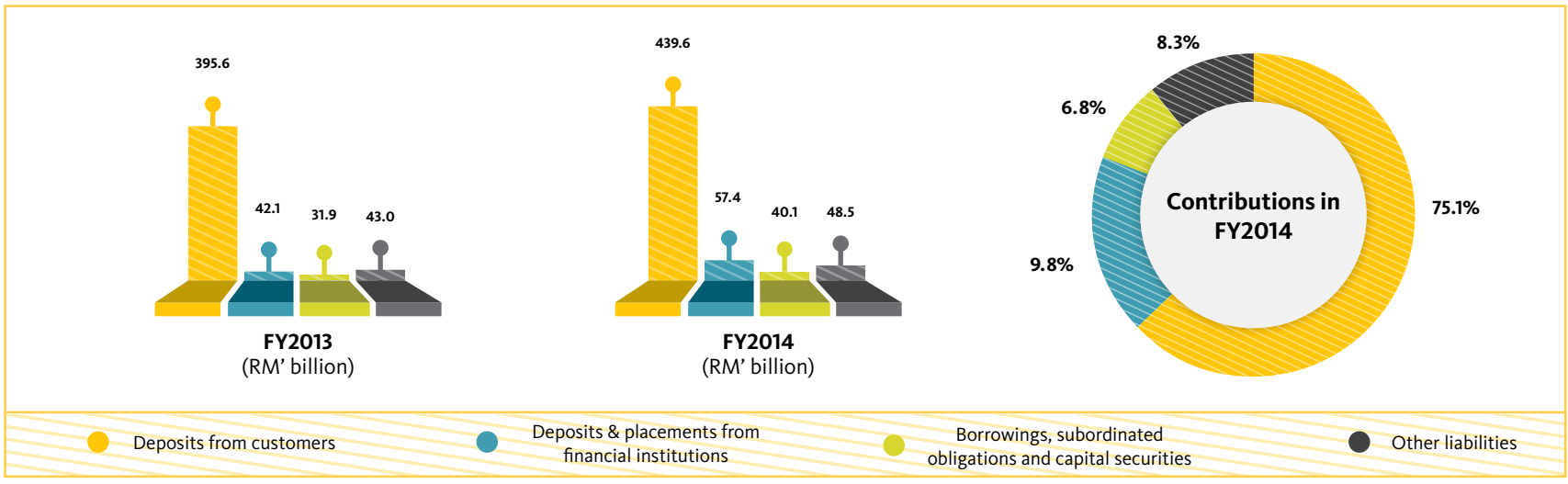
Asset quality continues to remain strong when compared against industry trends, with the Group's net impaired loans ratio at 1.04% in the financial year ended 31 December 2014.

FINANCIAL INVESTMENTS PORTFOLIO

The Group's financial investments portfolio increased by RM8.2 billion (+7.7%) to RM115.9 billion as at 31 December 2014 attributable to growth in the financial assets at fair value through profit or loss portfolio by RM4.5 billion and financial investments held-to-maturity by RM3.9 billion.

TOTAL LIABILITIES

The Group's total liabilities grew by RM73.0 billion (+14.2%) to RM585.6 billion as at 31 December 2014 from RM512.6 billion as at 31 December 2013 attributable to growth in deposits from customers (+11.1%), deposits and placements from financial institutions (+36.2%) and borrowings, subordinated obligations and capital securities (+25.6%).



DEPOSITS FROM CUSTOMERS

In tandem with the loans growth, the Group's deposits from customers grew by RM44.0 billion (+11.1%) to RM439.6 billion, with the strongest growth coming from Malaysia and Singapore operations of 7.4% and 16.5% respectively.

The Group registered an overall improvement in fixed deposits and negotiable instruments of deposits (+9.2%), money market deposits (+55.8%) and demand deposits (+11.1%).

Loan-to-deposit ratio also remained at a comfortable level of 91.8% .

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 2014.

PRINCIPAL ACTIVITIES

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

The subsidiaries 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	9,111,583	7,344,427
Taxation and zakat	(2,200,540)	(1,441,412)
Profit for the financial year	6,911,043	5,903,015
Attributable to:		
Equity holders of the Bank	6,716,455	5,903,015
Non-controlling interests	194,588	-
	6,911,043	5,903,015

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those as disclosed in Notes 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 amounts of dividends paid by the Bank since 31 December 2013 (as disclosed in Note 49(c) to the financial statements) were as follows:

	RM'000
In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year:	
Final dividend of 31 sen single-tier dividend consists of cash portion of 4 sen single-tier dividend per ordinary share and an electable portion of 27 sen per ordinary share, on 8,870,196,423 ordinary shares, approved on 7 April 2014 and paid on 30 May 2014.	2,749,761
In respect of the financial year ended 31 December 2014:	
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 9,150,707,894 ordinary shares, declared on 28 August 2014 and paid on 28 October 2014.	2,196,170
	4,945,931

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2014 of 33 sen single-tier dividend per ordinary share of RM1.00 each, amounting to a net dividend payable of RM3,075,279,881 (based on 9,319,029,941 ordinary shares of RM1.00 each in issue as at 31 December 2014) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 10 sen per ordinary share to be paid in cash amounting to RM931,902,994 and an electable portion of 23 sen per ordinary share amounting to RM2,143,376,887.

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 2014 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 2015.

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") grants 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 Internasional Indonesia Tbk, PT Bank Maybank Syariah Indonesia, Maybank Philippines Incorporated and Maybank (PNG) Limited, 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

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 19.1% as at 31 December 2014 (31 December 2013: 16.3%).

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

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

(a) ESOS Granted (cont'd.)

* 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. The revisions 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 - 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 - 22.6.2018

During the financial year ended 31 December 2014, a total of 74,253,200 (31 December 2013: 79,155,600) under the ESOS First Grant, 12,002,000 (31 December 2013: 13,159,200) under the ESOS Second Grant, 10,523,300 (31 December 2013: 9,199,800) under the ESOS Third Grant and 9,651,900 under the ESOS Fourth Grant had been vested to a selected group of eligible employees.

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

ESOS First Grant (Vested)

Vesting date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Adjustment[1] '000	Vested '000	Exercised[2] '000	Forfeited '000		
30.6.2011	36,457	7	-	(9,509)	(89)	26,866	26,866
30.4.2012	22,247	3	-	(5,247)	(55)	16,948	16,948
30.4.2013	54,095	24	-	(12,427)	(151)	41,541	41,541
30.4.2014	-	-	74,219	(22,157)	(146)	51,916	51,916
	112,799	34	74,219	(49,340)	(441)	137,271	137,271

1 Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2014.

2 61,300 of the share options exercised during the financial year ended 31 December 2014 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2014.

ESOS Second Grant (Vested)

Vesting date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Adjustment[3] '000	Vested '000	Exercised[4] '000	Forfeited '000		
7.5.2012	3,380	-	-	(861)	(27)	2,492	2,492
30.4.2013	8,790	79	-	(2,097)	(73)	6,699	6,699
30.4.2014	-	-	11,923	(3,515)	(84)	8,324	8,324
	12,170	79	11,923	(6,473)	(184)	17,515	17,515

3 Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2014.

4 3,500 of the share options exercised during the financial year ended 31 December 2014 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2014.

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 Third Grant and ESOS Fourth Grant are as follows:

ESOS Third Grant (Vested)

Vesting date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Adjustment[5] '000	Vested '000	Exercised '000	Forfeited '000		
21.5.2013	8,375	3	-	(1,271)	(490)	6,617	6,617
30.4.2014	-	-	10,520	(1,247)	(354)	8,919	8,919
	8,375	3	10,520	(2,518)	(844)	15,536	15,536

[5] Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2014.

ESOS Fourth Grant (Vested)

Vesting date	Outstanding as at 1.1.2014 '000	Movements during the financial year			Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Vested '000	Exercised '000	Forfeited '000		
21.5.2014	-	9,652	(5)	(507)	9,140	9,140

(b) RSU Granted

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

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Vesting date
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000		
23.6.2011 - RSU First Grant	3,150	200[6]	-	(2,795)	(551)	4	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2012 - RSU Second Grant	3,925	-	-	-	(435)	3,490	
30.4.2013 - RSU Third Grant	4,480	20[7]	-	-	(350)	4,150	
30.4.2014 - RSU Fourth Grant	-	-	5,520	-	(140)	5,380	
	11,555	220	5,520	(2,795)	(1,476)	13,024	

The first tranche of RSU under 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 financial year ended 31 December 2014 (31 December 2013: Nil). The remaining grants have not been vested as at 31 December 2014.

[6] Adjustment pursuant to DRP for RSU First Grant which vested during the financial year ended 31 December 2014.
[7] Adjustment relates to appeal cases approved by the ESS Committee during the financial year ended 31 December 2014 for RSU Third Grant.

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

(c) SRSU Granted

During the financial year ended 31 December 2014, a total of 364,000 SRSU (31 December 2013: 15,000) had been granted to a selected group of eligible employees and a total of 299,533 SRSU (31 December 2013: 121,700) had been vested as at 31 December 2014. The remaining grants have not been vested as at 31 December 2014.

The movements of SRSU granted and vested are as follows:

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000
		Adjustment '000	Granted '000	Vested '000	Forfeited '000	
1.3.2011	84	2	-	(86)	-	-
15.12.2011	20	-	-	(20)	-	-
16.4.2012	15	-	-	(15)	-	-
7.5.2012	15	-	-	(15)	-	-
1.6.2012	39	-	-	(24)	(15)	-
2.7.2012	30	-	-	(30)	-	-
30.10.2012	20	-	-	(20)	-	-
14.9.2012	-	15	-	(15)	-	-
21.9.2012	-	15	-	(15)	-	-
1.11.2012	-	60	-	(60)	-	-
3.12.2012	-	5	-	-	-	5
1.3.2013	15	-	-	-	-	15
26.3.2014	-	-	270	-	-	270
30.4.2014	-	-	34	-	-	34
15.7.2014	-	-	60	-	-	60
	238	97	364	(300)	(15)	384

(d) CESOS Granted

During the financial year ended 31 December 2014, a total of 559,400 under the CESOS First 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 591,300 (31 December 2013: 671,600) under the CESOS First Grant, 1,011,800 (31 December 2013: 1,262,800) under the CESOS Second Grant, 695,000 (31 December 2013: 654,700) under the CESOS Third Grant and 556,500 under the CESOS Fourth 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 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	
23.6.2011	576	37	-	(559)	(54)	-
30.4.2012	328	-	-	-	(36)	292
30.4.2013	621	-	-	-	(60)	561
30.4.2014	-	-	591	-	(40)	551
	1,525	37	591	(559)	(190)	1,404

CESOS Second Grant

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	
23.2.2012	890	-	-	-	(190)	700
30.4.2012	97	-	-	-	(15)	82
30.4.2013	1,170	40	-	-	(40)	1,170
30.4.2014	-	-	1,012	-	(12)	1,000
	2,157	40	1,012	-	(257)	2,952

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 Third Grant

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	
30.4.2013	616	(40)	-	-	(72)	504
30.4.2014	-	-	695	-	(62)	633
	616	(40)	695	-	(134)	1,137

CESOS Fourth Grant

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	
30.4.2014	-	-	557	-	(43)	514

Other than the first tranche of CESOS First Grant, the remaining CESOS granted have not been vested as at 31 December 2014.

(e) CRSU Granted

During the financial year ended 31 December 2014, a total of 145,000 CRSU (31 December 2013: 185,000) had been granted to eligible senior management of the Group and of the Bank. The first grant of CRSU amounting to 16,160 options (including DRP) had been vested during the financial year ended 31 December 2014 (31 December 2013: Nil). The remaining grants have not been vested as at 31 December 2014.

The movements of CRSU granted and vested are as follows:

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year			Outstanding as at 31.12.2014 '000	Vesting date
		Adjustment '000	Granted '000	Vested and awarded '000		
23.6.2011 - CRSU First Grant	15	1	-	(16)	-	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2012 - CRSU Second Grant	15	80	-	-	95	
30.4.2013 - CRSU Third Grant	185	-	-	-	185	
30.4.2014 - CRSU Fourth Grant	-	-	145	-	145	
	215	81	145	(16)	425	

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 487,500 ordinary shares of RM1.00 each during the financial year ended 31 December 2014.

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 and CESS are disclosed in Note 31(c) to the financial statements.

The names of option holders who were granted share options which have been vested to subscribe for at least 487,500 ordinary shares of RM1.00 each during the financial year ended 31 December 2014 are as follows:

Name	Number of share options from ESOS			
	Exercisable/ vested as at 1.1.2014 '000	Vested '000	Exercised '000	Exercisable/ vested as at 31.12.2014 '000
Datuk Abdul Farid bin Alias	575	326	-	901
Datuk Lim Hong Tat	575	250	-	825
John Chong Eng Chuan	575	250	-	825
Normala @ Noraizah binti A. Manaf	500	200	-	700
Geoffrey Michael Stecyk	500	200	-	700
Dr John Lee Hin Hock	424	250	-	674

ISSUE OF SHARE CAPITAL

During the current financial year ended 31 December 2014, the Bank increased its issued and paid-up share capital from RM8,862,079,081 to RM9,319,029,941 via:

(a) Issuance of 58,680,500 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;

(b) Issuance of 2,831,509 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;

(c) Issuance of 299,533 new ordinary shares of RM1.00 each arising from the Supplemental Restricted Share Unit ("SRSU"), as disclosed in Note 31(e)(vi) to the financial statements;

(d) Issuance of 229,810,271 new ordinary shares (including 371,620 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 27 sen in respect of the financial year ended 31 December 2013, as disclosed in Note 49(c)(i) to the financial statements; and

(e) Issuance of 165,329,047 new ordinary shares (including 272,905 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 in respect of the financial year ended 31 December 2014, as disclosed in Note 49(c)(ii) to the financial statements.

The new ordinary shares issued during the current financial year ended 31 December 2014 rank pari passu in all respects with the existing ordinary shares of the Bank.

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)
Dato' Mohd Salleh bin Hj Harun (Vice Chairman)
Datuk Abdul Farid bin Alias (Group President and 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
Mr Cheah Teik Seng
Datuk Mohaiyani binti Shamsudin
Mr Erry Riyana Hardjapamekas
Datuk R. Karunakaran (appointed on 16 July 2014)
Mr Cheng Kee Check (appointed on 19 November 2014)
Encik Zainal Abidin bin Jamal (retired on 7 April 2014)

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 for professional legal services rendered 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:

	Number of ordinary shares of RM1.00 each			
Direct interest	**As at 1.1.2014**	**Issued pursuant to RSU**	**Issued pursuant to DRP**	**As at 31.12.2014**
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	39,787	-	2,081	41,868
Dato' Mohd Salleh bin Hj Harun	337,399	-	16,733	354,132
Datuk Abdul Farid bin Alias	-	80,798	4,227	85,025
Dato' Seri Ismail bin Shahudin	24,304	-	1,271	25,575
Dato' Johan bin Ariffin	249,926	-	13,075	263,001

	Number of ordinary shares of RM1.00 each			
Indirect interest	**As at 1.1.2014**	**Issued pursuant to RSU**	**Issued pursuant to DRP**	**As at 31.12.2014**
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor*	29,462	-	1,540	31,002
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor**	35,014	-	1,830	36,844
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.

Directors' Report

DIRECTORS' INTERESTS (CONT'D.)

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 (cont'd.):

		Number of share options from ESOS over ordinary shares of RM1.00 each			
	Exercise Price (RM)	Granted	Vested as at 1.1.2014	Vested	Vested as at 31.12.2014
Datuk Abdul Farid bin Alias	8.82#	1,000,000^	575,000^	116,000	691,000
	9.91##	1,410,000	-	210,000	210,000
		2,410,000	575,000	326,000	901,000

Revised to RM8.75 on 29 October 2012 based on the revision to ESOS First Grant's exercise price.
Revised to RM9.87 on 29 October 2014 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 and CEO are 1,000,000 and 575,000 respectively.

		Number of RSU of ordinary shares of RM1.00 each					
	Grant Date	Granted as at 1.1.2014	Adjustment pursuant to DRP	Granted	Granted as at 31.12.2014	Vested during the financial year	Outstanding as at 31.12.2014
Datuk Abdul Farid bin Alias	23.6.2011	75,000^^	5,798	-	80,798	80,798	-
	30.4.2012	75,000^^	-	-	75,000	-	75,000
	30.4.2013	75,000^^	-	-	75,000	-	75,000
	30.4.2014	-	-	200,000	200,000	-	200,000
		225,000	5,798	200,000	430,798	80,798	350,000

^^ RSU granted prior to the appointment as Group President and Chief Executive Officer.

The remaining ESOS and RSU which were granted to the director have not been vested as at 31 December 2014. 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.

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	16 May 2014	Outlook	Stable
		Bank Deposit - Foreign Currency	A3/P-2
		Bank Deposit - Local Currency	A1/P-1
		Bank Financial Strength	C
		Baseline Credit Assessment	(a3)
		Jr Subordinate	Baa2 (hybrid)
Standard & Poor's ("S&P")	15 December 2014	Counterparty Credit Rating	A-/Stable/A-2
		ASEAN Rating Scale	axAA/--/axA-1
		Preferred Stock	BB+
		Senior Unsecured *Greater China Regional Scale*	cnAA
		Senior Unsecured	A-/A-2
		Subordinated	BBB+
Fitch Ratings	6 October 2014	Foreign Currency Long-term Issuer Default Rating	A-/Negative
		Local Currency Long-term Issuer Default Rating	A-/Negative
		Viability Rating	a-
		Support Rating	2
		Support Rating Floor	BBB
		Subordinated Tier 2 notes (USD and SGD)	BBB+
		SGD Tier 1 Capital Securities	BB+

Rating agency	Date	Rating classification	Rating received
RAM Ratings Services Berhad ("RAM")	31 December 2014	National Scale Financial Institution Ratings	AAA/Stable/P1
		ASEAN Scale Financial Institution Ratings	AAA/Stable/P1
		Innovative Tier-1 Capital Securities	AA2/Stable
		Non-Innovative Tier-1 Capital Securities	AA2/Stable
		Tier-2 Capital Subordinated Note Programme	AA1/Stable
		Subordinated Note Programme	AA1/Stable
		Additional Tier-1 Capital Securities Programme	AA3/Stable
Malaysian Rating Corporation Bhd	19 May 2014	Long-term Financial Institution Ratings	AAA
		Short-term Financial Institution Ratings	MARC-1
		Outlook	Stable

BUSINESS OUTLOOK

The global economic growth is expected to record a modest pickup of 3.6% in 2015 from an estimated growth of 3.3% in 2014, led by stronger US growth amid subdued growth in the Eurozone and Japan, and continued slowdown in China. On an aggregate basis, the ASEAN-6 is expected to perform better in 2015 with higher GDP growth in Indonesia, the Philippines, Thailand and Vietnam amid steady growth in Singapore and slower growth in Malaysia.

GDP growth for Malaysia is expected to grow at 4.5% in 2015 reflecting the impact of lower commodity prices and fiscal reforms (Goods and Services Tax ("GST") and removal of fuel subsidies) on consumer and government spending. The decline in crude oil prices also poses risks to the Government budget, trade balance, exchange rate and oil & gas activities.

Despite the inflation rate estimated at 3% - 4% in 2015 (2014: 3.2%), Bank Negara Malaysia is expected to keep the Overnight Policy Rate ("OPR") at 3.25% for 2015 as it shifts its monetary policy bias towards sustaining growth.

Loans growth in Malaysia is likely to moderate slightly in 2015 with industry loans growth projected at 7% - 8% from 8.7% in 2014 due to household loans growth easing to 8% (2014: 10%) on the continued impact from Bank Negara Malaysia's tighter lending criteria to curb excessive household debt while non-household loans are expected to remain stable at around 7% (2014: 7%). Maybank Malaysia will target to perform in line with industry growth and continue expanding fee-income generating activities.

Singapore's GDP growth is expected to ease to 2.5% in 2015 (2014: 2.9%) but will see support from the projected US-driven improvement in external trade given the moderate pick up in the global economy, which will counter the soft property market, and existing domestic structural and cost issues. Maybank Singapore will continue to focus on loan growth in its target segments supported by the domestic franchise, and collaboration on corporate and regional deals with Maybank Kim Eng.

Despite the lower commodity prices, Indonesia's GDP growth is forecast to improve to 5.5% in 2015 from an estimated 4.8% in 2014 upon post-election normalisation, positive economic fundamentals and increase in infrastructure and government spending. Interest rates are expected to remain high but stable at 7.5% with a potential increase of 25bps later this year. PT Bank Internasional Indonesia Tbk ("BII") will continue growing its retail and business banking segments, and selected growth in the corporate segment. Fee income growth will mainly be from transaction banking, cash management and global market transactions.

Aside from the three home markets highlighted above, the Group will continue to strengthen its regionalisation focus, particularly in Greater China, the Philippines and Indochina markets, which are expected to see favourable GDP growth between 6.0% - 8.5% in 2015.

In Greater China - where Maybank is represented in Hong Kong, Shanghai, Beijing, and more recently Kunming - the Group will focus on facilitating China-ASEAN flows, launching Private Wealth in this region and strengthening the South China-Indochina coverage, in line with our growth agenda in Indochina. The Indochina franchise will be further augmented with our new Myanmar branch in 2015, along with plans of deepening our consumer banking footprint in Cambodia and Laos. In the Philippines, the Group will continue to expand our suite of consumer banking services and global banking business, by leveraging on the strength of our regional capabilities.

In 2015, the Group will intensify focus on fee income business activities in its key markets. This will include capturing regional deal and trade finance opportunities, building our wealth management business and expanding our insurance business. Maybank Kim Eng, Transaction Banking, Private Wealth, Insurance & Takaful and Asset Management are among the businesses that make up the Group's fee income platform.

The Group is now in its second year of operating on a matrix structure that supports cross-selling and market collaboration across all business segments. The Group's business segments – Community Financial Services, Global Banking, Insurance & Takaful, International Operations and Islamic Banking are all working as global business units. The Group's support centres including risk management, IT, finance, operations and human capitals are also on track with the development of their respective centres of excellence to support Maybank's regional strategy, manage asset quality and increase productivity across the Group.

We will continue to remain proactive in capital management and maintain capital at levels above the regulatory requirements prescribed by Bank Negara Malaysia. Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2015 to remain satisfactory. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") between 13% to 14% and Group Loans Growth between 9% to 10%.

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 POLICY DOCUMENT ON FINANCIAL REPORTING AND GUIDELINES 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 policy document on Financial Reporting and the Guidelines on Classification and Impairment Provisions for Loans/Financing.

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 (i.e. financial year end) up to the date when the financial statements are authorised for issuance.

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 26 February 2015.

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor

Datuk Abdul Farid bin Alias

Kuala Lumpur, Malaysia

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 27 to 242 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 2014 and of the results and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 February 2015.

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor

Datuk Abdul Farid bin Alias

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, 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 27 to 242 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.

Mohamed Rafique Merican bin Mohd Wahiduddin Merican

Subscribed and solemnly declared by
the abovenamed Mohamed Rafique Merican
bin Mohd Wahiduddin Merican
at Kuala Lumpur in the Federal
Territory on 26 February 2015

Before me,

COMMISSIONER FOR OATHS
No. W 530
TAN SIOK KETT
MALAYSIA

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 2014 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 27 to 241.

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 2014 and of their financial performances 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 65 on page 242 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
26 February 2015

Chan Hooi Lam
No. 2844/02/16(J)
Chartered Accountant

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Consolidated Statement of Financial Position

as at 31 December 2014

	Note	Group		
		As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (Restated) RM'000
Assets				
Cash and short-term funds	5	**52,852,860**	48,067,358	40,018,633
Deposits and placements with financial institutions	6	**16,106,137**	7,156,749	11,949,150
Financial assets purchased under resale agreements	7(a)	**3,625,291**	20,558	798,180
Financial assets at fair value through profit or loss	8	**23,705,323**	19,166,565	29,156,692
Financial investments available-for-sale	9	**82,630,704**	82,836,922	60,792,374
Financial investments held-to-maturity	10	**9,574,538**	5,668,174	2,870,768
Loans, advances and financing	11	**403,513,121**	355,617,527	311,824,735
Derivative assets	12	**4,544,001**	3,383,700	2,421,132
Reinsurance/retakaful assets and other insurance receivables	13	**4,972,063**	2,349,995	2,555,727
Other assets	14	**10,659,736**	8,942,468	6,985,377
Investment properties	15	**595,493**	583,257	572,662
Statutory deposits with central banks	16	**15,141,244**	13,742,874	12,298,362
Interest in associates and joint ventures	18	**2,527,940**	2,465,341	2,235,233
Property, plant and equipment	19	**2,688,140**	2,614,309	2,402,821
Intangible assets	20	**6,261,415**	6,041,056	6,531,336
Deferred tax assets	27	**901,950**	1,661,931	1,343,541
Total assets		**640,299,956**	560,318,784	494,756,723
Liabilities				
Deposits from customers	21	**439,569,384**	395,610,810	347,155,510
Deposits and placements from financial institutions	22	**57,387,398**	42,139,081	33,887,376
Obligations on financial assets sold under repurchase agreements	7(b)	**3,166,372**	4,300,055	-
Bills and acceptances payable		**2,017,579**	1,987,089	2,269,513
Derivative liabilities	12	**5,320,499**	3,376,388	1,917,619
Insurance/takaful contract liabilities and other insurance payables	23	**24,798,833**	21,800,139	21,928,872
Other liabilities	24	**11,147,565**	8,722,252	10,088,733
Recourse obligation on loans and financing sold to Cagamas	25	**1,058,860**	1,277,269	1,592,974
Provision for taxation and zakat	26	**325,192**	836,527	1,051,798
Deferred tax liabilities	27	**702,660**	639,285	674,872
Borrowings	28	**18,521,899**	13,321,805	10,714,266
Subordinated obligations	29	**15,640,057**	12,644,576	13,510,041
Capital securities	30	**5,902,483**	5,920,909	6,150,351
Total liabilities		**585,558,781**	512,576,185	450,941,925
Equity attributable to equity holders of the Bank				
Share capital	31	**9,319,030**	8,862,079	8,440,046
Share premium		**22,747,922**	19,030,227	15,639,646
Shares held-in-trust	31(c)(v)	**(113,463)**	(107,248)	(102,405)
Retained profits	32(a)	**12,387,977**	11,747,484	11,104,837
Reserves	33	**8,633,103**	6,464,865	7,013,234
		52,974,569	45,997,407	42,095,358
Non-controlling interests		**1,766,606**	1,745,192	1,719,440
		54,741,175	47,742,599	43,814,798
Total liabilities and shareholders' equity		**640,299,956**	560,318,784	494,756,723
Commitments and contingencies	50	**551,960,251**	433,829,033	379,695,035
Net assets per share attributable to equity holders of the Bank		**RM5.68**	RM5.19	RM4.99

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

Statement of Financial Position

as at 31 December 2014

	Note	Bank		
		As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (Restated) RM'000
Assets				
Cash and short-term funds	5	**34,778,324**	29,320,984	23,153,242
Deposits and placements with financial institutions	6	**15,811,015**	15,723,864	10,039,999
Financial assets purchased under resale agreements	7(a)	**3,625,291**	20,558	650,314
Financial assets at fair value through profit or loss	8	**9,425,390**	5,546,091	10,719,937
Financial investments available-for-sale	9	**73,630,705**	64,532,797	47,366,309
Financial investments held-to-maturity	10	**9,100,155**	5,354,097	2,556,849
Loans, advances and financing	11	**264,524,441**	237,971,279	214,852,046
Derivative assets	12	**4,533,709**	3,199,141	2,352,788
Other assets	14	**6,488,988**	5,706,874	2,944,465
Statutory deposits with central banks	16	**7,576,028**	7,327,996	6,888,916
Investment in subsidiaries	17	**20,450,502**	19,505,514	17,634,469
Interest in associates and joint ventures	18	**451,518**	451,518	456,512
Property, plant and equipment	19	**1,308,775**	1,363,898	1,205,788
Intangible assets	20	**506,267**	527,268	697,066
Deferred tax assets	27	**348,350**	1,053,598	810,015
Total assets		**452,559,458**	397,605,477	342,328,715
Liabilities				
Deposits from customers	21	**306,938,972**	273,670,380	237,402,079
Deposits and placements from financial institutions	22	**47,500,184**	37,582,577	29,198,776
Obligations on financial assets sold under repurchase agreements	7(b)	**3,166,372**	4,300,055	-
Bills and acceptances payable		**1,187,310**	1,442,612	1,553,312
Derivative liabilities	12	**5,173,575**	3,071,472	1,784,257
Other liabilities	24	**8,789,557**	9,872,786	8,876,825
Recourse obligation on loans and financing sold to Cagamas	25	**1,058,860**	656,293	687,793
Provision for taxation and zakat	26	**275,373**	578,100	758,446
Borrowings	28	**13,846,812**	9,318,389	7,382,719
Subordinated obligations	29	**12,264,578**	10,404,418	11,638,850
Capital securities	30	**6,185,060**	6,208,623	6,150,351
Total liabilities		**406,386,653**	357,105,705	305,433,408
Equity attributable to equity holders of the Bank				
Share capital	31	**9,319,030**	8,862,079	8,440,046
Share premium		**22,747,922**	19,030,227	15,639,646
Shares held-in-trust	31(c)(v)	**(113,463)**	(107,248)	(102,405)
Retained profits	32(b)	**3,600,804**	3,478,214	4,179,482
Reserves	33	**10,618,512**	9,236,500	8,738,538
		46,172,805	40,499,772	36,895,307
Total liabilities and shareholders' equity		**452,559,458**	397,605,477	342,328,715
Commitments and contingencies	50	**519,485,629**	399,786,232	338,799,380
Net assets per share attributable to equity holders of the Bank		**RM4.95**	RM4.57	RM4.37

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

Income Statements

For the Financial Year ended 31 December 2014

	Note	Group		Bank	
		1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Operating revenue	34	**35,712,006**	33,250,777	**20,506,870**	18,723,034
Interest income	35	**17,851,688**	16,306,471	**13,123,548**	11,744,776
Interest expense	36	**(8,147,985)**	(6,721,191)	**(6,055,648)**	(5,096,985)
Net interest income		**9,703,703**	9,585,280	**7,067,900**	6,647,791
Income from Islamic Banking Scheme operations	61(b)	**3,271,211**	2,810,182	**-**	-
		12,974,914	12,395,462	**7,067,900**	6,647,791
Net earned insurance premiums	37	**3,946,068**	3,941,346	**-**	-
Dividends from subsidiaries and associates	38	**-**	-	**1,750,612**	1,000,075
Other operating income	39	**5,540,439**	5,882,062	**3,098,079**	3,684,042
Total operating income		**22,461,421**	22,218,870	**11,916,591**	11,331,908
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	40	**(3,930,819)**	(3,680,510)	**-**	-
Net operating income		**18,530,602**	18,538,360	**11,916,591**	11,331,908
Overhead expenses	41	**(9,111,312)**	(8,927,925)	**(4,833,972)**	(4,591,331)
Operating profit before impairment losses		**9,419,290**	9,610,435	**7,082,619**	6,740,577
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	43	**(400,392)**	(729,586)	**224,115**	(502,144)
(Allowances for)/writeback of impairment losses on financial investments, net	44	**(70,440)**	(150,522)	**37,693**	(111,493)
Operating profit		**8,948,458**	8,730,327	**7,344,427**	6,126,940
Share of profits in associates and joint ventures	18	**163,125**	139,267	**-**	-
Profit before taxation and zakat		**9,111,583**	8,869,594	**7,344,427**	6,126,940
Taxation and zakat	45	**(2,200,540)**	(2,098,261)	**(1,441,412)**	(1,241,324)
Profit for the financial year		**6,911,043**	6,771,333	**5,903,015**	4,885,616
Attributable to:					
Equity holders of the Bank		**6,716,455**	6,552,391	**5,903,015**	4,885,616
Non-controlling interests		**194,588**	218,942	**-**	-
		6,911,043	6,771,333	**5,903,015**	4,885,616
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	48(a)	**74.2**	75.8		
Diluted (sen)	48(b)	**74.1**	75.7		
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**	22.50
- Final for the financial year ended 31 December 2012	49			**-**	28.50
- Final for the financial year ended 31 December 2013	49			**31.00**	-
Proposed - Final	49(a)			**33.00**	-
- Final				**-**	31.00

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

Statements of Comprehensive Income

For the Financial Year ended 31 December 2014

	Note	Group		Bank	
		1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Profit for the financial year		**6,911,043**	6,771,333	**5,903,015**	4,885,616
Other comprehensive (loss)/income:					
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial (loss)/gain	24	**(4,996)**	60,831	**-**	-
Income tax effect	27	**(1,337)**	(18,608)	**-**	-
		(6,333)	42,223	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on financial investments available-for-sale		**309,123**	(1,951,995)	**388,183**	(1,395,968)
Income tax effect	27	**(81,241)**	461,600	**(97,046)**	348,992
Net gain/(loss) on foreign exchange translation		**888,549**	(904,391)	**236,610**	271,446
Net loss on cash flow hedge	12	**(1,624)**	-	**-**	-
Net loss on net investment hedge	12	**(65,567)**	-	**-**	-
Net gain on revaluation reserve	33(c)(ii)	**48**	3,568	**-**	-
Share of change in associates' reserve		**(37,543)**	193,885	**-**	-
		1,011,745	(2,197,333)	**527,747**	(775,530)
Other comprehensive income/(loss) for the financial year, net of tax		**1,005,412**	(2,155,110)	**527,747**	(775,530)
Total comprehensive income for the financial year		**7,916,455**	4,616,223	**6,430,762**	4,110,086
Other comprehensive income/(loss) for the financial year, attributable to:					
Equity holders of the Bank		**1,018,436**	(2,116,882)	**527,747**	(775,530)
Non-controlling interests		**(13,024)**	(38,228)	**-**	-
		1,005,412	(2,155,110)	**527,747**	(775,530)
Total comprehensive income for the financial year, attributable to:					
Equity holders of the Bank		**7,734,891**	4,435,509	**6,430,762**	4,110,086
Non-controlling interests		**181,564**	180,714	**-**	-
		7,916,455	4,616,223	**6,430,762**	4,110,086

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

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 December 2014

Group	Attributable to equity holders of the Bank											Non-Controlling Interests RM'000	Total Equity RM'000
		Non-distributable											
	Share Capital (Note 31) 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	Regulatory Reserve (Note 33(b)) RM'000	Other Reserves (Note 33) RM'000	*Retained Profits (Note 32) RM'000	Total Shareholders' Equity 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 (Note 59(k))	-	-	-	-	-	-	-	-	-	-	-	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 (Note 31(a)(i))	58,680	491,563	-	-	-	-	(35,218)	-	-	-	515,025	-	515,025
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note 31(a)(ii))	2,832	24,266	(351)	-	-	-	(20,253)	-	-	(6,494)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note 31(a)(iii))	300	2,643	-	-	-	-	(2,208)	-	-	(735)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 31(a)(iv)&(v))	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	**456,951**	**3,717,695**	**(6,215)**	**855,864**	**-**	**-**	**20,135**	**274,500**	**(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**	**(321,842)**	**(1,917,500)**	**298,366**	**274,500**	**(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.

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 December 2014

Group	Attributable to equity holders of the Bank										Non-Controlling Interests RM'000	Total Equity RM'000
		Non-distributable										
	Share Capital (Note 31) 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	Other Reserves (Note 33) RM'000	*Retained Profits (Note 32) RM'000	Total Shareholders' Equity RM'000		
At 1 January 2013	8,440,046	15,639,646	(102,405)	8,023,712	707,690	(1,876,684)	226,142	(67,626)	11,104,837	42,095,358	1,719,440	43,814,798
Profit for the financial year	-	-	-	-	-	-	-	-	6,552,391	6,552,391	218,942	6,771,333
Other comprehensive (loss)/income	-	-	-	-	(1,311,802)	(851,109)	-	46,029	-	(2,116,882)	(38,228)	(2,155,110)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	42,289	-	42,289	(66)	42,223
Share of associates' reserve	-	-	-	-	151,017	42,868	-	-	-	193,885	-	193,885
Net loss on foreign exchange translation	-	-	-	-	-	(893,977)	-	-	-	(893,977)	(10,414)	(904,391)
Net loss on financial investments available-for-sale	-	-	-	-	(1,462,819)	-	-	-	-	(1,462,819)	(27,576)	(1,490,395)
Net gain on revaluation reserve	-	-	-	-	-	-	-	3,740	-	3,740	(172)	3,568
Total comprehensive (loss)/income for the financial year	-	-	-	-	(1,311,802)	(851,109)	-	46,029	6,552,391	4,435,509	180,714	4,616,223
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	104,168	-	-	104,168	-	104,168
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	(27,839)	(27,839)	(102,670)	(130,509)
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	8,159	8,159
Transfer to statutory reserve (Note 33(a))	-	-	-	1,516,424	-	-	-	-	(1,516,424)	-	-	-
Issue of shares pursuant to ESS (Note 31)	90,239	750,458	-	-	-	-	(52,079)	-	-	788,618	-	788,618
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 31)	331,790	2,640,092	(4,808)	-	-	-	-	-	-	2,967,074	-	2,967,074
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note 31)	4	31	(35)	-	-	-	-	-	-	-	-	-
Dividends (Note 49)	-	-	-	-	-	-	-	-	(4,365,481)	(4,365,481)	(60,451)	(4,425,932)
Total transactions with shareholders	422,033	3,390,581	(4,843)	1,516,424	-	-	52,089	-	(5,909,744)	(533,460)	(154,962)	(688,422)
At 31 December 2013	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

* 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 2014

Bank	Attributable to equity holders of the Bank								
		Non-distributable							
	Share Capital (Note 31) 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	Distributable Retained Profits (Note 32) RM'000	Total Equity 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 (Note 31(a)(i))	58,680	491,563	-	-	-	-	(35,218)	-	515,025
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note 31(a)(ii))	2,832	24,266	(351)	-	-	-	(20,253)	(6,494)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note 31(a)(iii))	300	2,643	-	-	-	-	(2,208)	(735)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 31(a)(iv)&(v))	395,139	3,199,223	(5,864)	-	-	-	-	-	3,588,498
Dividends (Note 49)	-	-	-	-	-	-	-	(4,939,066)	(4,939,066)
Total transactions with shareholders	**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.

Statement of Changes in Equity

For the Financial Year ended 31 December 2014

Bank	Attributable to equity holders of the Bank								
		Non-distributable						Distributable	
	Share Capital (Note 31) 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	Retained Profits (Note 32) RM'000	Total Equity RM'000
At 1 January 2013	8,440,046	15,639,646	(102,405)	7,805,342	393,286	313,768	226,142	4,179,482	36,895,307
Profit for the financial year	-	-	-	-	-	-	-	4,885,616	4,885,616
Other comprehensive (loss)/income	-	-	-	-	(1,046,976)	271,446	-	-	(775,530)
Net gain on foreign exchange translation	-	-	-	-	-	271,446	-	-	271,446
Net loss on financial investments available-for-sale	-	-	-	-	(1,046,976)	-	-	-	(1,046,976)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(1,046,976)	271,446	-	4,885,616	4,110,086
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	104,168	-	104,168
Transfer to statutory reserve (Note 33(a))	-	-	-	1,221,403	-	-	-	(1,221,403)	-
Issue of shares pursuant to ESS (Note 31)	90,239	750,458	-	-	-	-	(52,079)	-	788,618
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 31)	331,790	2,640,092	(4,808)	-	-	-	-	-	2,967,074
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note 31)	4	31	(35)	-	-	-	-	-	-
Dividends (Note 49)	-	-	-	-	-	-	-	(4,365,481)	(4,365,481)
Total transactions with shareholders	422,033	3,390,581	(4,843)	1,221,403	-	-	52,089	(5,586,884)	(505,621)
At 31 December 2013	8,862,079	19,030,227	(107,248)	9,026,745	(653,690)	585,214	278,231	3,478,214	40,499,772

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

Statements of Cash Flows

For the Financial Year ended 31 December 2014

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	**1.1.2013 to 31.12.2013 (Restated) RM'000**	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 (Restated) RM'000**
Cash flows from operating activities				
Profit before taxation and zakat	**9,111,583**	8,869,594	**7,344,427**	6,126,940
Adjustments for:				
Share of profits in associates and joint ventures	**(163,125)**	(139,267)	**-**	-
Depreciation of property, plant and equipment (Note 41)	**331,175**	268,692	**163,768**	142,546
Amortisation of computer software (Note 41)	**179,632**	142,740	**101,366**	100,210
Amortisation of customer relationship (Note 41)	**22,033**	24,308	**-**	-
Amortisation of agency force (Note 41)	**10,653**	11,067	**-**	-
Amortisation of core deposit intangibles (Note 41)	**19,185**	28,368	**-**	-
Gain on disposal of property, plant and equipment (Note 39)	**(20,945)**	(4,303)	**(4,729)**	(2,499)
Gain on disposal of foreclosed properties (Note 39)	**(6,105)**	(25,470)	**-**	-
(Gain)/loss on disposal/liquidation of subsidiaries (Note 39)	**(26,120)**	9,338	**(14)**	(1,184)
Gain on disposal/liquidation of associates (Note 39)	**(222)**	-	**(8,284)**	(24,667)
Net gain on disposal of financial assets at fair value through profit or loss (Note 39)	**(206,996)**	(281,508)	**(139,922)**	(137,636)
Net gain on disposal of financial investments available-for-sale (Note 39)	**(659,809)**	(917,780)	**(180,089)**	(306,577)
Net (gain)/loss on redemption of financial investments held-to-maturity (Note 39)	**(304)**	1	**(304)**	1
(Accretion of discounts)/amortisation of premiums, net (Note 35)	**(63,141)**	76,471	**(70,509)**	67,241
Unrealised loss of financial asset at fair value through profit or loss and derivatives (Note 39)	**57,337**	943,004	**104,642**	471,495
Allowances for/(writeback of) impairment losses on financial investments, net (Note 44)	**70,440**	150,522	**(37,693)**	111,493
Allowances for impairment losses on loans, advances and financing, net (Note 43)	**1,385,626**	1,550,151	**532,149**	1,092,746
(Writeback of)/allowances for impairment losses on other debts (Note 43)	**(48,862)**	5,586	**3,388**	2,294
Dividends from subsidiaries and associates (Note 38)	**-**	-	**(1,750,612)**	(1,000,075)
Dividends from financial investments portfolio (Note 39)	**(118,717)**	(101,790)	**(12,183)**	(8,519)
ESS expenses (Note 41)	**79,303**	105,584	**54,590**	79,458
Property, plant and equipment written-off (Note 41)	**376**	810	**180**	644
Intangible assets written-off (Note 41)	**19,459**	1,007	**32**	998
Fair value adjustments on investment properties (Note 41)	**272**	(2,553)	**-**	-
Impairment of intangible assets (Note 41)	**-**	1,422	**-**	-
Impairment of property, plant and equipment (Note 41)	**-**	222	**-**	-
Operating profit before working capital changes	**9,972,728**	10,716,216	**6,100,203**	6,714,909
Change in financial assets purchased under resale agreements	**(3,604,733)**	777,622	**(3,604,733)**	629,756
Change in deposits and placements with financial institutions	**(3,058,628)**	5,433,987	**5,398,686**	(5,055,669)
Change in financial investments portfolio	**(7,013,055)**	(16,143,229)	**(15,890,628)**	(15,938,134)
Change in loans, advances and financing	**(49,281,220)**	(45,342,944)	**(27,085,311)**	(24,211,981)
Change in other assets	**(1,055,771)**	(1,735,405)	**31,706**	(2,752,871)
Change in statutory deposits with central banks	**(1,398,370)**	(1,444,512)	**(248,032)**	(439,080)
Change in deposits from customers	**43,958,574**	48,455,300	**33,268,592**	36,268,301
Change in deposits and placements from financial institutions	**15,248,317**	8,251,705	**9,917,607**	8,383,801
Change in obligations on financial assets sold under repurchase agreements	**(1,133,683)**	4,300,055	**(1,133,683)**	4,300,055
Change in bills and acceptances payable	**30,490**	(282,424)	**(255,302)**	(110,700)
Change in other liabilities	**2,511,209**	(1,770,265)	**(974,551)**	990,703
Change in reinsurance/retakaful assets and other insurance receivables	**(2,622,068)**	205,732	**-**	-
Change in insurance/takaful contract liabilities and other insurance payables	**2,979,912**	(128,733)	**-**	-
Exchange fluctuation	**1,651,316**	(517,433)	**(57,267)**	(38,533)
Cash generated from operating activities	**7,185,018**	10,775,672	**5,467,287**	8,740,557
Taxes and zakat paid	**(1,919,739)**	(2,218,263)	**(1,135,937)**	(1,316,085)
Net cash generated from operating activities	**5,265,279**	8,557,409	**4,331,350**	7,424,472

Statements of Cash Flows

For the Financial Year ended 31 December 2014

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 (Restated) RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 (Restated) RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 19)	**(374,478)**	(504,313)	**(197,203)**	(331,838)
Purchase of intangible assets (Note 20)	**(253,581)**	(394,314)	**(112,829)**	(343,641)
Purchase of investment properties (Note 15)	**(12,503)**	(2,042)	**-**	-
Net effect arising from:				
- acquisition of subsidiaries (Note 17(e))	**-**	(30,067)	**-**	-
- disposal of subsidiaries (Note 17(c),17(f)&17(g))	**65,043**	(37,122)	**-**	-
- transaction with non-controlling interests	**32,418**	(111,251)	**-**	-
Purchase of additional ordinary shares in existing subsidiaries (Note 17(a),17(b)&17(d))	**-**	-	**(944,974)**	(1,869,860)
Redemption of non-convertible bonds and capital repayment in associates	**8,284**	4,994	**8,284**	29,660
Proceeds from disposal of property, plant and equipment	**33,015**	8,138	**5,199**	3,055
Dividends received from:				
- financial investments portfolio	**118,717**	101,790	**12,183**	8,519
- associates	**90,637**	84,297	**3,572**	9,641
- subsidiaries	**-**	-	**1,600,012**	990,434
Transfer of property, plant and equipment to subsidiaries, net (Note 19)	**-**	-	**99,873**	42,424
Transfer of intangible assets to subsidiaries, net (Note 20)	**-**	-	**27,906**	414,096
Net cash (used in)/generated from investing activities	**(292,448)**	(879,890)	**502,023**	(1,047,510)
Cash flows from financing activities				
Proceeds from issuance of shares	**4,103,523**	3,755,692	**4,103,523**	3,755,692
Drawdown of borrowings, net	**3,133,709**	2,024,382	**3,976,384**	1,489,144
Issuance of subordinated obligations and capital securities	**6,196,837**	500,000	**5,100,000**	-
Redemption of subordinated obligations	**-**	(1,500,000)	**-**	(1,500,000)
Redemption of capital securities	**(3,437,000)**	-	**(3,437,000)**	-
Recourse obligation on loans and financing sold to Cagamas, net	**(218,409)**	(315,705)	**402,567**	(31,500)
Rights issuance exercised by non-controlling interests	**7,152**	8,159	**-**	-
Dividends paid	**(4,939,066)**	(4,365,481)	**(4,939,066)**	(4,365,481)
Dividends paid to non-controlling interests	**(198,202)**	(60,451)	**-**	-
Net cash generated from/(used in) financing activities	**4,648,544**	46,596	**5,206,408**	(652,145)
Net increase in cash and cash equivalents	**9,621,375**	7,724,115	**10,039,781**	5,724,817
Cash and cash equivalents at 1 January 2014/2013*	**51,925,220**	43,146,218	**33,333,749**	26,705,536
Cash and cash equivalents at 31 December 2014/2013	**61,546,595**	50,870,333	**43,373,530**	32,430,353
Cash and short-term funds (Note 5)	**52,852,860**	48,067,358	**34,778,324**	29,320,984
Deposits and placements with financial institutions maturing within one month (Note 51(e)(2))	**8,693,735**	2,802,975	**8,595,206**	3,109,369
	61,546,595	50,870,333	**43,373,530**	32,430,353
* Cash and cash equivalents at 1 January 2014/2013:				
- As previously reported	**50,870,333**	42,180,023	**32,430,353**	25,634,415
- Effects of foreign exchange rate changes	**1,054,887**	966,195	**903,396**	1,071,121
	51,925,220	43,146,218	**33,333,749**	26,705,536

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

Notes to the Financial Statements

31 December 2014

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 26 February 2015.

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 2014. 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 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 agent or principal. The Group may be deemed to be a principal and hence controls and consolidates the funds, when it acts as 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 surplus or deficit 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).

2.3 Summary of significant accounting policies

(i) Investment in subsidiaries

Subsidiaries are entities, including deemed controlled structured 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) below. 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 investment in subsidiaries are disclosed in Note 17 and details of subsidiaries are disclosed in Note 62(a) and 62(b).

Notes to the Financial Statements

31 December 2014

2. ACCOUNTING POLICIES (CONT'D.)

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

(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 most recent available audited financial statements of the associates or joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where 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.

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 (which 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(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 - 10 years
Core deposit intangibles	Reducing balance	8 years
Customer relationship	Reducing balance	3 - 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.

(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'.

Notes to the Financial Statements

31 December 2014

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") (cont'd.)

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 years. During the financial year ended 31 December 2014, 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 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, whether or not impairment loss has been provided for; 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 revised and/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.

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.

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 – collective assessment (cont'd.)

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 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 for 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:

(i) the present value of estimated future cash flows discounted at the current market rate of return for similar securities; or

(ii) the net tangible assets based on the latest audited accounts.

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 or trigger originally established as an objective indicator of impairment is reversed.

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 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.

(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.

Notes to the Financial Statements

31 December 2014

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") (cont'd.)

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, to the extent that the carrying amount of the financial investments HTM does not exceed its amortised cost at the reversal date. 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 2014.

(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 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 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, deposits and placements from financial institutions, debt securities (including borrowings), payables, bills and acceptances payable and other liabilities.

(i) Deposits from customers and deposits and placements from financial institutions

Deposits from customers and deposits and placements from financial institutions are stated at placement values. Interest/profit expense of deposits from 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.

(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 or 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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.

Notes to the Financial Statements

31 December 2014

2. ACCOUNTING POLICIES (CONT'D.)

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

(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).

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 2014.

(xiii) Other assets

Included in other assets are other debtors, amount due from brokers and clients, development properties for sale, 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) Development properties for sale

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

The costs of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding development properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of the development.

Revenue from the sale of development properties is recognised on the transfer of risk and rewards of ownership. The Group uses the completion of contract method to recognise revenue from the sale of development properties.

The Group disclosed the details of development properties for sale in Note 14(b).

(c) 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'.

2. ACCOUNTING POLICIES (CONT'D.)

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

(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, as defined above and deposits and placements with financial institutions, with the remaining maturity of less than one month.

(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.

(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;

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31 December 2014

2. ACCOUNTING POLICIES (CONT'D.)

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

(xix) Foreign currencies (cont'd.)

(c) Foreign operations (cont'd.)

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 (cont'd.):

- 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:

(i) 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

(ii) 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.

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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxi) Leases (cont'd.)

(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.

(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 estimate 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;

Notes to the Financial Statements

31 December 2014

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(e) Premium/contribution liabilities, unearned premium/contribution reserves and unexpired risk reserves (cont'd.)

(2) Unearned premium reserves ("UPR") and unearned contribution reserves ("UCR") (cont'd.)

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: (cont'd.)

- 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.

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 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxiii) Fair value measurement (cont'd.)

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) Recognition of interest/profit income and interest/profit expense

Interest income and expense for all financial instruments 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 fair value through profit or loss are recognised within 'interest income' in the income statements using the effective interest method. Interest/profit-bearing financial liabilities classified as deposits from customers, deposits and placements from financial institutions, debt securities and payables are recognised within 'interest expense' in the income statements 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.

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) Recognition of fee and other income

(a) Fee and commission income

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

(1) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(2) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(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.

Notes to the Financial Statements

31 December 2014

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxvi) Employee benefits (cont'd.)

(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.

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 Note 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

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

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 period.

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.

(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 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, disclosures and restatement of comparative information

On 1 January 2014, the Group and the Bank adopted the following amended MFRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014:

Description	Effective for annual periods beginning on or after
MFRS 10 *Consolidated Financial Statements* - Investment Entities (Amendments to MFRS 10)	1 January 2014
MFRS 12 *Disclosure of Interest in Other Entities* - Investment Entities (Amendments to MFRS 12)	1 January 2014
MFRS 127 *Separate Financial Statements* - Investment Entities (Amendments to MFRS 127)	1 January 2014
MFRS 132 *Financial Instruments: Presentation* - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)	1 January 2014
MFRS 136 *Impairment of Assets* - Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)	1 January 2014
MFRS 139 *Financial Instruments: Recognition and Measurement* - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014

The nature and the impact of the above amendments to standards and IC interpretation are described below:

(i) MFRS 10 *Consolidated Financial Statements* - Investment Entities (Amendments to MFRS 10), MFRS 12 *Disclosure of Interest in Other Entities* - Investment Entities (Amendments to MFRS 12) and MFRS 127 *Separate Financial Statements* - Investment Entities (Amendments to MFRS 127)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

None of the entities in the Group including the Bank qualify as an investment entity under MFRS 10. Thus, adoption of these amendments did not have any impact to the financial statements of the Group.

Notes to the Financial Statements

31 December 2014

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in accounting policies, disclosures and restatement of comparative information (cont'd.)

(ii) MFRS 132 *Financial Instruments: Presentation* - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and retrospective application is required.

Upon adoption of the amendments, the Group and the Bank have restated certain financial assets and financial liabilities in the statements of financial position of the Group and of the Bank, which did not meet the offsetting criteria that were previously reported on a net basis as at 31 December 2013 and 1 January 2013. The effects of reclassification are disclosed in Note 2.4(vi) and Note 2.4(vii).

(iii) MFRS 136 *Impairment of Assets* - Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)

The amendments require the disclosure of recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period and retrospective application is required.

The additional disclosures are disclosed in Note 20(a).

(iv) MFRS 139 *Financial Instruments: Recognition and Measurement* - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)

The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

The Group and the Bank have not novated derivatives during current financial year and have assessed that the novation of derivatives in prior years did not meet the criteria required under these amendments. The adoption of the amendments did not have any significant impact to the financial statements of the Group and of the Bank.

(v) IC Interpretation 21 *Levies*

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required. The Group and the Bank have assessed that the adoption of the interpretation did not have any impact to the financial statements of the Group and of the Bank.

(vi) Financial effects arising from changes in accounting policies and restatement of comparative information

The following are reconciliations of statements of financial position of (a) the Group and (b) the Bank as at 1 January 2013 and as at 31 December 2013:

(a)

Group	As at 31.12.2013 (As previously stated) RM'000	Note 2.4(ii) RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (As previously stated) RM'000	Note 2.4(ii) RM'000	As at 1.1.2013 (Restated) RM'000
Assets						
Cash and short-term funds	48,067,358	-	48,067,358	40,018,633	-	40,018,633
Deposits and placements with financial institutions	7,156,749	-	7,156,749	11,949,150	-	11,949,150
Financial assets purchased under resale agreements	20,558	-	20,558	798,180	-	798,180
Financial assets at fair value through profit or loss	19,166,565	-	19,166,565	29,156,692	-	29,156,692
Financial investments available-for-sale	82,836,922	-	82,836,922	60,792,374	-	60,792,374
Financial investments held-to-maturity	5,668,174	-	5,668,174	2,870,768	-	2,870,768
Loans, advances and financing	355,617,527	-	355,617,527	311,824,735	-	311,824,735
Derivative assets	3,944,692	(560,992)	3,383,700	2,880,492	(459,360)	2,421,132
Reinsurance/retakaful assets and other insurance receivables	2,349,995	-	2,349,995	2,555,727	-	2,555,727
Other assets	8,505,918	436,550	8,942,468	6,680,257	305,120	6,985,377
Investment properties	583,257	-	583,257	572,662	-	572,662
Statutory deposits with central banks	13,742,874	-	13,742,874	12,298,362	-	12,298,362
Interest in associates and joint ventures	2,465,341	-	2,465,341	2,235,233	-	2,235,233
Property, plant and equipment	2,614,309	-	2,614,309	2,402,821	-	2,402,821
Intangible assets	6,041,056	-	6,041,056	6,531,336	-	6,531,336
Deferred tax assets	1,661,931	-	1,661,931	1,343,541	-	1,343,541
Total assets	560,443,226	(124,442)	560,318,784	494,910,963	(154,240)	494,756,723

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in accounting policies, disclosures and restatement of comparative information (cont'd.)

(vi) Financial effects arising from changes in accounting policies and restatement of comparative information (cont'd.)

The following are reconciliations of statements of financial position of (a) the Group and (b) the Bank as at 1 January 2013 and as at 31 December 2013 (cont'd.):

(a) Group (cont'd.)	As at 31.12.2013 (As previously stated) RM'000	Note 2.4(ii) RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (As previously stated) RM'000	Note 2.4(ii) RM'000	As at 1.1.2013 (Restated) RM'000
Liabilities						
Deposits from customers	395,610,810	-	395,610,810	347,155,510	-	347,155,510
Deposits and placements from financial institutions	42,139,081	-	42,139,081	33,887,376	-	33,887,376
Obligations on financial assets sold under repurchase agreements	4,300,055	-	4,300,055	-	-	-
Bills and acceptances payable	1,987,089	-	1,987,089	2,269,513	-	2,269,513
Derivative liabilities	3,937,380	(560,992)	3,376,388	2,376,979	(459,360)	1,917,619
Insurance/takaful contract liabilities and other insurance payables	21,800,139	-	21,800,139	21,928,872	-	21,928,872
Other liabilities	8,285,702	436,550	8,722,252	9,783,613	305,120	10,088,733
Recourse obligation on loans and financing sold to Cagamas	1,277,269	-	1,277,269	1,592,974	-	1,592,974
Provision for taxation and zakat	836,527	-	836,527	1,051,798	-	1,051,798
Deferred tax liabilities	639,285	-	639,285	674,872	-	674,872
Borrowings	13,321,805	-	13,321,805	10,714,266	-	10,714,266
Subordinated obligations	12,644,576	-	12,644,576	13,510,041	-	13,510,041
Capital securities	5,920,909	-	5,920,909	6,150,351	-	6,150,351
Total liabilities	512,700,627	(124,442)	512,576,185	451,096,165	(154,240)	450,941,925
Equity attributable to equity holders of the Bank						
Share capital	8,862,079	-	8,862,079	8,440,046	-	8,440,046
Share premium	19,030,227	-	19,030,227	15,639,646	-	15,639,646
Shares held-in-trust	(107,248)	-	(107,248)	(102,405)	-	(102,405)
Retained profits	11,747,484	-	11,747,484	11,104,837	-	11,104,837
Reserves	6,464,865	-	6,464,865	7,013,234	-	7,013,234
	45,997,407	-	45,997,407	42,095,358	-	42,095,358
Non-controlling interests	1,745,192	-	1,745,192	1,719,440	-	1,719,440
	47,742,599	-	47,742,599	43,814,798	-	43,814,798
Total liabilities and shareholders' equity	560,443,226	(124,442)	560,318,784	494,910,963	(154,240)	494,756,723

Notes to the Financial Statements

31 December 2014

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in accounting policies, disclosures and restatement of comparative information (cont'd.)

(vi) Financial effects arising from changes in accounting policies and restatement of comparative information (cont'd.)

The following are reconciliations of statements of financial position of (a) the Group and (b) the Bank as at 1 January 2013 and as at 31 December 2013 (cont'd.):

(b) Bank	As at 31.12.2013 (As previously stated) RM'000	Note 2.4(ii) RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (As previously stated) RM'000	Note 2.4(ii) RM'000	As at 1.1.2013 (Restated) RM'000
Assets						
Cash and short-term funds	29,320,984	-	29,320,984	23,153,242	-	23,153,242
Deposits and placements with financial institutions	15,723,864	-	15,723,864	10,039,999	-	10,039,999
Financial assets purchased under resale agreements	20,558	-	20,558	650,314	-	650,314
Financial assets at fair value through profit or loss	5,546,091	-	5,546,091	10,719,937	-	10,719,937
Financial investments available-for-sale	64,532,797	-	64,532,797	47,366,309	-	47,366,309
Financial investments held-to-maturity	5,354,097	-	5,354,097	2,556,849	-	2,556,849
Loans, advances and financing	237,971,279	-	237,971,279	214,852,046	-	214,852,046
Derivative assets	3,760,133	(560,992)	3,199,141	2,812,148	(459,360)	2,352,788
Other assets	5,319,437	387,437	5,706,874	2,713,063	231,402	2,944,465
Statutory deposits with central banks	7,327,996	-	7,327,996	6,888,916	-	6,888,916
Investment in subsidiaries	19,505,514	-	19,505,514	17,634,469	-	17,634,469
Interest in associates and joint ventures	451,518	-	451,518	456,512	-	456,512
Property, plant and equipment	1,363,898	-	1,363,898	1,205,788	-	1,205,788
Intangible assets	527,268	-	527,268	697,066	-	697,066
Deferred tax assets	1,053,598	-	1,053,598	810,015	-	810,015
Total assets	397,779,032	(173,555)	397,605,477	342,556,673	(227,958)	342,328,715
Liabilities						
Deposits from customers	273,670,380	-	273,670,380	237,402,079	-	237,402,079
Deposits and placements from financial institutions	37,582,577	-	37,582,577	29,198,776	-	29,198,776
Obligations on financial assets sold under repurchase agreements	4,300,055	-	4,300,055	-	-	-
Bills and acceptances payable	1,442,612	-	1,442,612	1,553,312	-	1,553,312
Derivative liabilities	3,632,464	(560,992)	3,071,472	2,243,617	(459,360)	1,784,257
Other liabilities	9,485,349	387,437	9,872,786	8,645,423	231,402	8,876,825
Recourse obligation on loans and financing sold to Cagamas	656,293	-	656,293	687,793	-	687,793
Provision for taxation and zakat	578,100	-	578,100	758,446	-	758,446
Borrowings	9,318,389	-	9,318,389	7,382,719	-	7,382,719
Subordinated obligations	10,404,418	-	10,404,418	11,638,850	-	11,638,850
Capital securities	6,208,623	-	6,208,623	6,150,351	-	6,150,351
Total liabilities	357,279,260	(173,555)	357,105,705	305,661,366	(227,958)	305,433,408
Equity attributable to equity holders of the Bank						
Share capital	8,862,079	-	8,862,079	8,440,046	-	8,440,046
Share premium	19,030,227	-	19,030,227	15,639,646	-	15,639,646
Shares held-in-trust	(107,248)	-	(107,248)	(102,405)	-	(102,405)
Retained profits	3,478,214	-	3,478,214	4,179,482	-	4,179,482
Reserves	9,236,500	-	9,236,500	8,738,538	-	8,738,538
	40,499,772	-	40,499,772	36,895,307	-	36,895,307
Total liabilities and shareholders' equity	397,779,032	(173,555)	397,605,477	342,556,673	(227,958)	342,328,715

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in accounting policies, disclosures and restatement of comparative information (cont'd.)

(vii) Effects on capital adequacy ratios

The following are the effects on capital adequacy ratios of (a) the Group and (b) the Bank as at 1 January 2013 and as at 31 December 2013:

(a)

Group	As at 31.12.2013 (As previously stated)	Note 2.4(ii)	As at 31.12.2013 (Restated)	As at 1.1.2013# (As previously stated)	Note 2.4(ii)	As at 1.1.2013 (Restated)
CET1 Capital Ratio	11.253%	-	11.253%	10.969%	-	10.969%
Tier 1 Capital Ratio	13.059%	-	13.059%	13.192%	-	13.192%
Total Capital Ratio	15.664%	-	15.664%	16.600%	0.001%	16.601%

(b)

Bank	As at 31.12.2013 (As previously stated)	Note 2.4(ii)	As at 31.12.2013 (Restated)	As at 1.1.2013# (As previously stated)	Note 2.4(ii)	As at 1.1.2013 (Restated)
CET1 Capital Ratio	15.925%	-	15.925%	17.244%	-	17.244%
Tier 1 Capital Ratio	15.925%	-	15.925%	17.244%	-	17.244%
Total Capital Ratio	15.925%	-	15.925%	17.244%	-	17.244%

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.

2.5 Significant changes in regulatory requirements

(i) Circular on Classification and Impairment Provisions for Loans/Financing - Maintenance of Regulatory Reserve issued by Bank Negara Malaysia ("BNM")

On 4 February 2014, BNM issued a letter requiring banking institutions to maintain, in aggregate, collective impairment allowance and regulatory reserve of no less than 1.20% of total outstanding loans, advances and financing, net of individual impairment allowance, pursuant to paragraph 13 of the BNM's Policy Document on *Classification and Impairment Provisions for Loans/Financing*.

The regulatory reserve is maintained in addition to the collective impairment allowance that has been assessed and recognised in accordance with MFRS 139, and it will be transferred from the retained profits to a separate reserve within equity as an additional credit risk absorbent. Banking institutions are required to comply with this new regulatory requirement by 31 December 2015.

During the financial year, the Group has transferred RM274.5 million from its retained profits to regulatory reserve in accordance with BNM's requirements. The early adoption of this requirement did not have any impact to the profit or loss of the Group and of the Bank. The regulatory reserve does not qualify as Common Equity Tier 1 ("CET1") capital and Tier 1 capital under BNM's Capital Adequacy Framework (Capital Components).

Further details on the regulatory reserve is disclosed in Note 33(b).

(ii) Introduction of the New Legislation on Malaysia Goods and Services Tax ("GST")

In the Malaysian Budget 2014, the Government announced the introduction of the Goods and Services Tax ("GST") which would replace the existing Sales and Services Tax regime with effect from 1 April 2015.

Based on the Goods and Services Tax Act 2014, persons having businesses with annual sales turnover exceeding RM500,000 are required to be registered with the Royal Malaysian Customs Department on or before 31 December 2014. Persons include an individual, sole proprietor, partnership, company, trust, estate, society, union, club, association or any other organisation including a government department or a local authority which is involved in the business of making taxable supplies in Malaysia.

Entities within Maybank Group that meet the criteria for GST registration have been registered with the Royal Malaysian Customs Department. The Group is in the process of enhancing the IT systems, operating procedures and policies to ensure compliance with this new legislation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and 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 managements has 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.

Notes to the Financial Statements

31 December 2014

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

3.2 Impairment of financial investments portfolio (Notes 9, 10 and 44) (cont'd.)

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) and derivative financial instruments (Note 12)

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 techiques. 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.

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 goodwill based on the value-in-use method, which requires the use of estimates of future cash flow projections, terminal growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

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.

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

3.10 Liabilities of insurance business (Note 23) (cont'd.)

(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.

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 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 10 *Consolidated Financial Statements* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10)	1 January 2016
MFRS 10 *Consolidated Financial Statements* - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10)	1 January 2016
MFRS 11 *Joint Arrangements* - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)	1 January 2016
MFRS 12 *Disclosure of Interests in Other Entities* - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 12)	1 January 2016
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017
MFRS 101 *Presentation of Financial Statements* - Disclosure Initiative (Amendments to MFRS 101)	1 January 2016
MFRS 116 *Property, Plant and Equipment* - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116)	1 January 2016
MFRS 116 *Property, Plant and Equipment* - Agriculture: Bearer Plants (Amendments to MFRS 116)	1 January 2016
MFRS 119 *Employee Benefits* - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)	1 July 2014
MFRS 127 *Separate Financial Statements* - Equity Method in Separate Financial Statements (Amendments to MFRS 127)	1 January 2016
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)	1 January 2016
MFRS 128 *Investments in Associates and Joint Ventures* - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 128)	1 January 2016
MFRS 138 *Intangible Assets* - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 138)	1 January 2016
MFRS 141 *Agriculture* - Agriculture: Bearer Plants (Amendments to MFRS 141)	1 January 2016
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

MFRS 9 Financial Instruments

In July 2014, 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. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

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 fair value through profit or loss to be presented in other comprehensive income.

The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and of the Bank's financial assets, and may have no impact on the classification and measurement of the Group's and of the Bank's financial liabilities.

Notes to the Financial Statements

31 December 2014

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

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

(ii) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss model ("ECL") 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 will apply 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. 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 and the Bank are in the process of assessing the financial implications for adopting the new standard.

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 require the full gain to be recognised when the assets transferred to associate or joint venture meet 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 is permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

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 practice 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 is 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 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 is 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 was issued in May 2014 and 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 to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Group and the Bank are in the process of assessing the financial implications for adopting the new standard.

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 presents the line items that reconcile any such subtotals with the subtotals or totals currently required in MFRS for such statements.

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) (cont'd.)

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 (cont'd.):

(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 is 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) 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 have not used a revenue-based method to depreciate the non-current 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 119 *Employee Benefits* - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)

The amendments to MFRS 119 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is 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 related service is rendered, instead of attributing the contributions to the periods of service. The amendments are effective for annual periods beginning on or after 1 July 2014. The Group does not anticipate significant financial impact to the financial statements upon adoption of the amendments.

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

(a) The following amendments are effective for annual periods beginning on or after 1 July 2014 with early application is permitted:

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.

(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.

(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

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

Annual Improvements to MFRSs (cont'd.)

(a) The following amendments are effective for annual periods beginning on or after 1 July 2014 with early application is permitted (cont'd.):

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

(iii) MFRS 8 *Operating Segments* (cont'd.)

- 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.

(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.

(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.

(vi) MFRS 124 *Related Party Disclosures*

The amendment to MFRS 124 is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party and subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

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.

(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.

(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*.

(iv) MFRS 140 *Investment Property*

The amendment to MFRS 140 is applied prospectively and it clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

(b) The following amendments are effective for annual periods beginning on or after 1 January 2016 with early application is 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.

(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 that the amendments on the annual improvements for the above standards will have significant financial implications in future financial statements.

5. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Cash balances and deposits with financial institutions	**50,888,306**	45,573,428	**34,778,324**	29,320,984
Money at call	**1,964,554**	2,493,930	**-**	-
	52,852,860	48,067,358	**34,778,324**	29,320,984

The Group's monies held-in-trust for clients as at the reporting date are approximately RM3,053,243,000 (31 December 2013: RM2,224,742,000). 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	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Licensed banks		**11,636,155**	6,175,957	**11,875,729**	15,165,861
Bank Negara Malaysia		**2,383,154**	289,421	**2,133,889**	244,919
Other financial institutions	(a)	**2,086,828**	691,371	**1,801,397**	313,084
		16,106,137	7,156,749	**15,811,015**	15,723,864

(a) Included in deposits and placements with other financial institutions which is not available for use by the Group and the Bank due to capital equivalency deposit requirements is USD15.0 million (31 December 2013: USD10.0 million) or Ringgit Malaysia equivalent of RM52.4 million (31 December 2013: RM32.8 million) pledged with the New York State Banking Department.

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	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Malaysian Government Securities	**-**	20,522	**-**	20,522
Foreign Government Bonds	**1,747,594**	-	**1,747,594**	-
Foreign Government Securities	**1,877,697**	36	**1,877,697**	36
	3,625,291	20,558	**3,625,291**	20,558

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

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Financial assets held-for-trading	8(b)	**449,318**	81,287	**449,318**	81,287
Financial investments available-for-sale	9(a)	**2,717,054**	4,218,768	**2,717,054**	4,218,768
		3,166,372	4,300,055	**3,166,372**	4,300,055

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

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Financial assets designated upon initial recognition	(a)	**11,235,695**	11,177,612	**-**	-
Financial assets held-for-trading	(b)	**12,469,628**	7,988,953	**9,425,390**	5,546,091
		23,705,323	19,166,565	**9,425,390**	5,546,091

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

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	**143,255**	284,447	**-**	-
Malaysian Government Investment Issues	**477,627**	1,048,283	**-**	-
Negotiable Islamic Certificates of Deposits	**241,010**	237,013	**-**	-
Foreign Government Securities	**1,212**	-	**-**	-
	863,104	1,569,743	**-**	-
Unquoted securities:				
Foreign private and Islamic debt securities	**158,179**	-	**-**	-
Private and Islamic debt securities in Malaysia	**10,041,991**	9,375,999	**-**	-
Structured deposits	**172,421**	231,870	**-**	-
	10,372,591	9,607,869	**-**	-
Total financial assets designated upon initial recognition	**11,235,695**	11,177,612	**-**	-

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	**283,831**	545,022	**272,059**	545,022
Malaysian Government Investment Issues	**63,001**	233,270	**-**	20,292
Negotiable instruments of deposits	**14,026**	15,238	**41,097**	-
Foreign Government Securities	**1,326,126**	418,568	**1,221,189**	261,875
Malaysian Government Treasury Bills	**155,055**	9,701	**155,055**	9,701
Bank Negara Malaysia Bills and Notes	**3,361,824**	2,096,486	**3,361,824**	2,096,486
Bank Negara Malaysia Monetary Notes	**2,232,015**	1,121,248	**1,026,617**	797,797
Foreign Government Treasury Bills	**122,860**	1,127	**122,860**	1,127
Khazanah Bonds	**-**	44,950	**-**	44,950
Cagamas Bonds	**-**	10,128	**-**	10,128
	7,558,738	4,495,738	**6,200,701**	3,787,378
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**651,809**	476,290	**-**	-
Private and Islamic debt securities	**9,008**	12,550	**9,008**	12,550
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	**674,598**	158,774	**-**	-
	1,335,415	647,614	**9,008**	12,550
Unquoted securities:				
Foreign private and Islamic debt securities	**828,552**	661,092	**1,418,725**	487,645
Private and Islamic debt securities in Malaysia	**778,073**	1,403,640	**407,083**	1,054,223
Foreign Government Bonds	**1,397,132**	204,295	**1,389,873**	204,295
Credit linked notes	**388,230**	386,954	**-**	-
Structured deposits	**183,488**	189,620	**-**	-
	3,575,475	2,845,601	**3,215,681**	1,746,163
Total financial assets held-for-trading	**12,469,628**	7,988,953	**9,425,390**	5,546,091

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

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

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Foreign Government Bonds	**-**	81,287	**-**	81,287
Foreign Government Securities	**449,318**	-	**449,318**	-
Total (Note 7(b))	**449,318**	81,287	**449,318**	81,287

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	**5,408,214**	5,376,329	**5,397,916**	5,334,570
Malaysian Government Investment Issues	**13,121,165**	12,873,722	**8,241,282**	7,304,355
Negotiable instruments of deposits	**2,872,883**	2,973,885	**11,925,585**	3,991,945
Foreign Government Securities	**5,912,940**	7,088,643	**3,545,709**	4,198,384
Malaysian Government Treasury Bills	**-**	28,153	**-**	28,153
Foreign Government Treasury Bills	**9,926,497**	8,464,589	**9,926,497**	8,464,589
Khazanah Bonds	**2,144,817**	1,764,019	**2,079,790**	1,664,091
Cagamas Bonds	**257,795**	335,958	**257,795**	335,958
Bankers' acceptances and Islamic accepted bills	**807,490**	1,782,763	**807,490**	1,756,523
Foreign Certificates of Deposits	**34,462**	32,292	**34,462**	32,292
	40,486,263	40,720,353	**42,216,526**	33,110,860
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**3,525,946**	2,748,746	**139,515**	163,080
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	**150,768**	272,416	**1,874**	8,112
Private and Islamic debt securities	**3,856**	-	**-**	-
	3,680,570	3,021,162	**141,389**	171,192
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	**364,848**	554,033	**198,617**	301,856
Shares, trust units and loan stocks outside Malaysia	**19,075**	8,247	**4,880**	6,026
Foreign private and Islamic debt securities	**16,316,731**	16,072,265	**16,068,034**	14,697,212
Private and Islamic debt securities in Malaysia	**19,026,035**	15,826,042	**12,344,365**	9,945,610
Foreign Government Bonds	**1,906,897**	5,526,754	**1,902,802**	5,442,869
Malaysian Government Bonds	**829,778**	1,049,980	**754,092**	857,172
Structured deposits	**507**	58,086	**-**	-
	38,463,871	39,095,407	**31,272,790**	31,250,745
Total financial investments available-for-sale	**82,630,704**	82,836,922	**73,630,705**	64,532,797

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

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Malaysian Government Securities	**1,044,332**	-	**1,044,332**	-
Malaysian Government Investment Issues	**1,465,017**	-	**1,465,017**	-
Foreign private and Islamic debt securities	**207,705**	33,253	**207,705**	33,253
Foreign Government Bonds	**-**	4,185,515	**-**	4,185,515
Total (Note 7(b))	**2,717,054**	4,218,768	**2,717,054**	4,218,768

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within one year	**14,705,777**	16,115,140	**17,873,298**	14,248,311
One year to three years	**6,331,554**	4,948,077	**7,151,033**	2,596,147
Three years to five years	**4,290,115**	2,389,223	**5,138,108**	3,619,369
After five years	**15,158,817**	17,267,913	**12,054,087**	12,647,033
	40,486,263	40,720,353	**42,216,526**	33,110,860

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	**1,660,142**	337,658	**1,660,036**	337,551
Malaysian Government Investment Issues	**2,294,446**	1,362,378	**2,294,446**	1,362,378
Foreign Government Securities	**389,890**	341,031	**-**	-
Foreign Government Treasury Bills	**415,501**	468,262	**-**	-
Khazanah Bonds	**952,620**	813,573	**952,620**	813,573
Foreign Certificates of Deposits	**154,688**	91,260	**-**	-
	5,867,287	3,414,162	**4,907,102**	2,513,502
Unquoted securities:				
Foreign private and Islamic debt securities	**153,754**	52,121	**-**	-
Private and Islamic debt securities in Malaysia	**3,483,836**	2,113,241	**4,169,448**	2,795,425
Foreign Government Bonds	**90,181**	122,425	**26,438**	62,220
Others	**2,044**	2,044	**2,044**	2,044
	3,729,815	2,289,831	**4,197,930**	2,859,689
Accumulated impairment losses	**(22,564)**	(35,819)	**(4,877)**	(19,094)
Total financial investments held-to-maturity	**9,574,538**	5,668,174	**9,100,155**	5,354,097

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

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Money market instruments:				
Malaysian Government Securities	**1,679,805**	334,936	**1,679,700**	334,936
Malaysian Government Investment Issues	**2,290,790**	1,336,873	**2,290,790**	1,336,770
Foreign Government Securities	**390,275**	327,033	**-**	-
Foreign Government Treasury Bills	**416,082**	468,210	**-**	-
Khazanah Bonds	**947,684**	808,025	**947,684**	808,025
Foreign Certificates of Deposits	**154,688**	91,260	**-**	-
Unquoted securities:				
Foreign private and Islamic debt securities	**147,683**	49,394	**-**	-
Private and Islamic debt securities in Malaysia	**3,486,892**	2,089,136	**4,172,504**	2,771,319
Foreign Government Bonds	**90,169**	122,426	**26,438**	62,220
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	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within one year	**735,375**	734,779	**-**	40,676
One year to three years	**317,044**	309,469	**186,753**	180,266
Three years to five years	**878,100**	544,941	**796,330**	544,941
After five years	**3,936,768**	1,824,973	**3,924,019**	1,747,619
	5,867,287	3,414,162	**4,907,102**	2,513,502

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11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Overdrafts/cashline	**18,138,149**	17,765,336	**10,945,779**	10,935,875
Term loans:				
- Housing loans/financing	**119,889,076**	88,740,412	**44,672,509**	40,332,480
- Syndicated loans/financing	**32,855,680**	25,671,242	**31,601,404**	22,323,927
- Hire purchase receivables*	**56,406,850**	52,431,837	**19,857,032**	22,830,752
- Lease receivables	**39,392**	20,929	**-**	3,272
- Other loans/financing	**206,684,859**	181,341,680	**106,823,910**	94,617,421
Credit card receivables	**7,038,186**	6,509,558	**5,876,466**	5,513,955
Bills receivables	**4,601,837**	5,216,010	**4,495,008**	5,135,423
Trust receipts	**4,653,912**	3,835,055	**3,863,025**	2,986,724
Claims on customers under acceptance credits	**11,250,193**	11,310,833	**6,381,035**	6,890,688
Loans/financing to financial institutions (Note 11(x))	**3,717,830**	4,337,601	**12,416,328**	12,105,137
Revolving credits	**37,123,629**	32,981,166	**23,099,870**	20,172,891
Staff loans	**2,997,192**	2,777,136	**931,413**	1,078,108
	505,396,785	432,938,795	**270,963,779**	244,926,653
Loans to:				
- Executive directors of the Bank	**103**	122	**103**	122
- Executive directors of subsidiaries	**2,136**	4,495	**152**	346
Others	**2,943,423**	2,673,826	**-**	-
	508,342,447	435,617,238	**270,964,034**	244,927,121
Unearned interest and income	**(98,870,771)**	(74,237,088)	**(2,062,021)**	(2,568,362)
Gross loans, advances and financing	**409,471,676**	361,380,150	**268,902,013**	242,358,759
Allowances for impaired loans, advances and financing:				
- Individual allowance	**(1,989,856)**	(1,939,320)	**(1,437,215)**	(1,502,010)
- Collective allowance	**(3,968,699)**	(3,823,303)	**(2,940,357)**	(2,885,470)
Net loans, advances and financing	**403,513,121**	355,617,527	**264,524,441**	237,971,279

* The hire purchase receivables of a subsidiary of RM1,359,634,000 (31 December 2013: RM957,994,000) 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	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Domestic banking institutions	**1,666**	1,912	**8,433,335**	7,320,684
Domestic non-banking financial institutions:				
- Stockbroking companies	**-**	364	**-**	364
- Others	**19,998,134**	16,199,389	**16,402,458**	14,354,628
Domestic business enterprises:				
- Small and medium enterprises	**67,993,975**	67,988,292	**47,097,025**	50,143,013
- Others	**92,127,010**	76,836,223	**64,524,510**	52,282,888
Government and statutory bodies	**9,553,278**	8,745,359	**2,341,914**	2,433,691
Individuals	**180,121,112**	159,668,593	**94,818,974**	90,745,812
Other domestic entities	**3,371,488**	2,408,475	**407,566**	348,604
Foreign entities	**36,305,013**	29,531,543	**34,876,231**	24,729,075
Gross loans, advances and financing	**409,471,676**	361,380,150	**268,902,013**	242,358,759

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

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Malaysia	**244,171,063**	224,392,074	**144,980,885**	145,129,943
Singapore	**93,566,023**	81,162,326	**92,899,424**	80,410,679
Indonesia	**31,380,558**	28,576,749	**-**	-
Labuan Offshore	**13,489,148**	6,799,926	**11,465,169**	1,551,035
Hong Kong SAR	**13,257,612**	9,310,531	**12,919,971**	9,126,352
United States of America	**1,115,815**	954,907	**1,115,321**	954,445
People's Republic of China	**3,048,730**	2,796,912	**3,048,730**	2,796,912
Vietnam	**485,113**	388,768	**365,772**	340,355
United Kingdom	**1,327,806**	1,397,833	**1,327,770**	1,397,754
Brunei	**367,737**	318,179	**367,737**	318,179
Cambodia	**1,234,426**	895,358	**-**	-
Bahrain	**322,310**	287,965	**322,310**	287,965
Philippines	**3,905,254**	2,781,552	**-**	-
Papua New Guinea	**230,485**	167,495	**-**	-
Thailand	**1,446,612**	1,072,617	**-**	-
Laos	**88,924**	45,140	**88,924**	45,140
Others	**34,060**	31,818	**-**	-
Gross loans, advances and financing	**409,471,676**	361,380,150	**268,902,013**	242,358,759

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Fixed rate:				
- Housing loans/financing	**15,987,881**	13,906,768	**13,762,224**	11,221,554
- Hire purchase receivables	**49,969,818**	46,181,266	**18,687,300**	21,015,764
- Other fixed rate loans/financing	**63,187,850**	56,572,652	**43,073,166**	41,692,920
Variable rate:				
- Base lending rate plus	**145,279,666**	129,042,645	**91,738,308**	89,281,956
- Cost plus	**55,496,388**	48,681,566	**49,983,378**	43,204,043
- Other variable rates	**79,550,073**	66,995,253	**51,657,637**	35,942,522
Gross loans, advances and financing	**409,471,676**	361,380,150	**268,902,013**	242,358,759

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Purchase of securities	**35,534,953**	31,545,546	**15,765,694**	12,824,405
Purchase of transport vehicles	**50,806,098**	47,901,056	**18,081,840**	20,865,446
Purchase of landed properties:				
- Residential	**75,963,811**	65,773,530	**52,285,810**	48,640,714
- Non-residential	**33,489,178**	29,271,455	**25,708,907**	24,169,305
Purchase of fixed assets (excluding landed properties)	**4,874,553**	4,692,156	**4,834,934**	4,609,831
Personal use	**9,065,147**	8,137,882	**6,533,709**	6,285,258
Credit card	**7,180,708**	6,717,193	**6,025,445**	5,726,412
Purchase of consumer durables	**136,852**	452,606	**136,134**	451,881
Constructions	**15,764,885**	13,206,415	**11,603,307**	9,526,319
Mergers and acquisitions	**1,479,670**	3,922,495	**1,401,701**	3,922,495
Working capital	**142,597,773**	126,731,269	**101,740,182**	90,334,005
Others	**32,578,048**	23,028,547	**24,784,350**	15,002,688
Gross loans, advances and financing	**409,471,676**	361,380,150	**268,902,013**	242,358,759

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

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within one year	**111,129,455**	103,617,415	**79,973,150**	77,819,709
One year to three years	**59,591,260**	48,189,831	**43,262,972**	36,423,888
Three years to five years	**45,374,115**	50,776,490	**33,146,625**	35,223,650
After five years	**193,376,846**	158,796,414	**112,519,266**	92,891,512
Gross loans, advances and financing	**409,471,676**	361,380,150	**268,902,013**	242,358,759

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Gross impaired loans, advances and financing at 1 January	**5,360,903**	5,654,352	**3,776,831**	4,162,301
Impaired during the financial year	**4,825,540**	4,544,843	**2,650,307**	2,741,528
Reclassified as non-impaired	**(1,157,767)**	(1,260,300)	**(542,225)**	(661,304)
Amount recovered	**(1,692,643)**	(1,840,674)	**(1,056,243)**	(1,270,299)
Amount written-off	**(1,087,768)**	(1,579,965)	**(535,199)**	(1,105,782)
Converted to financial investments AFS	**(84,500)**	(152,544)	**(84,500)**	(152,544)
Transferred from a subsidiary	**-**	-	**18,366**	-
Exchange differences	**70,396**	(4,809)	**22,492**	62,931
Gross impaired loans, advances and financing at 31 December	**6,234,161**	5,360,903	**4,249,829**	3,776,831
Less: Individual allowance	**(1,989,856)**	(1,939,320)	**(1,437,215)**	(1,502,010)
Net impaired loans, advances and financing at 31 December	**4,244,305**	3,421,583	**2,812,614**	2,274,821
Calculation of ratio of net impaired loans:				
Gross loans, advances and financing	**409,471,676**	361,380,150	**268,902,013**	242,358,759
Less: Individual allowance	**(1,989,856)**	(1,939,320)	**(1,437,215)**	(1,502,010)
Net loans, advances and financing	**407,481,820**	359,440,830	**267,464,798**	240,856,749
Ratio of net impaired loans, advances and financing	**1.04%**	0.95%	**1.05%**	0.94%

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Purchase of securities	**90,425**	66,448	**34,603**	31,499
Purchase of transport vehicles	**269,361**	227,798	**106,169**	96,811
Purchase of landed properties:				
- Residential	**392,267**	454,877	**271,851**	343,461
- Non-residential	**123,213**	119,014	**77,436**	95,277
Purchase of fixed assets (excluding landed properties)	**-**	346	**-**	-
Personal use	**141,800**	120,696	**67,409**	49,749
Credit card	**73,348**	76,022	**45,948**	49,433
Purchase of consumer durables	**14**	8	**6**	6
Constructions	**1,119,133**	197,055	**962,682**	153,846
Working capital	**3,499,917**	3,542,034	**2,481,390**	2,549,415
Others	**524,683**	556,605	**202,335**	407,334
Impaired loans, advances and financing	**6,234,161**	5,360,903	**4,249,829**	3,776,831

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

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Malaysia	**4,527,493**	3,795,548	**3,835,383**	3,258,707
Singapore	**230,236**	243,157	**210,755**	229,187
Indonesia	**1,019,853**	797,355	**-**	-
Labuan Offshore	**36,274**	46,349	**15,169**	-
Hong Kong SAR	**15,884**	17,601	**15,884**	16,706
United States of America	**495**	462	**-**	-
People's Republic of China	**8,781**	1,598	**8,781**	1,598
Vietnam	**20,510**	15,437	**20,510**	15,437
United Kingdom	**126,535**	241,583	**126,535**	241,583
Brunei	**11,536**	6,567	**11,536**	6,567
Cambodia	**53,607**	52,689	**-**	-
Bahrain	**5,276**	7,046	**5,276**	7,046
Philippines	**120,194**	80,933	**-**	-
Papua New Guinea	**-**	754	**-**	-
Thailand	**27,143**	25,478	**-**	-
Others	**30,344**	28,346	**-**	-
Impaired loans, advances and financing	**6,234,161**	5,360,903	**4,249,829**	3,776,831

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Individual allowance				
At 1 January	**1,939,320**	2,228,535	**1,502,010**	1,719,455
Allowance made (Note 43)	**774,901**	920,763	**350,055**	722,580
Amount written back (Note 43)	**(235,824)**	(324,954)	**(198,312)**	(270,734)
Amount written-off	**(507,946)**	(872,595)	**(239,488)**	(678,686)
Transferred from/(to) collective allowance	**842**	(13,663)	**(7,985)**	(12,001)
Transferred from a subsidiary	**-**	-	**18,366**	-
Exchange differences	**18,563**	1,234	**12,569**	21,396
At 31 December	**1,989,856**	1,939,320	**1,437,215**	1,502,010
Collective allowance				
At 1 January	**3,823,303**	3,744,994	**2,885,470**	2,726,849
Allowance made (Note 43)	**676,123**	845,532	**295,219**	550,371
Amount written back (Note 43)	**-**	(37,769)	**-**	-
Amount written-off	**(579,822)**	(707,370)	**(295,711)**	(427,096)
Transferred (to)/from Individual allowance	**(842)**	13,663	**7,985**	12,001
Transferred from a subsidiary	**-**	-	**21,321**	-
Exchange differences	**49,937**	(35,747)	**26,073**	23,345
At 31 December	**3,968,699**	3,823,303	**2,940,357**	2,885,470
As a percentage of total loans, less individual allowance (including regulatory reserve)	**1.04%**	1.06%	**1.10%**	1.20%
As a percentage of total risk-weighted assets for credit risk (including regulatory reserve)	**1.20%**	1.24%	**1.16%**	1.28%

(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 RM9,521.9 million (31 December 2013: RM8,336.3 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 the 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

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12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

As at 31.12.2014	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
Trading derivatives						
Foreign exchange related contracts						
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)**
Interest rate related contracts						
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)**
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)**
Equity related contracts						
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)**	**-**	**-**	**-**

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

As at 31.12.2014 (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
Trading derivatives (cont'd.)						
Commodity related contracts						
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						
Foreign exchange related contracts						
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)**
Interest rate related contracts						
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 (Note 2.4(ii))	**-**	**(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)**

As at 31.12.2013	Group			Bank		
	Principal Amount RM'000	Fair Values		Principal Amount RM'000	Fair Values	
		Assets (Restated) RM'000	Liabilities (Restated) RM'000		Assets (Restated) RM'000	Liabilities (Restated) RM'000
Trading derivatives						
Foreign exchange related contracts						
Currency forwards:						
- Less than one year	19,029,752	391,278	(125,097)	16,125,005	274,429	(101,681)
- One year to three years	403,658	6,902	(14,537)	403,577	6,901	(14,537)
- More than three years	260,669	5,253	(12,386)	260,669	5,253	(12,386)
	19,694,079	403,433	(152,020)	16,789,251	286,583	(128,604)
Currency swaps:						
- Less than one year	91,496,189	1,459,828	(1,600,516)	91,374,670	1,440,008	(1,504,364)
- One year to three years	844,032	9,608	(381)	844,032	9,608	(381)
- More than three years	186,622	12,952	-	186,622	12,952	-
	92,526,843	1,482,388	(1,600,897)	92,405,324	1,462,568	(1,504,745)

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

As at 31.12.2013 (cont'd.)	Group			Bank		
	Principal Amount	Fair Values		Principal Amount	Fair Values	
		Assets (Restated)	Liabilities (Restated)		Assets (Restated)	Liabilities (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives (cont'd.)						
Foreign exchange related contracts (cont'd.)						
Currency spots:						
- Less than one year	14,757,296	3,668	(9,014)	14,786,077	3,718	(9,044)
Currency options:						
- Less than one year	1,668,456	22,892	(13,790)	1,668,456	22,892	(13,790)
Cross currency interest rate swaps:						
- Less than one year	4,067,782	868,421	(211,248)	3,857,532	836,839	(183,344)
- One year to three years	7,009,536	253,935	(236,446)	6,927,934	255,795	(189,430)
- More than three years	6,665,397	139,447	(241,220)	7,071,297	166,405	(241,220)
	17,742,715	1,261,803	(688,914)	17,856,763	1,259,039	(613,994)
Interest rate related contracts						
Interest rate swaps:						
- Less than one year	15,329,470	25,585	(43,202)	16,185,305	26,970	(43,203)
- One year to three years	32,388,613	162,138	(225,915)	31,507,494	160,220	(208,782)
- More than three years	45,961,585	463,117	(579,248)	46,945,901	486,182	(595,142)
	93,679,668	650,840	(848,365)	94,638,700	673,372	(847,127)
Interest rate futures:						
- Less than one year	5,380,100	4,189	(22)	5,490,100	4,189	(22)
- One year to three years	5,877,399	-	(150)	5,897,399	-	(150)
	11,257,499	4,189	(172)	11,387,499	4,189	(172)
Interest rate options:						
- Less than one year	554,073	1,744	-	554,073	1,744	-
- One year to three years	1,954,192	2,108	(9,355)	1,954,192	2,108	(9,355)
- More than three years	1,820,126	-	(302,172)	1,245,126	-	(212,824)
	4,328,391	3,852	(311,527)	3,753,391	3,852	(222,179)
Equity related contracts						
Index futures:						
- Less than one year	20,184	228	-	-	-	-
- More than three years	33,663	4,757	-	-	-	-
	53,847	4,985	-	-	-	-
Equity options:						
- Less than one year	124,080	5,062	(14,785)	48,300	5,062	(4,992)
- One year to three years	465,942	16,132	(5,739)	101,005	5,208	(5,208)
- More than three years	200,000	2,325	-	-	-	-
	790,022	23,519	(20,524)	149,305	10,270	(10,200)
Commodity related contracts						
Commodity options:						
- Less than one year	27,580	1	(1)	27,580	1	(1)
- One year to three years	256,499	1,890	(1,885)	35,570	1,885	(1,885)
	284,079	1,891	(1,886)	63,150	1,886	(1,886)
Commodity swaps:						
- Less than one year	630,092	9,582	(9,366)	630,092	9,582	(9,366)

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

As at 31.12.2013 (cont'd.)	Group			Bank		
	Principal Amount	Fair Values		Principal Amount	Fair Values	
		Assets (Restated)	Liabilities (Restated)		Assets (Restated)	Liabilities (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Hedging derivatives						
Foreign exchange related contracts						
Cross currency interest rate swaps:						
- Less than one year	512,235	5,319	(29,593)	512,235	5,319	(29,593)
- One year to three years	2,083,822	43,482	(97,699)	1,942,292	7,366	(97,699)
- More than three years	704,401	5,347	(76,471)	704,401	5,347	(76,471)
	3,300,458	54,148	(203,763)	3,158,928	18,032	(203,763)
Interest rate related contracts						
Interest rate swaps:						
- Less than one year	1,168,472	3,853	(48,152)	1,168,472	3,853	(48,107)
- One year to three years	436,849	1,305	(21,080)	252,849	-	(19,475)
- More than three years	967,900	12,344	(7,910)	16,419	297	(12)
	2,573,221	17,502	(77,142)	1,437,740	4,150	(67,594)
Netting effects under MFRS 132 Amendments (Note 2.4(ii))	-	(560,992)	560,992	-	(560,992)	560,992
Total	263,286,666	3,383,700	(3,376,388)	258,724,676	3,199,141	(3,071,472)

As at 1.1.2013	Group			Bank		
	Principal Amount	Fair Values		Principal Amount	Fair Values	
		Assets (Restated)	Liabilities (Restated)		Assets (Restated)	Liabilities (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives						
Foreign exchange related contracts						
Currency forwards:						
- Less than one year	17,931,505	55,353	(121,763)	15,004,518	50,619	(102,114)
- One year to three years	307,943	4,128	(3,954)	307,943	4,128	(3,954)
- More than three years	236,062	2,322	(1,248)	236,062	2,322	(1,248)
	18,475,510	61,803	(126,965)	15,548,523	57,069	(107,316)
Currency swaps:						
- Less than one year	64,567,969	961,146	(759,016)	62,457,833	953,162	(763,205)
- One year to three years	342,969	6,887	(7,283)	319,497	6,704	(7,283)
- More than three years	219,423	1,770	(2,044)	219,423	1,770	(2,044)
	65,130,361	969,803	(768,343)	62,996,753	961,636	(772,532)
Currency spots:						
- Less than one year	6,340,973	979	(2,355)	6,340,973	979	(2,360)
Currency options:						
- Less than one year	2,984,579	8,617	(5,668)	2,984,579	8,617	(5,668)
Cross currency interest rate swaps:						
- Less than one year	2,174,209	86,411	(13,332)	2,031,990	61,234	-
- One year to three years	9,119,061	277,161	(147,441)	8,426,014	255,495	(123,314)
- More than three years	7,108,208	456,930	(38,661)	6,807,708	456,930	(38,661)
	18,401,478	820,502	(199,434)	17,265,712	773,659	(161,975)

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

As at 1.1.2013 (cont'd.)	Group			Bank		
	Principal Amount	Fair Values		Principal Amount	Fair Values	
		Assets (Restated)	Liabilities (Restated)		Assets (Restated)	Liabilities (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives (cont'd.)						
Interest rate related contracts						
Interest rate swaps:						
- Less than one year	14,669,864	54,680	(24,895)	14,654,014	51,680	(38,980)
- One year to three years	27,815,331	127,052	(150,011)	26,207,026	127,787	(145,252)
- More than three years	44,295,713	514,800	(731,117)	44,164,209	544,443	(732,653)
	86,780,908	696,532	(906,023)	85,025,249	723,910	(916,885)
Interest rate futures:						
- Less than one year	1,217,263	2	-	1,217,263	2	-
- One year to three years	764,613	1	-	764,613	1	-
	1,981,876	3	-	1,981,876	3	-
Interest rate options:						
- Less than one year	2,695,396	10,029	(499)	2,695,396	10,029	(499)
- One year to three years	375,270	1,400	(440)	375,270	1,400	(440)
- More than three years	1,651,417	4,395	(191,387)	1,251,417	4,395	(128,992)
	4,722,083	15,824	(192,326)	4,322,083	15,824	(129,931)
Equity related contracts						
Index futures:						
- More than three years	30,198	4,545	-	-	-	-
Equity options:						
- Less than one year	222,813	582	(22,577)	222,813	548	-
- One year to three years	53,841	6,092	(6,779)	53,841	6,092	(6,779)
- More than three years	48,246	322	(322)	48,245	322	(322)
	324,900	6,996	(29,678)	324,899	6,962	(7,101)
Commodity related contracts						
Commodity options:						
- One year to three years	263,559	3,121	(3,035)	42,630	3,035	(3,035)
Commodity swaps:						
- Less than one year	38,094	590	(590)	38,094	590	(590)
Credit related contracts						
Credit default swaps:						
- More than three years	21,388	-	(2,015)	-	-	-

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

	Group			Bank		
	Principal Amount	Fair Values		Principal Amount	Fair Values	
As at 1.1.2013 (cont'd.)	RM'000	Assets (Restated) RM'000	Liabilities (Restated) RM'000	RM'000	Assets (Restated) RM'000	Liabilities (Restated) RM'000
Hedging derivatives						
Foreign exchange related contracts						
Cross currency interest rate swaps:						
- Less than one year	1,679,795	191,777	-	1,679,795	191,777	-
- One year to three years	2,179,835	71,600	(10,766)	1,921,203	61,758	(10,767)
- More than three years	913,992	6,328	(21,941)	913,993	6,329	(21,939)
	4,773,622	269,705	(32,707)	4,514,991	259,864	(32,706)
Interest rate related contract						
Interest rate swaps:						
- Less than one year	818,983	-	(1,869)	218,983	-	(1,869)
- One year to three years	2,234,750	-	(80,089)	1,384,750	-	(80,089)
- More than three years	2,978,117	21,472	(25,882)	321,157	-	(21,560)
	6,031,850	21,472	(107,840)	1,924,890	-	(103,518)
Netting effects under MFRS 132 Amendments (Note 2.4(ii))	-	(459,360)	459,360	-	(459,360)	459,360
Total	216,301,379	2,421,132	(1,917,619)	203,311,252	2,352,788	(1,784,257)

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	Fair Values		Principal Amount	Fair Values	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
As at 31.12.2014						
Interest rate swaps	**286,631**	**-**	**(11,775)**	**286,631**	**-**	**(11,775)**
As at 31.12.2013						
Interest rate swaps	1,438,173	-	(47,830)	1,438,173	-	(47,830)
As at 1.1.2013						
Interest rate swaps	1,569,011	-	(102,114)	1,569,011	-	(102,114)

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 2014, the Group and the Bank:

(i) recognised a net gain of RM9,299,000 (1 January 2013 to 31 December 2013: RM55,853,000 and 1 January 2012 to 31 December 2012: RM44,295,000) on the hedging instruments. The total net loss on the hedged items attributable to the hedged risk amounted to RM9,520,000 (1 January 2013 to 31 December 2013: RM48,359,000 and 1 January 2012 to 31 December 2012: RM32,279,000); and

(ii) derecognised fair value of hedging instruments of RM44,348,000 (31 December 2013: RM4,253,000 and 1 January 2013: RM1,846,000) due to the derecognition of the hedged items.

Net investment hedge

During the financial year ended 31 December 2014, the Group has designated a net investment hedge for borrowings amounting of SGD1.14 billion or Ringgit Malaysia equivalent of RM3.02 billion which were used to fund an investment in a subsidiary.

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 hedge item. The hedging relationship was highly effective for the total hedging period and as of the reporting date. Resultantly the unrealised losses totalling 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 directly in equity, 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 fully effective for the total hedging period and as of the reporting date. As such, the unrealised losses 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.

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13. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES

Group	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Reinsurance/retakaful assets (Note 23)	(i)	**4,387,302**	1,931,810
Other insurance receivables	(ii)	**584,761**	418,185
		4,972,063	2,349,995

(i) Reinsurance/retakaful assets

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Reinsurers' share of:	**4,119,939**	1,710,694
Life insurance contract liabilities	**25,865**	27,648
General insurance contract liabilities	**4,094,074**	1,683,046
Retakaful operators' share of:	**267,363**	221,116
Family takaful certificate liabilities	**14,799**	15,818
General takaful certificate liabilities	**252,564**	205,298
	4,387,302	1,931,810

(ii) Other insurance receivables

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Due premium including agents/brokers and co-insurers balances	**476,334**	404,982
Due from reinsurers and cedants/retakaful operators	**156,458**	115,108
	632,792	520,090
Allowance for impairment losses	**(48,031)**	(101,905)
	584,761	418,185

14. OTHER ASSETS

Group	Note	As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (Restated) RM'000
Other debtors	(a)	**7,392,566**	6,377,015	4,269,964
Amount due from brokers and clients	53	**2,101,414**	1,585,373	2,074,831
Development properties for sale	(b)	**-**	75,251	60,287
Prepayments and deposits		**1,023,569**	787,472	469,615
Tax recoverable		**16,533**	27,253	1,070
Foreclosed properties		**125,654**	90,104	109,610
		10,659,736	8,942,468	6,985,377

Bank	Note	As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (Restated) RM'000
Other debtors	(a)	**5,964,158**	5,249,491	2,760,216
Prepayments and deposits		**488,961**	421,354	148,248
Foreclosed properties		**35,869**	36,029	36,001
		6,488,988	5,706,874	2,944,465

(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 RM818,211,000 (31 December 2013: RM812,108,000 and 1 January 2013: RM720,134,000).

14. OTHER ASSETS (CONT'D.)

(b) Development properties for sale

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At cost		
Freehold land		
At 1 January	**75,251**	60,287
Disposal of a subsidiary (Note 17(c))	**(75,251)**	-
Cost of real estate sold	**-**	16,230
Reversal of completed projects	**-**	(710)
Exchange differences	**-**	(556)
At 31 December	**-**	75,251

(i) No borrowing costs were capitalised during the financial year ended 31 December 2014 and 31 December 2013.

(ii) Details of development properties as at 31 December 2013 are as follows:

	Tenure of land	Expected completion date	Site area/ gross floor area (sq meters)	Group's interest in the property
Tribeca Private Residences comprising of 15 Towers	Freehold	2028	97,504/150,000	100%*

* Effective interest is 20% based on voting rights.

15. INVESTMENT PROPERTIES

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At fair value		
At 1 January	**583,257**	572,662
Additions	**12,503**	2,042
Fair value adjustments (Note 41)	**(272)**	2,553
Transferred from property, plant and equipment (Note 19)	**-**	6,000
Exchange differences	**5**	-
At 31 December	**595,493**	583,257

The following investment properties are held under lease terms:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At fair value		
Leasehold land	**55,500**	55,500
Buildings	**53,154**	53,071
	108,654	108,571

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 based on valuation that reflects market conditions as at the reporting date. Valuations were performed by an accredited independent valuer. The valuations are mainly based on comparison method that make reference to comparable properties which have been sold or being offered for sale.

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16. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Bank Negara Malaysia	(a)	**8,464,205**	7,870,205	**4,686,100**	4,786,100
Other central banks	(b)	**6,677,039**	5,872,669	**2,889,928**	2,541,896
		15,141,244	13,742,874	**7,576,028**	7,327,996

(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 are 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	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Unquoted shares, at cost		
- In Malaysia	**22,043,424**	21,098,436
- Outside Malaysia	**1,522,880**	1,522,880
	23,566,304	22,621,316
Less: Accumulated impairment losses	**(3,115,802)**	(3,115,802)
	20,450,502	19,505,514

The following are major events of the Group and of the Bank during the financial year ended 31 December 2014:

(a) Capital injection into Etiqa International Holdings Sdn Bhd ("EIH"), a wholly-owned subsidiary of the Bank

On 17 March 2014, the Bank injected additional capital of RM125,969,914 into EIH, as consideration for the full settlement of the debt arising from the acquisition of the 8,682,815 Non-Redeemable Preference Shares of RM1.00 each in the share capital of Maybank Ageas Holdings Berhad by EIH.

(b) Subscription of rights issue of 27,373,500 new ordinary shares of RM1.00 each issued by Maybank Islamic Berhad ("MIB"), a wholly-owned subsidiary of the Bank

On 26 March 2014, the Bank subscribed to rights issue of 27,373,500 new ordinary shares of RM1.00 each issued by MIB, at an issue price of RM14.64 per ordinary share for a total consideration of RM400,748,040.

(c) 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")

On 22 December 2014 ("Closing Date"), 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**

(d) Capital injection into Maybank Offshore Corporate Services (Labuan) Sdn. Bhd. ("MOCS")

On 31 December 2014, the Bank injected additional capital of RM418.3 million to MOCS, a wholly-owned subsidiary of the Bank, to fund its subscription of the rights issue of PT Bank Internasional Indonesia Tbk ("BII"), an indirect subsidiary of the Bank.

Details of the rights issue of BII are disclosed in Note 59(k).

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The following are major events of the Group during the financial year ended 31 December 2013:

(e) Acquisition of PT Maybank GMT Asset Management ("Maybank GMT")

During the previous financial year ended 31 December 2013, Maybank Asset Management Sdn. Bhd. ("MAM"), an indirect wholly-owned subsidiary of the Bank through Maybank Asset Management Group Berhad ("MAMG"), a wholly-owned subsidiary of the Bank, completed the acquisition of 31,680 ordinary shares of Maybank GMT, representing 99% of the issued and paid-up share capital of Maybank GMT (the "Acquisition"). The total cash consideration was approximately RM30.6 million.

The purpose of this Acquisition is for the Group to have a fund management presence in Indonesia under its group of companies as well as to complement the business entities of MAMG in the ASEAN region.

The fair values of identifiable assets and liabilities as at the acquisition date was on provisional basis as the Group has sought an independent valuation for the identifiable assets and liabilities owned by Maybank GMT and the valuation was still on-going as of 31 December 2013.

The fair values of the identifiable assets and liabilities of Maybank GMT as at the date of acquisition were as follows:

	Note	Recognised acquisition values RM'000
Assets		
Cash and short-term funds		548
Financial investments available-for-sale		9,546
Trade and other receivables		461
Property, plant and equipment	19	182
Intangible assets	20	38
Deferred tax assets	27	27
		10,802
Liabilities		
Trade and other payables		(167)
Provision for taxation		(76)
		(243)
Net identifiable assets		10,559
Non-controlling interest		(106)
		10,453
Goodwill on acquisition	20	20,162
Cash and short-term funds paid on acquisition		30,615
Less: Cash of subsidiary acquired		(548)
Net cash outflow on acquisition		30,067

During the financial year ended 31 December 2014, the valuation for the identifiable assets and liabilities has been completed and there were no changes between the provisional amounts as compared to the finalised valuation as shown above.

(f) Disposal of Maybank ATR Kim Eng Financial Corporation ("Maybank ATRKE Financial")

During the previous financial year ended 31 December 2013, as part of an internal restructuring exercise within the Maybank Kim Eng Holdings Limited ("MKEH") group of companies, all assets and liabilities of Maybank ATRKE Financial had been transferred to Maybank ATR Kim Eng Capital Partners, Inc. ("MATRKECP"), an indirect wholly-owned subsidiary of the Bank. The transfer of assets to MATRKECP included Maybank ATRKE Financial's shareholdings in its subsidiaries, AsianLife and General Assurance Corporation and ATR Kim Eng Land, Inc.

Subsequent to the transfer of assets and liabilities, on the same date, MKEH, an indirect subsidiary of the Bank through Maybank IB Holdings Berhad, a wholly-owned subsidiary of the Bank, disposed a total of 958,923,466 of the common shares in Maybank ATRKE Financial, representing 89.75% of the outstanding capital stock of Maybank ATRKE Financial at a price of Philippine Peso ("Php") 3.3298 per share. As a consequence of the foregoing, the current businesses of Maybank ATRKE Financial had been consolidated under MATRKECP.

The disposal had the following effects on the statement of financial position of the Group as at 31 December 2013:

	Note	Effects of disposal RM'000
Total assets (including goodwill)		274,332
Total liabilities		-
Identifiable net assets		274,332
Less: Non-controlling interests		(28,117)
Identifiable net assets disposed		246,215
Loss on disposal of subsidiary	39	(8,499)
Transferred from shareholders' equity		
- Foreign currency translation		(1,155)
Cash proceeds from disposal		236,561
Less: Cash and short-term funds of subsidiary disposed		(273,753)
Net cash outflow on disposal		(37,192)

(g) Disposal of ATR KimEng AMG Holdings, Inc. ("ATRKE AMG"), a subsidiary of Maybank Kim Eng Holdings Limited ("MKEH")

During the previous financial year ended 31 December 2013, Maybank ATR Kim Eng Capital Partners, Inc. ("MATRKECP"), an indirect subsidiary of Maybank through MKEH, had sold 430,000 common shares it owned in ATR KimEng AMG Holdings, Inc. ("ATRKE AMG"), representing 82.69% ownership in ATRKE AMG, to ATRAM Investment Management Partners Corporation ("ATRAM Investment"), a company which is 35% owned by MATRKECP.

ATRKE AMG owns 96.09% of ATR KimEng Asset Management, Inc. ("ATRAM").

ATRKE AMG and ATRAM ceased to be indirect subsidiaries of Maybank, although MATRKECP continued to own 35% of ATRAM Investment.

The disposal had the following effects on the statement of financial position of the Group as at 31 December 2013:

	Note	Effects of disposal RM'000
Total assets (including goodwill)		9,034
Total liabilities		(6,104)
Identifiable net assets		2,930
Less: Non-controlling interests		(501)
Identifiable net assets disposed		2,429
Loss on disposal of subsidiary	39	(839)
Transferred from shareholders' equity		
- Foreign currency translation		(26)
Cash proceeds from disposal		1,564
Less: Cash and short-term funds of subsidiary disposed		(1,494)
Net cash inflow on disposal		70

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17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(h) 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).

The summarised financial information of EIH and MKEH are disclosed as follows:

	EIH		MKEH	
Summarised income statements:	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**
Interest income	**969,803**	937,468	**174,800**	174,097
Interest expense	**(28,675)**	(10,184)	**(62,864)**	(58,713)
Net interest income	**941,128**	927,284	**111,936**	115,384
Net earned insurance premiums	**3,808,736**	3,822,188	**137,332**	119,158
Other operating income	**721,633**	291,032	**836,640**	832,319
Total operating income	**5,471,497**	5,040,504	**1,085,908**	1,066,861
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	**(3,919,215)**	(3,675,275)	**(110,053)**	(95,274)
Net operating income	**1,552,282**	1,365,229	**975,855**	971,587
Overhead expenses	**(616,617)**	(601,344)	**(736,361)**	(706,162)
Operating profit before impairment losses	**935,665**	763,885	**239,494**	265,425
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	**8,754**	7,521	**(12)**	(6,388)
Allowances for impairment losses on financial investments, net	**(180,769)**	(13,366)	**(3,945)**	(15,024)
Operating profit	**763,650**	758,040	**235,537**	244,013
Share of profits in associates	**674**	864	**212**	738
Profit before taxation and zakat	**764,324**	758,904	**235,749**	244,751
Taxation and zakat	**(219,673)**	(165,375)	**(59,228)**	(56,377)
Profit for the financial year	**544,651**	593,529	**176,521**	188,374
Attributable to:				
Equity holders of the Bank	**375,668**	409,832	**158,469**	163,482
Non-controlling interests	**168,983**	183,697	**18,052**	24,892
	544,651	593,529	**176,521**	188,374
Dividends paid to non-controlling interests of the Group	**170,277**	46,508	**27,925**	13,943

	EIH		MKEH	
Summarised statements of financial position:	**As at 31.12.2014 RM'000**	**As at 31.12.2013 RM'000**	**As at 31.12.2014 RM'000**	**As at 31.12.2013 RM'000**
Total assets	**32,041,519**	28,335,614	**6,118,562**	5,272,817
Total liabilities	**(27,020,173)**	(23,887,472)	**(3,875,104)**	(3,133,508)
Total equity	**5,021,346**	4,448,142	**2,243,458**	2,139,309
Attributable to:				
Equity holders of the Bank	**3,504,479**	3,076,456	**2,137,272**	2,029,481
Non-controlling interests	**1,516,867**	1,371,686	**106,186**	109,828
	5,021,346	4,448,142	**2,243,458**	2,139,309

	EIH		MKEH	
Summarised cash flow statements:	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**
Operating activities	**296,742**	(201,761)	**(340,286)**	94,691
Investing activities	**(64,061)**	(34,237)	**57,728**	68,459
Financing activities	**102,199**	349,856	**145,280**	(99,670)
Net increase/(decrease) in cash and cash equivalents	**334,880**	113,858	**(137,278)**	63,480

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(i) Details of subsidiaries of the Bank are disclosed in Note 62(a).

18. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Equity interest				
Unquoted shares, at cost	**533,164**	532,641	**476,851**	476,851
Quoted shares, at cost	**2,864,864**	2,864,864	**-**	-
Exchange differences	**(1,075,576)**	(1,041,851)	**-**	-
	2,322,452	2,355,654	**476,851**	476,851
Share of post-acquisition reserves	**570,024**	470,693	**-**	-
	2,892,476	2,826,347	**476,851**	476,851
Less: Accumulated impairment losses	**(364,536)**	(361,006)	**(25,333)**	(25,333)
	2,527,940	2,465,341	**451,518**	451,518
Market value of quoted shares	**2,153,605**	1,769,595	**-**	-

(a) The carrying amount of interest in joint ventures of the Group amounting to approximately RM11,102,000 (31 December 2013: RM11,762,000) 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 1.1.2014 to 31.12.2014	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**

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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 1.1.2013 to 31.12.2013	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	2,003,792	593,753	15,617	2,613,162
Interest expense	(827,507)	(414,554)	(3,306)	(1,245,367)
Net interest income	1,176,285	179,199	12,311	1,367,795
Other operating income	354,347	39,583	30,846	424,776
Net operating income	1,530,632	218,782	43,157	1,792,571
Overhead expenses	(640,838)	(152,960)	(28,772)	(822,570)
Operating profit before impairment losses	889,794	65,822	14,385	970,001
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	59,002	(6,644)	23	52,381
Operating profit	948,796	59,178	14,408	1,022,382
Share of profits in associates	18,319	-	-	18,319
Profit before taxation	967,115	59,178	14,408	1,040,701
Taxation	(338,490)	(14,794)	(775)	(354,059)
Profit for the financial year	628,625	44,384	13,633	686,642
Group's share of profits for the financial year	125,725	8,877	4,665	139,267
Dividends paid by the associates during the financial year	74,656	8,292	1,349	84,297

Summarised statements of financial position:

Group	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
As at 31.12.2014				
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**
As at 31.12.2013				
Total assets	25,478,688	8,787,163	246,725	34,512,576
Total liabilities	(20,616,513)	(7,877,895)	(101,042)	(28,595,450)
Total equity	4,862,175	909,268	145,683	5,917,126
Proportion of Group's ownership	972,435	181,854	62,164	1,216,453
Goodwill	1,073,240	175,648	-	1,248,888
Carrying amount of the investment	2,045,675	357,502	62,164	2,465,341

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	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	**1,248,888**	1,207,779
Exchange differences	**136,832**	41,109
At 31 December	**1,385,720**	1,248,888

19. PROPERTY, PLANT AND EQUIPMENT

Group As at 31.12.2014	*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 As at 31.12.2013	*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 2013	2,169,577	938,713	1,257,559	189,896	54,139	104,218	4,714,102
Acquisition of a subsidiary (Note 17(e))	-	202	132	-	168	-	502
Additions	19,957	116,899	268,776	7,823	8,851	82,007	504,313
Disposal of a subsidiary (Note 17(g))	(146)	(2,690)	(1,170)	(1)	(249)	-	(4,256)
Disposals	(1,726)	(8,124)	(5,963)	-	(8,194)	(373)	(24,380)
Write-offs (Note 41)	(189)	(28,290)	(525,299)	(4,325)	(276)	-	(558,379)
Transferred between categories	3,257	31,954	2,647	7,503	-	(45,361)	-
Transferred to investment properties (Note 15)	-	-	-	-	-	(6,000)	(6,000)
Exchange differences	1,750	(26,990)	(20,488)	1,520	(3,108)	136	(47,180)
At 31 December 2013	2,192,480	1,021,674	976,194	202,416	51,331	134,627	4,578,722
Accumulated depreciation and impairment losses							
At 1 January 2013	508,350	575,708	1,051,023	147,346	28,854	-	2,311,281
Acquisition of a subsidiary (Note 17(e))	-	121	134	-	65	-	320
Depreciation charge for the financial year (Note 41)	42,479	115,840	91,177	9,357	9,839	-	268,692
Impairment losses for the financial year (Note 41)	222	-	-	-	-	-	222
Disposal of a subsidiary (Note 17(g))	(43)	(2,261)	(1,371)	(1)	(233)	-	(3,909)
Disposals	(970)	(7,354)	(5,785)	-	(6,436)	-	(20,545)
Write-offs (Note 41)	(90)	(28,043)	(525,072)	(4,304)	(60)	-	(557,569)
Transferred between categories	-	(111)	111	-	-	-	-
Exchange differences	599	(19,364)	(13,951)	549	(1,912)	-	(34,079)
At 31 December 2013	550,547	634,536	596,266	152,947	30,117	-	1,964,413
Analysed as:							
Accumulated depreciation	542,998	634,532	596,266	152,947	30,117	-	1,956,860
Accumulated impairment losses	7,549	4	-	-	-	-	7,553
	550,547	634,536	596,266	152,947	30,117	-	1,964,413
Net carrying amount							
At 31 December 2013	1,641,933	387,138	379,928	49,469	21,214	134,627	2,614,309

19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group As at 31.12.2014	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	
*** 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**

Group As at 31.12.2013	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	
*** Properties consist of:**							
Cost							
At 1 January 2013	109,989	483,101	357,465	684,576	155,310	379,136	2,169,577
Additions	-	475	3,373	693	15,416	-	19,957
Disposal of a subsidiary (Note 17(g))	-	(146)	-	-	-	-	(146)
Disposals	(342)	(361)	-	(1,023)	-	-	(1,726)
Write-offs	-	-	(189)	-	-	-	(189)
Transferred between categories	-	46	1,795	-	1,416	-	3,257
Exchange differences	663	805	(12,437)	22,094	(15,291)	5,916	1,750
At 31 December 2013	110,310	483,920	350,007	706,340	156,851	385,052	2,192,480

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31 December 2014

19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group As at 31.12.2013 (cont'd.)	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	
***Properties consist of (cont'd.):**							
Accumulated depreciation and impairment losses							
At 1 January 2013	-	193,987	126,864	144,652	6,660	36,187	508,350
Depreciation charge for the financial year	-	11,140	11,498	14,325	1,552	3,964	42,479
Impairment losses for the financial year	54	4	-	-	-	164	222
Disposal of a subsidiary (Note 17(g))	-	(43)	-	-	-	-	(43)
Disposals	-	(212)	-	(758)	-	-	(970)
Write-offs	-	-	(90)	-	-	-	(90)
Exchange differences	-	485	(5,481)	4,752	125	718	599
At 31 December 2013	54	205,361	132,791	162,971	8,337	41,033	550,547
Analysed as:							
Accumulated depreciation	-	199,324	132,469	161,999	8,337	40,869	542,998
Accumulated impairment losses	54	6,037	322	972	-	164	7,549
	54	205,361	132,791	162,971	8,337	41,033	550,547
Net carrying amount							
At 31 December 2013	110,256	278,559	217,216	543,369	148,514	344,019	1,641,933

Bank As at 31.12.2014	*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	**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**

19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank As at 31.12.2013	*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 2013	1,144,944	646,951	941,650	148,943	12,207	94,015	2,988,710
Additions	1,212	41,455	205,200	2,441	331	81,199	331,838
Disposals	(1,460)	(566)	(1,053)	-	(133)	-	(3,212)
Write-offs (Note 41)	-	(28,082)	(524,809)	(4,325)	(276)	-	(557,492)
Transferred between categories	3,257	32,375	1,379	5,042	-	(42,053)	-
Transferred to subsidiaries	-	-	(50,580)	-	-	-	(50,580)
Exchange differences	15,694	3,743	1,897	356	265	193	22,148
At 31 December 2013	1,163,647	695,876	573,684	152,457	12,394	133,354	2,731,412
Accumulated depreciation							
At 1 January 2013	366,818	454,199	836,499	117,945	7,461	-	1,782,922
Depreciation charge for the financial year (Note 41)	21,774	62,001	50,308	6,852	1,611	-	142,546
Disposals	(970)	(560)	(996)	-	(130)	-	(2,656)
Write-offs (Note 41)	-	(27,847)	(524,637)	(4,304)	(60)	-	(556,848)
Transferred to subsidiaries	-	-	(8,156)	-	-	-	(8,156)
Exchange differences	4,468	2,801	2,070	243	124	-	9,706
At 31 December 2013	392,090	490,594	355,088	120,736	9,006	-	1,367,514
Net carrying amount							
At 31 December 2013	771,557	205,282	218,596	31,721	3,388	133,354	1,363,898

The net carrying amount of property, plant and equipment of the Group held under finance leases as at 31 December 2014 was RM77,760,000 (31 December 2013: RM94,646,000 for the Group and the Bank). Total additions of the Group and of the Bank during the previous financial year ended 31 December 2013 included RM99,051,000 of property, plant and equipment under finance leases.

Bank As at 31.12.2014	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	
***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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19. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank As at 31.12.2013	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	
***Properties consist of:**							
Cost							
At 1 January 2013	101,958	408,882	285,833	257,237	11,043	79,991	1,144,944
Additions	-	475	44	693	-	-	1,212
Disposals	(342)	(360)	-	(758)	-	-	(1,460)
Transferred between categories	-	46	1,795	-	1,416	-	3,257
Exchange differences	457	2,282	1,690	10,442	-	823	15,694
At 31 December 2013	102,073	411,325	289,362	267,614	12,459	80,814	1,163,647
Accumulated depreciation							
At 1 January 2013	-	172,370	109,563	63,883	4,399	16,603	366,818
Depreciation charge for the financial year	-	8,337	6,913	5,502	215	807	21,774
Disposals	-	(212)	-	(758)	-	-	(970)
Exchange differences	-	201	1,357	2,646	-	264	4,468
At 31 December 2013	-	180,696	117,833	71,273	4,614	17,674	392,090
Net carrying amount							
At 31 December 2013	102,073	230,629	171,529	196,341	7,845	63,140	771,557

20. INTANGIBLE ASSETS

Group As at 31.12.2014	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
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 category	**-**	**-**	**-**	**-**	**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**

20. INTANGIBLE ASSETS (CONT'D.)

Group As at 31.12.2013	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
Cost							
At 1 January 2013	7,208,071	337,922	82,742	150,019	821,651	354,143	8,954,548
Acquisition of subsidiaries (Note 17(e))	20,162	-	-	-	-	38	20,200
Additions	-	-	-	-	67,119	327,195	394,314
Disposals	-	-	-	-	(4,355)	-	(4,355)
Disposal of subsidiaries (Note 17(f)&(g))	(300)	-	-	-	-	-	(300)
Write-offs (Note 41)	-	-	-	-	(59,439)	(9)	(59,448)
Transferred between category	-	-	-	-	179,093	(179,093)	-
Exchange differences	(682,289)	(50,102)	-	2,218	(9,383)	809	(738,747)
At 31 December 2013	6,545,644	287,820	82,742	152,237	994,686	503,083	8,566,212
Accumulated amortisation							
At 1 January 2013	-	256,247	24,704	44,989	477,754	-	803,694
Amortisation charge for the financial year (Note 41)	-	28,368	11,067	24,308	142,740	-	206,483
Disposals	-	-	-	-	(4,272)	-	(4,272)
Write-offs (Note 41)	-	-	-	-	(58,441)	-	(58,441)
Exchange differences	-	(41,075)	1,256	2,414	(5,885)	-	(43,290)
At 31 December 2013	-	243,540	37,027	71,711	551,896	-	904,174
Accumulated impairment losses							
At 1 January 2013	1,619,518	-	-	-	-	-	1,619,518
Impairment losses for the financial year (Note 41)	1,422	-	-	-	-	-	1,422
Exchange differences	42	-	-	-	-	-	42
At 31 December 2013	1,620,982	-	-	-	-	-	1,620,982
Net carrying amount							
At 31 December 2013	4,924,662	44,280	45,715	80,526	442,790	503,083	6,041,056

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20. INTANGIBLE ASSETS (CONT'D.)

Bank As at 31.12.2014	Goodwill RM'000	Computer Software RM'000	Software-In-Development RM'000	Total RM'000
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 category	**-**	**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**

Bank As at 31.12.2013	Goodwill RM'000	Computer Software RM'000	Software-In-Development RM'000	Total RM'000
Cost				
At 1 January 2013	81,015	631,050	353,553	1,065,618
Additions	-	18,856	324,785	343,641
Write-offs (Note 41)	-	(59,439)	-	(59,439)
Transferred between category	-	179,093	(179,093)	-
Transferred to a subsidiary	-	(100,662)	(327,770)	(428,432)
Exchange differences	-	3,367	766	4,133
At 31 December 2013	81,015	672,265	172,241	925,521
Accumulated amortisation				
At 1 January 2013	-	368,552	-	368,552
Amortisation charge for the financial year (Note 41)	-	100,210	-	100,210
Write-offs (Note 41)	-	(58,441)	-	(58,441)
Transferred to a subsidiary	-	(14,336)	-	(14,336)
Exchange differences	-	2,268	-	2,268
At 31 December 2013	-	398,253	-	398,253
Net carrying amount				
At 31 December 2013	81,015	274,012	172,241	527,268

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	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
American Express ("AMEX") card services business in Malaysia	(i)	**81,015**	81,015
Acquisition of PT Bank Internasional Indonesia Tbk ("BII")		**5,807,085**	5,807,085
Less: Accumulated impairment losses	(ii)	**(1,619,518)**	(1,619,518)
		4,187,567	4,187,567
Acquisition of Maybank Kim Eng Holdings Limited ("MKEH")	(iii)	**2,001,914**	2,002,214
Disposal of subsidiaries	17(f)&(g)	**-**	(300)
Less: Impairment losses		**(1,422)**	(1,422)
		2,000,492	2,000,492
Acquisition of PT Maybank GMT Asset Management ("Maybank GMT")	17(e)	**20,162**	20,162
Less: Exchange differences		**(1,145,108)**	(1,364,574)
		5,144,128	4,924,662

Bank	Note	As at 31.12.2014 RM'000	As at 31.12.2013 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 2014, 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:

(a) The Bank expects the AMEX card services business to be a going concern;

(b) The growth in business volume is expected to be consistent with the industry growth rate of 13.0% to 15.0% per annum; and

(c) 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 8.5% per annum (31 December 2013: 9.9% 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 8-year period. The compounded annual growth rate ("CAGR") of BII's FCFE projections is 12.9%.

The other key assumptions for the computation of value-in-use are as follows:

(a) The Bank expects the BII's banking business operations to be a going concern;

(b) The discount rate applied is based on current specific country risks which is estimated to be approximately 12.1% per annum (31 December 2013: 13.6% per annum); and

(c) Terminal value whereby cash flow growth rate of 6.2%, which is consistent with the Gross Domestic Product rate of Indonesia.

(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 compounded annual growth rate ("CAGR") of MKEG's FCFF projections is approximately 21.1%.

The other key assumptions for the computation of value-in-use are as follows:

(a) The Bank expects MKEG's business operations to be a going concern;

(b) The discount rate applied is the internal weighted average cost of capital of MKEG at the time of assessment, which is estimated to be 10.0% per annum (31 December 2013: 10.0% per annum); and

(c) Terminal value whereby cash flow growth rate is 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 decreased to a constant 18.9% or the discount rate increased by approximately 24.0%, the recoverable amount would be reduced to its carrying amount of the CGU.

(b) Core Deposit Intangibles ("CDI")

Core deposit intangibles arises from the acquisition of BII'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.

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21. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	**239,932,370**	220,782,166	**153,969,752**	142,237,799
- More than one year	**17,185,803**	14,760,420	**16,402,258**	14,075,299
	257,118,173	235,542,586	**170,372,010**	156,313,098
Money market deposits	**22,091,040**	14,177,439	**22,091,040**	14,177,439
Savings deposits	**59,282,330**	56,735,219	**40,685,239**	39,300,089
Demand deposits	**95,565,804**	86,001,254	**69,023,934**	61,212,708
Structured deposits*	**5,512,037**	3,154,312	**4,766,749**	2,667,046
	439,569,384	395,610,810	**306,938,972**	273,670,380

* 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	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within six months	**197,389,967**	176,430,070	**120,140,244**	111,663,342
Six months to one year	**42,542,403**	44,352,096	**33,829,508**	30,574,457
One year to three years	**16,692,031**	14,272,102	**16,340,185**	13,954,438
Three years to five years	**493,772**	488,318	**62,073**	120,861
	257,118,173	235,542,586	**170,372,010**	156,313,098

The deposits are sourced from the following types of customers:

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Business enterprises	**197,053,516**	183,775,722	**144,105,454**	128,843,008
Individuals	**180,008,070**	162,631,813	**136,944,899**	125,901,762
Government and statutory bodies	**25,405,709**	17,908,268	**9,782,117**	5,464,782
Others	**37,102,089**	31,295,007	**16,106,502**	13,460,828
	439,569,384	395,610,810	**306,938,972**	273,670,380

22. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Licensed banks	**53,954,068**	38,230,867	**44,877,881**	34,285,883
Licensed finance companies	**465,563**	405,180	**228,000**	239,360
Licensed investment banks	**290,215**	66,778	**290,215**	66,778
Other financial institutions	**2,677,552**	3,436,256	**2,104,088**	2,990,556
	57,387,398	42,139,081	**47,500,184**	37,582,577

22. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS (CONT'D.)

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

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
One year or less	**56,205,468**	39,547,359	**46,323,458**	35,105,495
More than one year	**1,181,930**	2,591,722	**1,176,726**	2,477,082
	57,387,398	42,139,081	**47,500,184**	37,582,577

23. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Insurance/takaful contract liabilities	(i)	**24,257,364**	21,386,433
Other insurance payables	(ii)	**541,469**	413,706
		24,798,833	21,800,139

(i) Insurance/takaful contract liabilities

Group	Note	Gross contract liabilities RM'000	Reinsurance/ retakaful assets (Note 13) RM'000	Net contract liabilities RM'000
As at 31.12.2014				
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**
As at 31.12.2013				
Life insurance/family takaful	(a)	17,454,058	(43,465)	17,410,593
General insurance/general takaful	(b)	3,932,375	(1,888,345)	2,044,030
		21,386,433	(1,931,810)	19,454,623

(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	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
As at 31.12.2014			
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**
As at 31.12.2013			
Claims liabilities	119,115	(2,139)	116,976
Actuarial liabilities	12,744,815	(41,326)	12,703,489
Unallocated surplus	2,662,333	-	2,662,333
AFS reserve	240,560	-	240,560
Qard	36,684	-	36,684
Net asset value ("NAV") attributable to unitholders	1,650,551	-	1,650,551
	17,454,058	(43,465)	17,410,593

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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

Group	Gross contract liabilities: 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	Total Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
As at 31.12.2014									
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**
As at 31.12.2013									
At 1 January 2013	186,897	13,258,884	2,276,830	272,431	36,684	1,414,563	17,446,289	(52,334)	17,393,955
Net earned insurance premiums	-	-	1,736,532	-	-	342,186	2,078,718	(32,647)	2,046,071
Other revenue	-	-	491,200	-	-	124,878	616,078	-	616,078
Experience/benefit variation	3,904	-	-	-	-	-	3,904	31,502	35,406
Benefits and claims	(71,686)	(603,268)	(1,160,334)	-	-	(220,267)	(2,055,555)	1,706	(2,053,849)
Other expenses	-	-	(458,338)	-	-	(1,161)	(459,499)	-	(459,499)
Adjustments due to changes in:									
- Discounting	-	(321,928)	164,236	-	-	-	(157,692)	831	(156,861)
- Assumptions	-	14,352	8,919	-	-	-	23,271	-	23,271
- Policy movements	-	396,437	(248,838)	-	-	-	147,599	7,477	155,076
Exchange differences	-	338	(353)	-	-	120	105	-	105
Changes in AFS reserve	-	-	-	(31,833)	-	-	(31,833)	-	(31,833)
Taxation	-	-	(19,646)	(38)	-	(9,768)	(29,452)	-	(29,452)
Transfer to shareholders' fund	-	-	(96,904)	-	-	-	(96,904)	-	(96,904)
Hibah paid to participants	-	-	(30,971)	-	-	-	(30,971)	-	(30,971)
At 31 December 2013	119,115	12,744,815	2,662,333	240,560	36,684	1,650,551	17,454,058	(43,465)	17,410,593

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
As at 31.12.2014				
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**
As at 31.12.2013				
Claims liabilities	(A)	2,625,106	(1,575,721)	1,049,385
Premiums/contribution liabilities	(B)	1,147,564	(312,624)	834,940
Unallocated surplus of general takaful fund		185,712	-	185,712
AFS reserve		(26,007)	-	(26,007)
		3,932,375	(1,888,345)	2,044,030

(A) Claims liabilities

Group	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
As at 31.12.2014			
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**
As at 31.12.2013			
At 1 January 2013	2,688,762	(1,626,678)	1,062,084
Claims incurred in the current accident year	1,282,736	(464,744)	817,992
Other movements in claims incurred in prior accident year	(265,453)	211,105	(54,348)
Claims paid during the financial year	(1,079,136)	286,862	(792,274)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	7,096	68	7,164
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	(8,899)	17,666	8,767
At 31 December 2013	2,625,106	(1,575,721)	1,049,385

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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 31.12.2014			
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**
As at 31.12.2013			
At 1 January 2013	1,137,476	(304,420)	833,056
Premiums/contributions written in the financial year	2,309,286	(916,526)	1,392,760
Premiums/contributions earned during the financial year	(2,299,198)	908,322	(1,390,876)
At 31 December 2013	1,147,564	(312,624)	834,940

(ii) Other insurance payables

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Due to agents and intermediaries	**82,658**	131,295
Due to reinsurers and cedants	**386,357**	233,566
Due to retakaful operators	**72,454**	48,845
	541,469	413,706

24. OTHER LIABILITIES

Group	Note	As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (Restated) RM'000
Due to brokers and clients	53	**2,231,478**	1,509,013	1,915,000
Deposits, other creditors and accruals		**8,383,355**	6,677,308	7,561,595
Defined benefit pension plans	(a)	**419,304**	356,842	451,737
Provisions for commitments and contingencies	(b)	**58,695**	76,421	100,549
Profit equalisation reserves (IBS operations)	61(s)	**5,157**	16,977	59,852
Finance lease liabilities	(c)	**49,576**	85,691	-
		11,147,565	8,722,252	10,088,733

Bank	Note	As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013 (Restated) RM'000
Deposits, other creditors and accruals		**8,734,808**	9,714,009	8,776,457
Provisions for commitments and contingencies	(b)	**54,749**	73,086	100,368
Finance lease liabilities	(c)	**-**	85,691	-
		8,789,557	9,872,786	8,876,825

24. OTHER LIABILITIES (CONT'D.)

(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 taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors.

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 plan obligation in the future years:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within the next 12 months	**5,669**	6,249
Between 2 and 5 years	**108,032**	70,150
Between 5 and 10 years	**301,995**	266,502
Beyond 10 years	**3,558,738**	2,897,645
Total expected payments	**3,974,434**	3,240,546

(ii) Movement in net defined benefit liabilities

The following table shows a reconciliation of net defined benefit liabilities and its components:

Group As at 31.12.2014	Defined benefit obligation 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**

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24. OTHER LIABILITIES (CONT'D.)

(a) Defined benefit pension plans (cont'd.)

(ii) Movement 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 31.12.2013	Defined benefit obligation RM'000	Fair value of plan assets RM'000	Net defined benefit liabilities RM'000
At 1 January 2013	474,299	(22,562)	451,737
Included in income statements:			
Current service cost	40,160	-	40,160
Past service cost	(1,278)	8	(1,270)
Interest cost/(income)	26,334	(1,351)	24,983
Actuarial gain on other long-term employee benefits plans	(5,236)	-	(5,236)
	59,980	(1,343)	58,637
Included in statements of comprehensive income:			
Remeasurement (gain)/loss:			
- Actuarial gain arising from:			
- Demographic assumptions	(1,422)	-	(1,422)
- Financial assumptions	(58,458)	-	(58,458)
- Experience adjustments	(1,354)	-	(1,354)
- Return on plan assets (excluding interest income)	-	403	403
	(61,234)	403	(60,831)
Others			
Contributions paid by employers	(870)	(5,063)	(5,933)
Benefits paid	(21,763)	6,193	(15,570)
Disposal of subsidiaries	(1,823)	-	(1,823)
Reclassification to professional fees	(1,388)	-	(1,388)
Exchange differences	(68,173)	186	(67,987)
	(94,017)	1,316	(92,701)
At 31 December 2013	379,028	(22,186)	356,842

(iii) Plan assets

The major categories of plan assets which included as part of the fair value of total plan assets are as follows:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Cash and cash equivalents	**8,431**	10,148
Quoted investments in active markets:		
Equity securities:		
- Consumer markets	**1,079**	1,067
- Oil and gas	**391**	403
- Financial Institutions	**5,171**	-
Bonds issued by foreign governments	**-**	11,025
Debt instruments	**115**	-
Unquoted investments:		
Debt instruments	**6,053**	540
Equity securities	**2,601**	1,475
Other receivables	**3,468**	1,675
Other payables	**(1,397)**	(4,147)
	25,912	22,186

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.

24. OTHER LIABILITIES (CONT'D.)

(a) Defined benefit pension plans (cont'd.)

(iv) Defined benefit obligation

(A) Actuarial assumptions

The principal assumptions used by subsidiaries in determining its pension obligations are as follows:

Group	As at 31.12.2014 %	As at 31.12.2013 %
Discount rate		
- Indonesia	**8.28**	8.83
- Philippines	**4.84**	4.82
- Thailand	**4.25**	4.00
Future salary growth		
- Indonesia	**8.33**	8.29
- Philippines	**6.75**	7.25
- Thailand	**5.00**	4.00

Group	As at 31.12.2014 Years	As at 31.12.2013 Years
Indonesia:		
Life expectancy for individual retiring at age of 55 - 55.5:		
- Male	**17.16**	18.21
- Female	**18.16**	19.54
Philippines:		
Life expectancy for individual retiring at age of 60:		
- Male	**10.00**	10.00
- Female	**10.00**	10.00
Thailand:		
Life expectancy for individual retiring at age of 60:		
- Male	**8.40**	8.33
- Female	**9.80**	8.86

The average duration of the defined benefit plans obligation at the end of each reporting year:

Group	As at 31.12.2014 Years	As at 31.12.2013 Years
Duration of defined benefit plans obligation		
- Indonesia	**11.28**	10.07
- Philippines	**18.95**	20.43
- Thailand	**19.27**	19.33

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24. OTHER LIABILITIES (CONT'D.)

(a) Defined benefit pension plans (cont'd.)

(iv) Defined benefit obligation (cont'd.)

(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 obligation by the amounts shown below:

Group	Defined benefit obligation	
	Increased by 1% RM'000	Decreased by 1% RM'000
As at 31.12.2014		
Discount rate (1% movement)	**(67,370)**	**83,790**
Future salary growth (1% movement)	**77,048**	**(63,594)**
Future mortality (1% movement)	**(137)**	**140**
As at 31.12.2013		
Discount rate (1% movement)	(53,421)	65,201
Future salary growth (1% movement)	65,939	(53,944)
Future mortality (1% movement)	(147)	150

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of each reporting year.

(b) The movements of provision for commitments and contingencies are as follows:

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	**76,421**	100,549	**73,086**	100,368
Provisions written back during the financial year	**(17,726)**	(24,128)	**(18,337)**	(27,282)
At 31 December	**58,695**	76,421	**54,749**	73,086

(c) Finance lease liabilities of the Group and of the Bank are payable as follows:

Group As at 31.12.2014	Future minimum lease payments RM'000	Future finance charges RM'000	Present value of finance lease liabilities RM'000
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**

Group and Bank As at 31.12.2013	Future minimum lease payments RM'000	Future finance charges RM'000	Present value of finance lease liabilities RM'000
Less than one year	41,870	(1,591)	40,279
Between one and five years	49,650	(4,238)	45,412
	91,520	(5,829)	85,691

The Group and the Bank lease certain computer equipment and software under finance lease. At the end of the lease term, the Group and the Bank have 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	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	**1,277,269**	1,592,974	**656,293**	687,793
Amount sold to Cagamas during the financial year	**852,299**	-	**852,299**	-
Repayment forwarded	**(1,070,708)**	(315,705)	**(449,732)**	(31,500)
At 31 December	**1,058,860**	1,277,269	**1,058,860**	656,293

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Represented by:				
Sold directly to Cagamas	**852,299**	620,976	**852,299**	-
Acquired from the originators and sold to Cagamas	**206,561**	656,293	**206,561**	656,293
	1,058,860	1,277,269	**1,058,860**	656,293

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.

Included in the Group's balance as at 31 December 2013 were the hire purchase financing sold directly to Cagamas Berhad with a recourse to Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank. These are fully repaid during the financial year ended 31 December 2014.

26. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Taxation	**285,758**	794,814	**275,373**	578,100
Zakat	**39,434**	41,713	**-**	-
	325,192	836,527	**275,373**	578,100

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27. DEFERRED TAX

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	**(1,022,646)**	(668,669)	**(1,053,598)**	(810,015)
Recognised in income statements, net (Note 45)	**792,136**	95,345	**608,202**	105,585
Recognised in income statements	**787,557**	95,345	**606,358**	105,585
Effect of reduction in tax rate	**4,579**	-	**1,844**	-
Recognised in statements of other comprehensive income, net	**82,578**	(442,992)	**97,046**	(348,992)
Insurance/takaful contract liabilities	**(18,782)**	-	**-**	-
Acquisition of subsidiaries (Note 17(e))	**-**	(27)	**-**	-
Disposal of subsidiaries	**(17,789)**	798	**-**	-
Exchange differences	**(14,787)**	(7,101)	**-**	(176)
At 31 December	**(199,290)**	(1,022,646)	**(348,350)**	(1,053,598)

Presented after appropriate offsetting as follows:

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Deferred tax assets	**(901,950)**	(1,661,931)	**(348,350)**	(1,053,598)
Deferred tax liabilities	**702,660**	639,285	**-**	-
	(199,290)	(1,022,646)	**(348,350)**	(1,053,598)

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.

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:

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 31.12.2014					
At 1 January 2014	**(659,108)**	**(250,747)**	**(559,441)**	**(192,635)**	**(1,661,931)**
Recognised in income statements	**626,536**	**(6,250)**	**95,635**	**(45,446)**	**670,475**
Recognised in 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)**	**(149,832)**	**(469,086)**	**(247,020)**	**(901,950)**
As at 31.12.2013					
At 1 January 2013	(647,054)	160,479	(582,501)	(274,465)	(1,343,541)
Acquisition of subsidiaries (Note 17(e))	-	-	-	(27)	(27)
Recognised in income statements	(7,651)	32,091	(14,022)	70,396	80,814
Recognised in other comprehensive income	-	(446,138)	18,672	-	(427,466)
Disposal of subsidiaries	-	-	-	798	798
Exchange differences	(4,403)	2,821	18,410	10,663	27,491
At 31 December 2013	(659,108)	(250,747)	(559,441)	(192,635)	(1,661,931)

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 liabilities of the Group:

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 31.12.2014						
At 1 January 2014	**115,218**	**43,794**	**(1,701)**	**336,845**	**145,129**	**639,285**
Recognised in income statements	**(9,941)**	**17,057**	**(1,142)**	**60,181**	**50,927**	**117,082**
Recognised in 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**	**18,011**	**(3,103)**	**399,760**	**178,847**	**702,660**
As at 31.12.2013						
At 1 January 2013	100,450	21,949	(1,642)	336,845	217,270	674,872
Recognised in income statements	14,768	45,690	(928)	-	(44,999)	14,531
Recognised in other comprehensive income	-	(15,462)	(64)	-	-	(15,526)
Exchange differences	-	(8,383)	933	-	(27,142)	(34,592)
At 31 December 2013	115,218	43,794	(1,701)	336,845	145,129	639,285

Deferred tax assets of the Bank:

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 31.12.2014					
At 1 January 2014	**(458,025)**	**(246,154)**	**(425,977)**	**(22,542)**	**(1,152,698)**
Recognised in income statements	**458,025**	**-**	**103,899**	**22,542**	**584,466**
Recognised in other comprehensive income	**-**	**97,046**	**-**	**-**	**97,046**
Effect of reduction in tax rate	**-**	**-**	**(2,023)**	**-**	**(2,023)**
At 31 December 2014	**-**	**(149,108)**	**(324,101)**	**-**	**(473,209)**
As at 31.12.2013					
At 1 January 2013	(458,025)	(28,257)	(430,118)	(120,178)	(1,036,578)
Recognised in income statements	-	-	4,141	97,812	101,953
Recognised in other comprehensive income	-	(217,897)	-	-	(217,897)
Exchange differences	-	-	-	(176)	(176)
At 31 December 2013	(458,025)	(246,154)	(425,977)	(22,542)	(1,152,698)

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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 liabilities of the Bank:

Bank	Unabsorbed capital allowance RM'000	AFS reserves RM'000	Other temporary differences RM'000	Total RM'000
As at 31.12.2014				
At 1 January 2014	**99,100**	**-**	**-**	**99,100**
Recognised in income statements	**(6,309)**	**-**	**28,201**	**21,892**
Effect of reduction in tax rate	**3,867**	**-**	**-**	**3,867**
At 31 December 2014	**96,658**	**-**	**28,201**	**124,859**
As at 31.12.2013				
At 1 January 2013	95,468	131,095	-	226,563
Recognised in income statements	3,632	-	-	3,632
Recognised in other comprehensive income	-	(131,095)	-	(131,095)
At 31 December 2013	99,100	-	-	99,100

Deferred tax assets have not been recognised in respect of the following items:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Unutilised tax losses	**89,443**	78,339
Unabsorbed capital allowances	**29,990**	992
Loan loss, allowances and interest suspended	**14,985**	57,228
Unutilised investment tax allowances	**-**	110,776
Others	**146**	86,784
	134,564	334,119

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.

28. BORROWINGS

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Secured:	(a)				
- Less than one year					
Denominated in:					
- SGD		**1,454**	-	**-**	-
- THB		**-**	259,138	**-**	-
- PHP		**10,111**	3,530	**-**	-
- IDR		**846,922**	292,697	**-**	-
- VND		**-**	1,631	**-**	-
		858,487	556,996	**-**	-
- More than one year					
Denominated in:					
- SGD		**388,489**	383,087	**-**	-
- PHP		**619**	914	**-**	-
- IDR		**1,052,950**	1,025,832	**-**	-
		1,442,058	1,409,833	**-**	-
Total secured borrowings		**2,300,545**	1,966,829	**-**	-
Unsecured:	(b)				
(i) Borrowings					
- Less than one year					
Denominated in:					
- USD		**946,123**	325,810	**703,075**	226,884
- CNY		**114,409**	215,632	**114,409**	215,632
- SGD		**302,164**	220,550	**-**	-
- THB		**775,320**	294,834	**-**	-
- HKD		**9,952**	-	**-**	-
- IDR		**249,823**	217,052	**-**	-
- VND		**4,696**	-	**-**	-
- PHP		**13,714**	21,626	**-**	-
		2,416,201	1,295,504	**817,484**	442,516
- More than one year					
Denominated in:					
- USD		**3,443,068**	3,337,900	**3,443,068**	3,337,900
- IDR		**626,614**	792,754	**-**	-
- THB		**149,211**	-	**-**	-
		4,218,893	4,130,654	**3,443,068**	3,337,900

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31 December 2014

28. BORROWINGS (CONT'D.)

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Unsecured (cont'd.):	(b)				
(ii) Medium Term Notes					
- Less than one year					
Denominated in:					
- USD		**4,609**	1,641,750	**4,609**	1,641,750
- SGD		**-**	390,845	**-**	-
- HKD		**16,116**	-	**16,116**	-
- JPY		**4,178**	-	**4,178**	-
- AUD		**984**	-	**984**	-
- CNH		**132**	-	**132**	-
		26,019	2,032,595	**26,019**	1,641,750
- More than one year					
Denominated in:					
- USD		**4,351,898**	1,970,100	**4,351,898**	1,970,100
- HKD		**2,128,399**	1,456,623	**2,128,399**	1,456,623
- JPY		**2,807,149**	469,500	**2,807,149**	469,500
- AUD		**160,357**	-	**160,357**	-
- CNH		**112,438**	-	**112,438**	-
		9,560,241	3,896,223	**9,560,241**	3,896,223
Total unsecured borrowings		**16,221,354**	11,354,976	**13,846,812**	9,318,389
Total borrowings		**18,521,899**	13,321,805	**13,846,812**	9,318,389

(a) Secured borrowings

The secured borrowings are secured against the following collaterals:

(i) Fiduciary transfer of a subsidiary's receivables from third parties in connection with the financing of the purchases of motor vehicles with an aggregate amount of not less than specific amount of the principal bonds issued;

(ii) Fiduciary transfer of account receivables amounting to specific balances;

(iii) Fiduciary transfer of consumer financing receivables with an aggregate amount if not less than 100% to 125% of total outstanding loan; and

(iv) Specific collaterals as follows:

(1) Certain trade receivables; and

(2) First mortgage over the land located at 50 North Canal Road and the building to be erected thereon, assignment of rights and benefits of all tenancy agreements to be entered into between one of the subsidiaries and the tenants, assignment of all insurance proceeds and construction contracts in relation to the building and a corporate guarantee from a subsidiary.

The interest rates of these borrowings ranging from 2.1% to 13.0% (31 December 2013: 2.1% to 13.0%) per annum and these borrowings have maturities ranging from 1 month to 48 months (31 December 2013: 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 and VND. The borrowings are unsecured and bear interest rates ranging from 0.7% to 9.75% (31 December 2013: 0.8% to 8.8%) 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 tenures 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 bear 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.

28. BORROWINGS (CONT'D.)

(b) Unsecured borrowings (cont'd.)

(ii) Multicurrency Medium Term Notes ("MTN") (cont'd.)

USD2.0 billion MTN Programme (cont'd.)

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 bear 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.

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 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.

29. SUBORDINATED OBLIGATIONS

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
SGD1,000 million capital subordinated notes due in 2021	(i)	**2,659,314**	2,611,684	**2,659,314**	2,611,684
RM1,000 million subordinated sukuk due in 2021	(ii)	**1,010,841**	1,010,782	**-**	-
IDR1.5 trillion BII subordinated bond due in 2018	(iii)	**338,029**	325,393	**-**	-
RM2,000 million subordinated notes due in 2021	(iv)	**2,030,238**	2,030,110	**2,030,238**	2,030,110
IDR500 billion BII subordinated bond due in 2018	(v)	**141,036**	135,374	**-**	-
RM750 million subordinated notes due in 2021	(vi)	**750,225**	750,141	**750,225**	750,141
RM250 million subordinated notes due in 2023	(vii)	**245,166**	245,120	**250,078**	250,048
RM2,100 million subordinated notes due in 2024	(viii)	**2,102,820**	2,102,765	**2,112,715**	2,112,715
USD800 million subordinated notes due in 2022	(ix)	**2,828,715**	2,649,720	**2,828,715**	2,649,720
IDR1.0 trillion BII subordinated bond due in 2019	(x)	**284,765**	273,303	**-**	-
RM500 million subordinated notes due in 2023	(xi)	**510,070**	510,184	**-**	-
RM1,600 million subordinated notes due in 2024	(xii)	**1,623,057**	-	**1,633,293**	-
RM1,500 million subordinated sukuk due in 2024	(xiii)	**751,355**	-	**-**	-
RM300.0 million subordinated sukuk due in 2024	(xiv)	**301,263**	-	**-**	-
IDR1.5 trillion subordinated bonds due in 2021	(xv)	**63,163**	-	**-**	-
		15,640,057	12,644,576	**12,264,578**	10,404,418

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29. SUBORDINATED OBLIGATIONS (CONT'D.)

(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 tenure 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 Internasional Indonesia Tbk ("BII"), a subsidiary of the Bank, issued IDR1.5 trillion Subordinated Notes, of which IDR0.6 trillion is held by the Bank. The Notes are not guaranteed with specific guarantee, but guaranteed with all assets of BII, whether present or future fixed or non-fixed assets. The Notes will mature on 19 May 2018.

The Notes bear interest at a fixed rate of 10.75% per annum, payable quarterly, the first coupon payment will be made on 19 August 2011. The Notes were approved by Bank Indonesia through its letter dated 23 June 2011 to be qualified as Tier 2 Capital of BII.

(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, BII, a subsidiary of the Bank, issued IDR500.0 billion Subordinated Notes, of which IDR15.0 billion is held by the Bank. The Notes bear fixed interest rate at 10.00% per annum, with seven (7) years tenure since Issuance Date. The interest of the Notes will be paid quarterly based on Interest Payment Date of Notes. The first interest payment will be made on 6 March 2012, while the last interest payment and due date of the Notes will be on 6 December 2018.

(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.

(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, BII, 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. The first interest payment will be made on 31 January 2013, while the last interest payment and due date of the Notes will be made on 6 December 2018.

(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 tenure of 10 years on a 10 non-callable 5 basis, which are due in 2023. The Subordinated Bonds bears 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 lll-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 lll-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 tenure 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 tenure 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 Surbordinated 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, BII, a subsidiary of the Bank, issued IDR1.5 trillion Subordinated Bonds under Shelf Subordinated Bonds ll Bank BII Tranche l Year 2014. The Subordinated Bonds bear fixed interest rate at 11.35% per annum, payable quarterly in arrears, and is due on 8 July 2021.

The interest/profit rates for all the subordinated instruments above ranging between 3.25% and 11.35% (31 December 2013: ranging between 3.25% and 10.75%) 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.

30. CAPITAL SECURITIES

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
RM3,500 million 6.85% Stapled Capital Securities ("NCPCS")		**63,035**	3,503,284	**63,035**	3,503,284
Less: Transaction costs		**(1,469)**	(2,686)	**(1,469)**	(2,686)
Add: Accumulated amortisation of transaction costs		**1,449**	1,263	**1,449**	1,263
	(a)	**63,015**	3,501,861	**63,015**	3,501,861
SGD600.0 million 6.00% Innovative Tier 1 Capital Securities ("SGD600.0 million IT1CS")		**1,624,186**	1,593,160	**1,624,186**	1,593,160
Less: Transaction costs		**(8,514)**	(8,514)	**(8,514)**	(8,514)
Add: Accumulated amortisation of transaction costs		**5,009**	4,091	**5,009**	4,091
	(b)	**1,620,681**	1,588,737	**1,620,681**	1,588,737
RM1,100.0 million 6.30% Innovative Tier 1 Capital Securities ("RM1.1 billion IT1CS")		**836,030**	830,893	**1,118,607**	1,118,607
Less: Transaction costs		**(1,063)**	(1,063)	**(1,063)**	(1,063)
Add: Accumulated amortisation of transaction costs		**590**	481	**590**	481
	(c)	**835,557**	830,311	**1,118,134**	1,118,025
RM3,500 million 5.30% Additional Tier 1 Capital Securities ("RM3.5 billion AT1CS")		**3,557,429**	-	**3,557,429**	-
Less: Transaction costs		**(185,598)**	-	**(185,598)**	-
Add: Accumulated amortisation of transaction costs		**11,399**	-	**11,399**	-
	(d)	**3,383,230**	-	**3,383,230**	-
		5,902,483	5,920,909	**6,185,060**	6,208,623

(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 Cekap 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 tenure 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

(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

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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.):

(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 billion 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.

(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 lll-compliant AT1CS in nominal value with a tenure 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.

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST

Group and Bank	Number of ordinary shares of RM1.00 each		Amount	
	As at 31.12.2014 '000	As at 31.12.2013 '000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Authorised:				
At 1 January	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Created during the financial year	**-**	-	**-**	-
At 31 December	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Issued and fully paid:				
At 1 January	**8,862,079**	8,440,046	**8,862,079**	8,440,046
Shares issued under the:				
- Dividend Reinvestment Plan ("DRP") issued on:				
- 28 October 2014	**165,329**	-	**165,329**	-
- 30 May 2014	**229,810**	-	**229,810**	-
- 25 October 2013	**-**	130,327	**-**	130,327
- 29 May 2013	**-**	201,463	**-**	201,463
- Maybank Group Employees' Share Scheme ("ESS"):				
- Employee Share Option Scheme ("ESOS")	**58,680**	90,117	**58,680**	90,117
- Restricted Share Unit ("RSU")	**2,832**	-	**2,832**	-
- Supplemental Restricted Share Unit ("SRSU")	**300**	122	**300**	122
- ESOS Trust Fund ("ETF")	**-**	4	**-**	4
At 31 December	**9,319,030**	8,862,079	**9,319,030**	8,862,079

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(a) Increase in issued and paid-up capital

During the financial year ended 31 December 2014, the Bank increased its issued and paid-up capital from RM8,862,079,081 to RM9,319,029,941 via:

(i) Issuance of 58,680,500 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);

(ii) Issuance of 2,831,509 new ordinary shares of RM1.00 each arising from the Restricted Share Unit ("RSU"), as disclosed in Note 31(c)(v);

(iii) Issuance of 299,533 new ordinary shares of RM1.00 each arising from the Supplemental Restricted Share Unit ("SRSU"), as disclosed in Note 31(e)(vi);

(iv) Issuance of 229,810,271 new ordinary shares (including 371,620 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 27 sen in respect of the financial year ended 31 December 2013, as disclosed in Note 49(c)(i); and

(v) Issuance of 165,329,047 new ordinary shares (including 272,905 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 in respect of the financial year ended 31 December 2014, 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:

(i) 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;

(ii) 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;

(iii) 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

(iv) Each shareholder has the following options in respect of the Electable Portion:

(1) elect to receive the Electable Portion in cash; or

(2) 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.

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 Internasional 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 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) year cliff vesting schedule or a two (2) year cliff vesting schedule in the case of supplemental RSU award, provided all the RSU vesting conditions are fully and duly satisfied.

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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.)

(v) Key features of the ESOS award are as follows:

- On 23 June 2011, the Bank 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, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfilment of predetermined vesting conditions including service period, performance targets and performance 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, 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 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, 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, 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 alloted 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.

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.):

The movements of shares held-in-trust for the financial years ended 31 December 2014 and 31 December 2013 are as follows:

Group and Bank	Number of ordinary shares of RM1.00 each	Amount RM'000
As at 31.12.2014		
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**
As at 31.12.2013		
At 1 January 2013	11,741,067	102,405
Exercise of ESOS options by eligible employees	(83,603,800)	(648,691)
	(71,862,733)	(546,286)
Replenishment of shares held-in-trust	83,603,800	648,691
	11,741,067	102,405
Additional shares issued under ETF mechanism due to election under DRP	536,827	4,808
Additional shares issued under ETF mechanism	4,000	35
At 31 December 2013	12,281,894	107,248

(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) year 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 Internasional Indonesia Tbk, PT Bank Maybank Syariah Indonesia, Maybank Philippines Incorporated and Maybank (PNG) Limited, 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.

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31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(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

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 19.1% as at 31 December 2014 (31 December 2013: 16.3%).

\# 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. The revisions 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 - 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 - 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 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Adjustment** '000	Vested '000	Exercised^ '000	Forfeited '000		
30.6.2011	36,457	7	-	(9,509)	(89)	26,866	26,866
30.4.2012	22,247	3	-	(5,247)	(55)	16,948	16,948
30.4.2013	54,095	24	-	(12,427)	(151)	41,541	41,541
30.4.2014	-	-	74,219	(22,157)	(146)	51,916	51,916
Total	112,799	34	74,219	(49,340)	(441)	137,271	137,271
WAEP (RM)	8.75	8.75	8.75	8.75	-	-	-

** Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2014.

^ 61,300 of the share options exercised during the financial year ended 31 December 2014 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2014.

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.):

The following tables illustrate the number and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year (cont'd.):

ESOS Second Grant (Vested)

Vesting date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Adjustment*** '000	Vested '000	Exercised^^ '000	Forfeited '000		
7.5.2012	3,380	-	-	(861)	(27)	2,492	2,492
30.4.2013	8,790	79	-	(2,097)	(73)	6,699	6,699
30.4.2014	-	-	11,923	(3,515)	(84)	8,324	8,324
	12,170	79	11,923	(6,473)	(184)	17,515	17,515
WAEP (RM)	8.82	8.82	8.82	8.82	-	-	-

*** Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2014.

^^ 3,500 of the share options exercised during the financial year ended 31 December 2014 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2014.

ESOS Third Grant (Vested)

Vesting date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Adjustment^ '000	Vested '000	Exercised '000	Forfeited '000		
21.5.2013	8,375	3	-	(1,271)	(490)	6,617	6,617
30.4.2014	-	-	10,520	(1,247)	(354)	8,919	8,919
	8,375	3	10,520	(2,518)	(844)	15,536	15,536
WAEP (RM)	9.58	-	9.56	9.56	-	9.56#	9.56#

^ Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2014.

Revised from RM9.58 to RM9.56 during the financial year ended 31 December 2014 as disclosed above.

ESOS Fourth Grant (Vested)

Vesting date	Outstanding as at 1.1.2014 '000	Movements during the financial year			Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Vested '000	Exercised '000	Forfeited '000		
21.5.2014	-	9,652	(5)	(507)	9,140	9,140
WAEP (RM)	-	9.91	9.88	-	9.87##	9.87##

Revised from RM9.91 to RM9.87 during the financial year ended 31 December 2014 as disclosed above.

Total share options granted to the directors of the Bank as at 31 December 2014 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, ESOS Third 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 49,661,800 (31 December 2013: 82,905,600) new ordinary shares as at 31 December 2014, at WAEP of RM8.75 (31 December 2013: RM8.75) each. There were 61,300 options exercised during this financial year ended 31 December 2014 and the corresponding ordinary shares will only be issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2014. The related weighted average share price of ESOS First Grant at the date of exercise was RM9.93 (31 December 2013: RM10.16) per share.

Options exercised under the ESOS Second Grant have resulted in the issuance of approximately 6,495,300 (31 December 2013: 6,635,200) new ordinary shares as at 31 December 2014, at WAEP of RM8.82 (31 December 2013: RM8.82) each. There were 3,500 options exercised during this financial year ended 31 December 2014 and the corresponding ordinary shares will only be issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2014. The related weighted average share price of ESOS Second Grant at the date of exercise was RM9.93 (31 December 2013: RM10.22) per share.

Options exercised under the ESOS Third Grant have resulted in the issuance of approximately 2,517,900 (31 December 2013: 576,000) new ordinary shares as at 31 December 2014, at WAEP of RM9.56 (31 December 2013: RM9.59) each. The related weighted average share price of ESOS Third Grant at the date of exercise was RM9.97 (31 December 2013: RM10.27) per share.

Options exercised under the ESOS Fourth Grant have resulted in the issuance of approximately 5,500 new ordinary shares as at 31 December 2014, at WAEP of RM9.88 each. The related weighted average share price of ESOS Fourth Grant at the date of exercise was RM10.00 per share.

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31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Details of share options under ESOS (cont'd.)

(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: not yet vested (RM)	0.769	0.776
Weighted average exercise price (RM)	8.82	8.75
Expected volatility (%)	14.59	14.24
Expected life (years)	4 - 5	4 - 5
Risk free rate (%)	3.24 - 3.64	3.13 - 3.21
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.

(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 to 5: not yet vested (RM)	0.514 - 0.523	0.517 - 0.526
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 - 3.27
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 to 5: not yet vested (RM)	0.603 - 0.619	0.619 - 0.634
Weighted average exercise price (RM)	9.61	9.56
Expected volatility (%)	13.96	13.51
Expected life (years)	2 - 4	2 - 4
Risk free rate (%)	2.96 - 3.18	3.42 - 3.57
Expected dividend yield (%)	5.35	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.

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 to 5: not yet vested (RM)	0.557 - 0.598	0.569 - 0.609
Weighted average exercise price (RM)	9.91	9.87
Expected volatility (%)	13.87	13.37
Expected life (years)	1 - 4	1 - 4
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.

(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	

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

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000	Vesting date
		Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000		
23.6.2011 - RSU First Grant	3,150	200*	-	(2,795)	(551)	4	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2012 - RSU Second Grant	3,925	-	-	-	(435)	3,490	
30.4.2013 - RSU Third Grant	4,480	20**	-	-	(350)	4,150	
30.4.2014 - RSU Fourth Grant	-	-	5,520	-	(140)	5,380	
	11,555	220	5,520	(2,795)	(1,476)	13,024	

* Adjustment pursuant to DRP for RSU First Grant which vested during the financial year ended 31 December 2014.
** Adjustment relates to appeal cases approved by the ESS Committee during the financial year ended 31 December 2014 for RSU Third Grant.

Total RSU granted to the directors of the Bank as at 31 December 2014 are disclosed under the directors' interests section in the Directors' Report.

The first tranche of RSU under 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 financial year ended 31 December 2014 (31 December 2013: Nil). The remaining grants have not been vested as at 31 December 2014.

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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 options 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 options 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 options 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 options granted were incorporated into the measurement of fair value.

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(e) Details of RSU (cont'd.)

(vi) Details of SRSU granted

During the financial year ended 31 December 2014, a total of 364,000 SRSU (31 December 2013: 15,000) had been granted to a selected group of eligible employees. A total of 299,533 SRSU (31 December 2013: 121,700) had been vested as at 31 December 2014. The remaining grants have not been vested as at 31 December 2014.

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 1.1.2014 '000	Movements during the financial year				Outstanding as at 31.12.2014 '000
			Adjustment '000	Granted '000	Vested '000	Forfeited '000	
1.3.2011	7.513*	84	2	-	(86)	-	-
15.12.2011	7.548	20	-	-	(20)	-	-
16.4.2012	7.972	15	-	-	(15)	-	-
7.5.2012	7.840	15	-	-	(15)	-	-
1.6.2012	7.825	39	-	-	(24)	(15)	-
2.7.2012	7.848	30	-	-	(30)	-	-
30.10.2012	8.145	20	-	-	(20)	-	-
14.9.2012	8.453	-	15	-	(15)	-	-
21.9.2012	8.222	-	15	-	(15)	-	-
1.11.2012	8.169	-	60	-	(60)	-	-
3.12.2012	8.111	-	5	-	-	-	5
1.3.2013	8.209	15	-	-	-	-	15
26.3.2014	8.724	-	-	270	-	-	270
30.4.2014	8.843	-	-	34	-	-	34
15.7.2014	8.924	-	-	60	-	-	60
		238	97	364	(300)	(15)	384

* Aggregate fair value of SRSU

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			
	2014	2013	2012	2011
Fair value of SRSU (RM)	**8.724 - 8.924***	8.209	7.825 - 8.453	7.104 - 7.548*
Closing share price at grant date (RM)	**9.66 - 9.99**	9.10	8.69 - 9.04	7.91 - 8.67
Expected volatility (%)	**12.80 - 14.00**	13.85	14.12 - 14.92	15.03 - 16.12
Vesting period (years)	**2 - 3**	2	2	2 - 3
Risk free rate (%)	**3.22 - 3.40**	2.98	2.88 - 3.10	2.94 - 3.35
Expected dividend yield (%)	**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 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 CESOS First Grant amounting to 671,600. On 30 April 2014, the Bank granted fourth tranche of CESOS under CESOS First Grant amounting to 591,300. The first tranche of CESOS under CESOS First Grant amounting to 559,400 options have been vested as at 25 June 2014, 30 June 2014 and 18 July 2014 (31 December 2013: Nil), whilst the remaining tranches have not been vested as at 31 December 2014.

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 Internasional 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 CESOS Second Grant amounting to 1,011,800.

On 30 April 2013, the Bank granted first tranche of CESOS under CESOS Third Grant amounting to 614,700 to selected employees in overseas branches and selected key retention employees of PT Bank Internasional Indonesia Tbk. The second tranche of CESOS Third Grant of 695,000 has been granted on 30 April 2014.

On 30 April 2014, the Bank granted first tranche of CESOS under CESOS Fourth Grant amounting to 556,500 to selected employees in overseas branches and selected key retention employees of PT Bank Internasional Indonesia Tbk.

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31 December 2014

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 under CESOS First Grant, CESOS Second Grant, CESOS Third Grant and CESOS Fourth Grant during the financial year:

CESOS First Grant

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year: Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	Outstanding as at 31.12.2014 '000
23.6.2011	576	37	-	(559)	(54)	-
30.4.2012	328	-	-	-	(36)	292
30.4.2013	621	-	-	-	(60)	561
30.4.2014	-	-	591	-	(40)	551
	1,525	37	591	(559)	(190)	1,404

CESOS Second Grant

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year: Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	Outstanding as at 31.12.2014 '000
23.2.2012	890	-	-	-	(190)	700
30.4.2012	97	-	-	-	(15)	82
30.4.2013	1,170	40	-	-	(40)	1,170
30.4.2014	-	-	1,012	-	(12)	1,000
	2,157	40	1,012	-	(257)	2,952

CESOS Third Grant

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year: Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	Outstanding as at 31.12.2014 '000
30.4.2013	616	(40)	-	-	(72)	504
30.4.2014	-	-	695	-	(62)	633
	616	(40)	695	-	(134)	1,137

CESOS Fourth Grant

Grant date	Outstanding as at 1.1.2014 '000	Movements during the financial year: Adjustment '000	Granted '000	Vested and awarded '000	Forfeited '000	Outstanding as at 31.12.2014 '000
30.4.2014	-	-	557	-	(43)	514

Other than the first tranche of CESOS First Grant, the remaining CESOS granted have not been vested as at 31 December 2014.

(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	

The first tranche of CRSU under CRSU First Grant amounting to 16,160 options (including DRP) had been vested during the financial year ended 31 December 2014 (31 December 2013: Nil). The remaining grants have not been vested as at 31 December 2014.

31. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(g) Details of CRSU (cont'd.)

(ii) Fair value of CRSU granted on 23 June 2011, 30 April 2012, 30 April 2013 and 30 April 2014

The fair value of CRSU granted on 23 June 2011, 30 April 2012, 30 April 2013 and 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 CRSU were granted. The fair value of CRSU measured, closing share price at grant date and the assumptions were as follows:

	Grant date			
	30.4.2014	**30.4.2013**	**30.4.2012**	**23.6.2011**
Fair value of CRSU (RM)	**7.850**	7.732	6.902	7.247
Closing share price at grant date (RM)	**9.9**	9.62	8.63	8.82
Expected volatility (%)	**13.87**	13.96	14.11	14.59
Vesting period (years)	**3**	3	3	3
Risk free rate (%)	**3.45**	3.03	3.19	3.31
Expected dividend yield (%)	**5.84**	5.35	5.49	4.49

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 31.12.2014	***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") (Note 31(a)(ii))	**-**	**(6,494)**	**(6,494)**
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note 31(a)(iii))	**-**	**(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**

Notes to the Financial Statements

31 December 2014

32. RETAINED PROFITS (CONT'D.)

(a) The Group's retained profits (cont'd.)

The breakdown of distributable and non-distributable retained profits of the Group are as follows (cont'd.):

Group As at 31.12.2013	*Non-Distributable* Non-DPF Unallocated Surplus RM'000	*Distributable* Retained Profits RM'000	Total Retained Profits RM'000
At 1 January 2013	698,114	10,406,723	11,104,837
Profit for the financial year	122,703	6,429,688	6,552,391
Total comprehensive income for the financial year	122,703	6,429,688	6,552,391
Effects of changes in corporate structure within the Group	-	(27,839)	(27,839)
Transfer to statutory reserve	-	(1,516,424)	(1,516,424)
Dividends (Note 49)	-	(4,365,481)	(4,365,481)
Total transactions with shareholders	-	(5,909,744)	(5,909,744)
At 31 December 2013	820,817	10,926,667	11,747,484

(b) The Bank's retained profits

The retained profits of the Bank as at 31 December 2014 and 31 December 2013 are distributable profits and may be distributed as dividends under the single-tier system.

33. RESERVES

	Note	Group		Bank	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Non-distributable:					
Statutory reserve	(a)	**10,396,000**	9,540,136	**9,860,875**	9,026,745
Regulatory reserve	(b)	**274,500**	-	**-**	-
Other reserves	(c)	**(96,421)**	(21,597)	**-**	-
AFS reserve	2.3(v)(b)(4)	**(321,842)**	(604,112)	**(362,553)**	(653,690)
Exchange fluctuation reserve	2.3(xix)(c)	**(1,917,500)**	(2,727,793)	**821,824**	585,214
ESS reserve	2.3(xxvi)(e)	**298,366**	278,231	**298,366**	278,231
		8,633,103	6,464,865	**10,618,512**	9,236,500

(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 circular as disclosed in Note 2.5(i).

33. RESERVES (CONT'D.)

(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 31.12.2014						
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)**
As at 31.12.2013						
At 1 January 2013	14,254	7,986	34,456	(124,322)	-	(67,626)
Other comprehensive income	-	3,740	-	42,289	-	46,029
Defined benefit plan actuarial gain	-	-	-	42,289	-	42,289
Net gain on revaluation reserve	-	3,740	-	-	-	3,740
Total comprehensive income for the financial year	-	3,740	-	42,289	-	46,029
At 31 December 2013	14,254	11,726	34,456	(82,033)	-	(21,597)

(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 revised 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.

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34. OPERATING REVENUE (CONT'D.)

	Note	Group		Bank	
		1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Interest income	35	**17,851,688**	16,306,471	**13,123,548**	11,744,776
Income derived from investment of depositors' funds	61(b)	**5,545,645**	4,489,860	**-**	-
Income derived from investment of Islamic Banking Funds	61(b)	**325,187**	318,017	**-**	-
Net earned insurance premiums	37	**3,946,068**	3,941,346	**-**	-
Interest income on derivatives*		**2,616,516**	2,393,878	**2,615,915**	2,376,508
Dividends from subsidiaries and associates	38	**-**	-	**1,750,612**	1,000,075
Other operating income	39	**5,540,439**	5,882,062	**3,098,079**	3,684,042
Excluding non-operating revenue which comprises the following items:					
- (Gain)/loss on disposal/liquidation of subsidiaries	39	**(26,120)**	9,338	**(14)**	(1,184)
- Gain on disposal/liquidation associates	39	**(222)**	-	**(8,284)**	(24,667)
- Rental income	39	**(42,182)**	(38,153)	**(27,599)**	(23,175)
- Gain on disposal of property, plant and equipment	39	**(20,945)**	(4,303)	**(4,729)**	(2,499)
- Other non-operating income	39	**(24,068)**	(47,739)	**(40,658)**	(30,842)
		5,426,902	5,801,205	**3,016,795**	3,601,675
		35,712,006	33,250,777	**20,506,870**	18,723,034

* Interest income on derivatives forms part of the "net interest on derivatives" as disclosed in Note 36.

35. INTEREST INCOME

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Loans, advances and financing	**13,676,415**	12,913,228	**9,856,837**	9,189,785
Money at call and deposits and placements with financial institutions	**572,337**	606,921	**645,274**	739,917
Financial assets purchased under resale agreements	**5,908**	10,958	**728**	1,809
Financial assets at FVTPL	**789,593**	675,163	**167,832**	71,890
Financial investments AFS	**2,468,170**	2,072,035	**2,080,018**	1,706,857
Financial investments HTM	**276,124**	104,637	**302,350**	101,759
	17,788,547	16,382,942	**13,053,039**	11,812,017
Accretion of discounts/(amortisation of premiums), net	**63,141**	(76,471)	**70,509**	(67,241)
	17,851,688	16,306,471	**13,123,548**	11,744,776

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM210,640,000 (1 January 2013 to 31 December 2013: RM149,347,000) for the Group and RM169,035,000 (1 January 2013 to 31 December 2013: RM117,375,000) for the Bank.

36. INTEREST EXPENSE

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Deposits and placements from financial institutions	**411,131**	280,692	**394,786**	301,250
Deposits from customers	**6,164,807**	5,158,190	**4,511,384**	3,872,671
Floating rate certificates of deposits	**34,704**	22,645	**34,704**	22,645
Loans sold to Cagamas	**9,823**	-	**9,823**	-
Borrowings	**461,035**	432,379	**167,330**	152,333
Subordinated notes	**579,182**	482,643	**473,111**	391,887
Subordinated bonds	**28,675**	35,955	**-**	27,762
Capital securities	**384,497**	384,562	**401,192**	402,101
Net interest on derivatives	**74,131**	(75,875)	**63,318**	(73,664)
	8,147,985	6,721,191	**6,055,648**	5,096,985

37. NET EARNED INSURANCE PREMIUMS

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Gross earned premiums	**4,947,944**	4,927,794
Premiums ceded to reinsurers	**(1,001,876)**	(986,448)
	3,946,068	3,941,346

38. DIVIDENDS FROM SUBSIDIARIES AND ASSOCIATES

Bank	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Subsidiaries	**1,747,040**	990,434
Associates	**3,572**	9,641
	1,750,612	1,000,075

39. OTHER OPERATING INCOME

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Fee income:				
Commission	**1,060,288**	941,806	**930,063**	820,187
Service charges and fees	**1,433,438**	1,365,211	**1,030,140**	986,170
Underwriting fees	**117,289**	125,120	**44,307**	60,344
Brokerage income	**672,653**	762,630	**52**	109
Fees on loans, advances and financing	**426,866**	349,140	**258,995**	150,718
	3,710,534	3,543,907	**2,263,557**	2,017,528
Investment income:				
Net gain on disposal of financial assets at FVTPL	**206,996**	281,508	**139,922**	137,636
Net gain on disposal of financial investments AFS	**659,809**	917,780	**180,089**	306,577
Net gain/(loss) on redemption of financial investments HTM	**304**	(1)	**304**	(1)
Gain/(loss) on disposal/liquidation of subsidiaries	**26,120**	(9,338)	**14**	1,184
Gain on disposal/liquidation of associates	**222**	-	**8,284**	24,667
	893,451	1,189,949	**328,613**	470,063
Gross dividends from:				
Financial investments AFS				
- Quoted in Malaysia	**85,829**	73,840	**4,726**	422
- Unquoted in Malaysia	**13,591**	12,390	**7,457**	8,097
- Quoted outside Malaysia	**2,259**	2,485	**-**	-
	101,679	88,715	**12,183**	8,519
Financial assets at FVTPL				
- Quoted in Malaysia	**15,380**	13,075	**-**	-
- Quoted outside Malaysia	**1,658**	-	**-**	-
	118,717	101,790	**12,183**	8,519

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39. OTHER OPERATING INCOME (CONT'D.)

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Unrealised gain/(loss) of:				
Financial assets at FVTPL				
- Designated upon initial recognition	**48,681**	(504,990)	**-**	-
- Held-for-trading	**(23,668)**	14,131	**15,937**	(17,755)
Derivatives	**(82,350)**	(452,145)	**(120,579)**	(453,740)
	(57,337)	(943,004)	**(104,642)**	(471,495)
Other income:				
Foreign exchange gain, net	**587,629**	1,732,308	**521,453**	1,587,217
Rental income	**42,182**	38,153	**27,599**	23,175
Gain on disposal of property, plant and equipment	**20,945**	4,303	**4,729**	2,499
Gain on disposal of foreclosed properties	**6,105**	25,470	**-**	-
Sale of development properties	**9,110**	3,287	**-**	-
Other operating income	**185,035**	138,160	**3,929**	15,694
Other non-operating income	**24,068**	47,739	**40,658**	30,842
	875,074	1,989,420	**598,368**	1,659,427
Total other operating income	**5,540,439**	5,882,062	**3,098,079**	3,684,042

40. NET INSURANCE BENEFITS AND CLAIMS INCURRED, NET FEE AND COMMISSION EXPENSES, CHANGE IN EXPENSE LIABILITIES AND TAXATION OF LIFE AND TAKAFUL FUND

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Gross benefits and claims paid	**4,195,336**	3,409,164
Claims ceded to reinsurers	**(1,260,353)**	(347,217)
Gross change to contract liabilities	**2,999,935**	183,857
Change in contract liabilities ceded to reinsurers	**(2,351,570)**	59,954
Net insurance benefits and claims incurred	**3,583,348**	3,305,758
Net fee and commission expenses	**236,344**	284,639
Change in expense liabilities	**44,000**	51,615
Taxation of life and takaful fund	**67,127**	38,498
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	**347,471**	374,752
	3,930,819	3,680,510

41. OVERHEAD EXPENSES

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Personnel expenses				
Salaries, allowances and bonuses	**3,808,438**	3,712,214	**2,330,908**	2,248,921
Social security cost	**30,635**	30,456	**13,647**	14,341
Pension costs - defined contribution plan	**417,828**	420,441	**310,525**	318,527
ESS expenses[1]	**79,303**	105,584	**54,590**	79,458
Other staff related expenses	**683,092**	675,189	**390,869**	352,007
	5,019,296	4,943,884	**3,100,539**	3,013,254
Establishment costs				
Depreciation of property, plant and equipment (Note 19)	**331,175**	268,692	**163,768**	142,546
Amortisation of core deposit intangibles (Note 20)	**19,185**	28,368	**-**	-
Amortisation of agency force (Note 20)	**10,653**	11,067	**-**	-
Amortisation of customer relationship (Note 20)	**22,033**	24,308	**-**	-
Amortisation of computer software (Note 20)	**179,632**	142,740	**101,366**	100,210
Rental of leasehold land and premises	**267,387**	253,988	**120,573**	113,406
Repairs and maintenance of property, plant and equipment	**138,652**	145,294	**71,330**	70,481
Information technology expenses	**545,881**	633,896	**786,048**	615,457
Fair value adjustments on investment properties (Note 15)	**272**	(2,553)	**-**	-
Others	**71,377**	40,838	**8,227**	5,881
	1,586,247	1,546,638	**1,251,312**	1,047,981
Marketing costs				
Advertisement and publicity	**352,414**	505,362	**214,255**	246,052
Others	**237,029**	205,271	**198,572**	170,854
	589,443	710,633	**412,827**	416,906
Administration and general expenses				
Fees and brokerage	**751,361**	664,026	**479,954**	469,001
Administrative expenses	**614,615**	637,987	**227,105**	256,313
General expenses	**455,422**	386,662	**124,606**	151,453
Cost of development property	**5,992**	2,145	**-**	-
Others	**88,936**	35,950	**70,899**	23,372
	1,916,326	1,726,770	**902,564**	900,139
Overhead expenses allocated to subsidiaries	**-**	-	**(833,270)**	(786,949)
Total overhead expenses	**9,111,312**	8,927,925	**4,833,972**	4,591,331
Cost to income ratio[2]	**48.9%**	47.8%	**40.6%**	40.5%

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41. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 42)	**50,106**	52,879	**9,066**	9,512
Rental of equipment	**101,973**	50,285	**25,720**	20,971
Direct operating expenses of investment properties	**3,166**	2,109	**-**	-
Auditors' remuneration:				
Statutory audit:	**14,282**	12,953	**7,192**	6,691
- Ernst & Young Malaysia	**6,589**	6,324	**4,255**	4,125
- Other member firms of Ernst & Young Global	**7,159**	6,158	**2,580**	2,277
- Other auditors[3]	**534**	471	**357**	289
Non-audit services:	**8,086**	5,324	**5,509**	3,235
- Reporting accountants, review engagements and regulatory-related services	**2,458**	2,637	**1,489**	1,451
- Other services	**5,628**	2,687	**4,020**	1,784
Employee benefit expenses (Note 24(a)(ii))	**74,764**	58,637	**-**	-
Property, plant and equipment written-off (Note 19)	**376**	810	**180**	644
Intangible assets written-off (Note 20)	**19,459**	1,007	**32**	998
Impairment of property, plant and equipment (Note 19)	**-**	222	**-**	-
Impairment of intangible assets (Note 20)	**-**	1,422	**-**	-

[1] ESS expenses which arising from equity-settled share-based payment transactions for the Group and the Bank are approximately RM78,678,000 and RM53,597,000 (1 January 2013 to 31 December 2013: RM104,213,000 and RM78,662,000) 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 Internasional Indonesia Tbk and Maybank Kim Eng Holdings Limited of RM19,185,000 and RM32,686,000 (1 January 2013 to 31 December 2013: RM28,368,000 and RM35,375,000) 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	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Directors of the Bank:				
Executive directors:				
Salary	**1,560**	1,364	**1,560**	1,364
Bonus	**1,950**	2,387	**1,950**	2,387
Pension cost - defined contribution plan	**571**	625	**571**	625
ESS expenses	**1,139**	309	**1,139**	309
Other remuneration	**207**	437	**207**	437
Estimated monetary value of benefits-in-kind	**23**	22	**23**	22
Retirement gratuity	**-**	587	**-**	587
	5,450	5,731	**5,450**	5,731
Non-executive directors:				
Fees	**6,118**	5,501	**2,697**	2,795
Other remuneration	**1,394**	1,443	**942**	1,008
Estimated monetary value of benefits-in-kind	**82**	86	**82**	86
	7,594	7,030	**3,721**	3,889
Sub-total for directors of the Bank	**13,044**	12,761	**9,171**	9,620

42. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Directors of the subsidiaries:				
Executive directors:				
Salary and other remuneration, including meeting allowance	**20,472**	14,253	**-**	-
Bonus	**7,269**	10,953	**-**	-
Pension cost - defined contribution plan	**806**	406	**-**	-
ESS expenses	**20**	56	**-**	-
Estimated monetary value of benefits-in-kind	**53**	101	**-**	-
	28,620	25,769	**-**	-
Non-executive directors:				
Fees	**5,487**	7,574	**-**	-
Other remuneration	**566**	4,663	**-**	-
ESS expenses	**2,547**	2,321	**-**	-
	8,600	14,558	**-**	-
Sub-total for directors of the subsidiaries	**37,220**	40,327	**-**	-
Total (including benefits-in- kind) (Note 46(a)(iii))	**50,264**	53,088	**9,171**	9,620
Total (excluding benefits-in- kind) (Note 41)	**50,106**	52,879	**9,066**	9,512

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42. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

The remuneration attributable to the Group President and Chief Executive Officer of the Bank including benefits-in-kind during the financial year amounted to RM5,450,000 (1 January 2013 to 31 December 2013: RM5,731,000).

The total remuneration (including benefits-in-kind) of the directors of the Bank are as follows:

1.1.2014 to 31.12.2014	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other emoluments* RM'000	ESS RM'000	Benefits - in-kind RM'000	Retirement gratuity RM'000	Bank total RM'000	Fees RM'000	Other emoluments* RM'000	Subsidiaries total RM'000	Group total RM'000
Executive director:													
Datuk Abdul Farid bin Alias	1,560	-	1,950	571	207	1,139	23	-	5,450	-	-	-	5,450
Non-executive directors:													
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	-	300	-	-	571	-	38	-	909	621	121	742	1,651
Dato' Mohd Salleh bin Hj Harun	-	375	-	-	36	-	34	-	445	521	21	542	987
Tan Sri Datuk Dr Hadenan bin A. Jalil	-	295	-	-	53	-	3	-	351	75	8	83	434
Dato' Seri Ismail bin Shahudin	-	265	-	-	37	-	-	-	302	113	9	122	424
Dato' Dr Tan Tat Wai	-	295	-	-	49	-	-	-	344	50	4	54	398
Dato' Johan bin Ariffin	-	250	-	-	47	-	3	-	300	343	34	377	677
Mr Cheah Teik Seng	-	250	-	-	45	-	3	-	298	490	59	549	847
Datuk Mohaiyani binti Shamsudin	-	220	-	-	36	-	-	-	256	305	41	346	602
Mr Erry Riyana Hardjapamekas	-	220	-	-	30	-	-	-	250	-	-	-	250
Encik Zainal Abidin bin Jamal[1]	-	75	-	-	11	-	1	-	87	315	32	347	434
Datuk R. Karunakaran[2]	-	125	-	-	23	-	-	-	148	588	123	711	859
Mr Cheng Kee Check[3]	-	27	-	-	4	-	-	-	31	-	-	-	31
	-	2,697	-	-	942	-	82	-	3,721	3,421	452	3,873	7,594
Total directors' remuneration	1,560	2,697	1,950	571	1,149	1,139	105	-	9,171	3,421	452	3,873	13,044

* Includes duty allowances, social allowances, leave passage, staff mess and retention sum.
1 retired on 7 April 2014
2 appointed on 16 July 2014
3 appointed on 19 November 2014

1.1.2013 to 31.12.2013	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other emoluments* RM'000	ESS RM'000	Benefits - in-kind RM'000	Retirement gratuity RM'000	Bank total RM'000	Fees RM'000	Other emoluments* RM'000	Subsidiaries total RM'000	Group total RM'000
Executive director:													
Datuk Abdul Farid bin Alias[1]	646	-	812	240	84	294[#]	3	-	2,079	-	-	-	2,079
Dato' Sri Abdul Wahid bin Omar[2]	718	-	1,575	385	353	15	19	587	3,652	-	-	-	3,652
	1,364	-	2,387	625	437	309	22	587	5,731	-	-	-	5,731
Non-executive directors:													
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	-	300	-	-	571	-	40	-	911	790	180	970	1,881
Dato' Mohd Salleh bin Hj Harun	-	375	-	-	42	-	34	-	451	429	25	454	905
Tan Sri Datuk Dr Hadenan bin A. Jalil	-	295	-	-	56	-	3	-	354	75	9	84	438
Dato' Seri Ismail bin Shahudin	-	240	-	-	41	-	-	-	281	113	9	122	403
Dato' Dr Tan Tat Wai	-	295	-	-	49	-	-	-	344	50	4	54	398
Encik Zainal Abidin bin Jamal	-	280	-	-	62	-	2	-	344	282	33	315	659
Dato' Johan bin Ariffin	-	250	-	-	54	-	4	-	308	320	45	365	673
Mr Cheah Teik Seng	-	250	-	-	44	-	3	-	297	263	47	310	607
Datuk Mohaiyani binti Shamsudin	-	220	-	-	42	-	-	-	262	360	49	409	671
Mr Erry Riyana Hardjapamekas	-	220	-	-	35	-	-	-	255	-	-	-	255
Mr Alister Maitland[3]	-	70	-	-	12	-	-	-	82	24	34	58	140
	-	2,795	-	-	1,008	-	86	-	3,889	2,706	435	3,141	7,030
Total directors' remuneration	1,364	2,795	2,387	625	1,445	309	108	587	9,620	2,706	435	3,141	12,761

* Includes duty allowances, social allowances, leave passage, staff mess and retention sum.
\# Expenses incurred for the period from 2 August 2013 to 31 December 2013 in relation to ESOS and RSU granted prior to the appointment as Group President and Chief Executive Officer on 2 August 2013.
1 appointed on 2 August 2013
2 resigned on 4 June 2013
3 retired on 28 March 2013

43. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT LOSSES ON LOANS, ADVANCES, FINANCING AND OTHER DEBTS, NET

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- Individual allowance (Note 11(ix))				
Allowance made	**774,901**	920,763	**350,055**	722,580
Amount written back	**(235,824)**	(324,954)	**(198,312)**	(270,734)
Net	**539,077**	595,809	**151,743**	451,846
- Collective allowance (Note 11(ix))				
Allowance made	**676,123**	845,532	**295,219**	550,371
Amount written back	**-**	(37,769)	**-**	-
Net	**676,123**	807,763	**295,219**	550,371
Bad debts and financing:				
- Written-off	**170,426**	146,579	**85,187**	90,529
- Recovered	**(936,372)**	(826,151)	**(759,652)**	(592,896)
	449,254	724,000	**(227,503)**	499,850
(Writeback of)/allowance for impairment losses on other debts	**(48,862)**	5,586	**3,388**	2,294
	400,392	729,586	**(224,115)**	502,144

44. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Financial investments AFS	**84,657**	147,242	**(23,476)**	112,179
Financial investments HTM	**(14,217)**	3,280	**(14,217)**	(686)
	70,440	150,522	**(37,693)**	111,493

45. TAXATION AND ZAKAT

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Malaysian income tax	**1,945,621**	2,176,881	**1,392,927**	1,384,018
Foreign income tax	**435,338**	295,744	**243,339**	216,841
Less: Double taxation relief	**(240,768)**	(213,466)	**(240,768)**	(213,466)
	2,140,191	2,259,159	**1,395,498**	1,387,393
Overprovision in respect of prior years:				
Malaysian income tax	**(752,632)**	(267,295)	**(562,288)**	(238,240)
Foreign income tax	**(4,407)**	(19,743)	**-**	(13,414)
	1,383,152	1,972,121	**833,210**	1,135,739
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	**8,213**	(10,369)	**50,965**	(129)
Reversal of deferred tax no longer required	**779,344**	105,714	**555,393**	105,714
Relating to reduction in tax rate	**4,579**	-	**1,844**	-
	792,136	95,345	**608,202**	105,585
Tax expense for the financial year	**2,175,288**	2,067,466	**1,441,412**	1,241,324
Zakat	**25,252**	30,795	**-**	-
	2,200,540	2,098,261	**1,441,412**	1,241,324

The Group's and the Bank's effective tax rate for the financial year ended 31 December 2014 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% (31 December 2013: 25%) of the estimated chargeable profit for the financial year. As announced in the Budget 2014, it is proposed that 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	
	1.1.2014 to 31.12.2014 RM'000	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**
Profit before taxation	**9,111,583**	8,869,594	**7,344,427**	6,126,940
Taxation at Malaysian statutory tax rate of 25% (31 December 2013: 25%)	**2,277,896**	2,217,399	**1,836,107**	1,531,735
Different tax rates in other countries	**22,476**	66,755	**13,632**	12,588
Income not subject to tax	**(230,005)**	(325,041)	**(453,197)**	(248,391)
Expenses not deductible for tax purposes	**154,162**	324,494	**49,921**	91,332
Overprovision in tax expense in prior years	**(757,039)**	(287,038)	**(562,288)**	(251,654)
Reversal of deferred tax no longer required	**779,344**	105,714	**555,393**	105,714
Share of profits in associates and joint ventures	**(76,125)**	(34,817)	**-**	-
Effect of reduction in income tax rate	**4,579**	-	**1,844**	-
Tax expense for the financial year	**2,175,288**	2,067,466	**1,441,412**	1,241,324

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	
	1.1.2014 to 31.12.2014 RM'000	**1.1.2013 to 31.12.2013 RM'000**
Income:		
Interest on deposits	**565,672**	491,243
Dividend income	**1,747,040**	990,434
Rental of premises	**3,361**	3,421
Other income	**140,402**	92,454
	2,456,475	1,577,552
Expenditure:		
Interest on deposits	**239,833**	358,426
Information technology expenses	**475,217**	89,090
Other expenses	**84,644**	6,119
	799,694	453,635
Others:		
ESS expenses charged to subsidiaries	**24,217**	25,547
Overhead expenses allocated to subsidiaries	**833,270**	786,949
	857,487	812,496

Transactions between the Bank and its subsidiaries are eliminated on consolidation at Group level.

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	
	1.1.2014 to 31.12.2014 RM'000	**1.1.2013 to 31.12.2013 RM'000**
Income:		
Dividend income	**3,572**	9,641

There were no significant transactions with joint ventures for the financial year ended 31 December 2014.

(iii) Key management personnel

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**
Short-term employee benefits				
- Fees	**11,605**	13,075	**2,697**	2,795
- Salaries, allowances and bonuses	**49,768**	46,600	**4,659**	5,196
- Pension cost - defined contribution plan	**3,058**	2,301	**571**	625
- Other staff benefits	**1,348**	6,646	**105**	108
Share-based payment				
- ESS expenses	**6,251**	4,044	**1,139**	309
Post employment benefits				
- Retirement gratuity	**293**	587	**-**	587
	72,323	73,253	**9,171**	9,620

Included in the total key management personnel compensation are:

	Group		Bank	
	1.1.2014 to 31.12.2014 RM'000	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**
Directors' remuneration including benefits-in-kind (Note 42)	**50,264**	53,088	**9,171**	9,620

The movements in the number of ESOS granted and vested to key management personnel are as follows:

	Group		Bank	
	As at 31.12.2014 '000	**As at 31.12.2013 '000**	**As at 31.12.2014 '000**	**As at 31.12.2013 '000**
Granted during the financial year:				
- ESOS Fourth Grant	**2,493**	-	**-**	-
- ESOS Third Grant	**156**	1,473	**-**	-
- ESOS Second Grant	**-**	282	**-**	-
- ESOS First Grant	**1,184**	-	**-**	-

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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 ESOS granted and vested to key management personnel are as follows (cont'd.):

	Group		Bank	
	As at 31.12.2014 '000	**As at 31.12.2013 '000**	**As at 31.12.2014 '000**	**As at 31.12.2013 '000**
At 1 January	**2,756**	2,609	**575**	750
Adjustment*	**645**	484	**-**	325
Vested and exercisable	**2,416**	2,716	**326**	875
Exercised	**-**	(3,053)	**-**	(1,375)
At 31 December	**5,817**	2,756	**901**	575

* Adjustment relates to changes in key management personnel during the financial year.

The ESOS which granted to key management personnel during the financial year ended 31 December 2014 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).

The movements in the number of RSU granted to key management personnel are as follows:

	Group		Bank	
	As at 31.12.2014 '000	**As at 31.12.2013 '000**	**As at 31.12.2014 '000**	**As at 31.12.2013 '000**
Granted during the financial year:				
- RSU Fourth Grant	**820**	-	**200**	-
- RSU Third Grant	**-**	515	**-**	75

None of the above RSU granted has been vested as at 31 December 2014.

(b) Significant related party balances

(i) Subsidiaries

	Bank	
	As at 31.12.2014 RM'000	**As at 31.12.2013 RM'000**
Amounts due from:		
Current accounts and deposits	**13,715,080**	21,250,248
Negotiable instruments of deposits	**12,328,008**	4,493,471
Interest and other receivable on deposits	**1,538,643**	1,277,951
Private debt securities	**734,117**	249,029
Derivative assets	**26,918**	34,882
	28,342,766	27,305,581
Amounts due to:		
Current accounts and deposits	**2,173,306**	6,288,020
Negotiable instruments of deposits	**18,982**	18,353
Private debt securities	**302,963**	298,050
Interest payable on deposits	**11,189**	14,740
Deposits and other creditors	**8,293,886**	12,743,619
Derivative liabilities	**1,324**	8,806
	10,801,650	19,371,588
Commitments and contingencies	**109,000**	32,000

Balances between the Bank and its subsidiaries are eliminated on consolidation at Group level.

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.)

(ii) Associates

	Bank	
	As at 31.12.2014 RM'000	**As at 31.12.2013 RM'000**
Amount due from:		
Current accounts and deposits	**5,965**	4,916

(iii) Key management personnel

	Group		Bank	
	As at 31.12.2014 RM'000	**As at 31.12.2013 RM'000**	**As at 31.12.2014 RM'000**	**As at 31.12.2013 RM'000**
Loans, advances and financing	**23,741**	12,752	**5,220**	3,751
Deposits from customers	**55,958**	53,450	**36,207**	44,320

There were no significant balances with joint ventures as at 31 December 2014.

(c) Government-related entities

Permodalan Nasional Berhad ("PNB"), a government-linked entity and is a shareholder with significant influence on the Bank, with direct shareholding of 5.37% (31 December 2013: 5.70%) and indirect shareholding of 38.46% (31 December 2013: 38.22%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at 31 December 2014. 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	
	1.1.2014 to 31.12.2014 RM'000	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**
Transactions during the financial year:				
Interest and finance income	**240,358**	200,421	**154,589**	154,775

	Group		Bank	
	As at 31.12.2014 RM'000	**As at 31.12.2013 RM'000**	**As at 31.12.2014 RM'000**	**As at 31.12.2013 RM'000**
Balances as at reporting dates:				
Loans, advances and financing	**7,457,680**	6,457,680	**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 2014, management estimates that the aggregate amount of the Group's and of the Bank's significant transactions with other government-related entities is 0.2% of their total interest and finance income (31 December 2013: 0.3% and 0.4% respectively for the Group and the Bank).

For the financial year ended 31 December 2014, 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 0.2% respectively of its total loans, advances and financing (31 December 2013: 0.2% and 0.3% respectively for the Group and the Bank).

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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:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder of the Bank and his close relatives;

(iii) Influential shareholder of the Bank and his close relatives;

(iv) 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;

(v) 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;

(vi) 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;

(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	
	As at 31.12.2014	**As at 31.12.2013**	**As at 31.12.2014**	**As at 31.12.2013**
Outstanding credit exposures with connected parties (RM'000)	**20,144,156**	14,252,988	**26,381,577**	14,503,489
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	**3.1%**	2.4%	**5.5%**	3.3%
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	
	1.1.2014 to 31.12.2014	**1.1.2013 to 31.12.2013**	**1.1.2014 to 31.12.2014**	**1.1.2013 to 31.12.2013**
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	**6,716,455**	6,552,391	**5,903,015**	4,885,616
Weighted average number of ordinary shares in issue ('000)	**9,057,541**	8,645,760	**9,057,541**	8,645,760
Basic earnings per share (sen)	**74.2**	75.8	**65.2**	56.5

(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 average price 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.

48. EARNINGS PER SHARE ("EPS") (CONT'D.)

(b) Diluted EPS (cont'd.)

	Group		Bank	
	1.1.2014 to 31.12.2014	**1.1.2013 to 31.12.2013**	**1.1.2014 to 31.12.2014**	**1.1.2013 to 31.12.2013**
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	**6,716,455**	6,552,391	**5,903,015**	4,885,616
Weighted average number of ordinary shares in issue ('000)	**9,057,541**	8,645,760	**9,057,541**	8,645,760
Effects of dilution ('000)	**1,287**	7,426	**1,287**	7,426
Adjusted weighted average number of ordinary shares in issue ('000)	**9,058,828**	8,653,186	**9,058,828**	8,653,186
Diluted earnings per share (sen)	**74.1**	75.7	**65.2**	56.5

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 2014 and 31 December 2013.

49. DIVIDENDS

			Net dividends per share	
Group and Bank	**1.1.2014 to 31.12.2014 RM'000**	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2014 to 31.12.2014 sen**	**1.1.2013 to 31.12.2013 sen**
Final dividend of 31 sen single-tier dividend in respect of the financial year ended 31 December 2013 (Note 49(c)(i))	**2,749,761**	-	**31.00**	-
First single-tier interim dividend of 24 sen in respect of the financial year ended 31 December 2014 (Note 49(c)(ii))	**2,196,170**	-	**24.00**	-
Final dividend of 18 sen less 25% taxation and 15 sen single-tier dividend in respect of the financial year ended 31 December 2012	**-**	2,408,196	**-**	28.50
First single-tier interim dividend of 22.50 sen in respect of the financial year ended 31 December 2013	**-**	1,963,347	**-**	22.50
	4,945,931	4,371,543	**55.00**	51.00
Less: Dividend on shares held-in-trust pursuant to ETF mechanism	**(6,865)**	(6,062)		
	4,939,066	4,365,481		

(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 2014 of 33 sen single-tier dividend per ordinary share of RM1.00 each, amounting to a net dividend payable of RM3,075,279,881 (based on 9,319,029,941 ordinary shares of RM1.00 each in issue as at 31 December 2014) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 10 sen per ordinary share to be paid in cash amounting to RM931,902,994 and an electable portion of 23 sen per ordinary share amounting to RM2,143,376,887.

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 2014 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 2015.

(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

(i) The final dividend consists of cash portion of 4 sen single-tier dividend per ordinary share paid in cash amounting to RM354,807,857 and an electable portion of 27 sen per ordinary share amounting to RM2,394,953,034 which could be elected to be reinvested in new Maybank Shares in accordance with the DRP, in respect of the financial year ended 31 December 2013.

(ii) The interim single-tier dividend consists of cash portion of 4 sen per ordinary share paid in cash amounting to RM366,028,316 and an electable portion of 20 sen per ordinary share amounting to RM1,830,141,579 which could be elected to be reinvested in new Maybank Shares in accordance with the DRP, in respect of the current financial year ended 31 December 2014.

(d) Dividends paid by Maybank's subsidiaries to non-controlling interests

Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM198,202,000 during the financial year ended 31 December 2014 (31 December 2013: RM60,451,000).

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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 As at 31.12.2014	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 arrived at using the credit conversion factors and risk-weights respectively as specified by BNM for regulatory capital adequacy purposes.

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 As at 31.12.2013	Full commitment RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
Contingent liabilities			
Direct credit substitutes	12,294,758	11,889,416	7,616,259
Certain transaction-related contingent items	14,849,519	7,341,034	4,687,252
Short-term self-liquidating trade-related contingencies	4,133,782	939,225	653,222
Obligations under underwriting agreements	30,000	15,000	3,000
	31,308,059	20,184,675	12,959,733
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	102,118,957	15,282,805	10,240,767
- Maturity exceeding one year	26,685,600	22,230,898	9,877,562
	128,804,557	37,513,703	20,118,329
Miscellaneous commitments and contingencies	10,429,751	438,052	211,879
Total credit-related commitments and contingencies	170,542,367	58,136,430	33,289,941
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	131,531,710	3,256,512	867,241
- One year to less than five years	16,198,153	3,033,341	1,072,652
- Five years and above	1,959,984	15,189	11,113
	149,689,847	6,305,042	1,951,006
Interest rate related contracts:			
- Less than one year	22,432,115	735,818	277,530
- One year to less than five years	70,825,618	2,162,852	748,432
- Five years and above	18,581,046	2,191,070	871,753
	111,838,779	5,089,740	1,897,715
Equity and commodity related contracts:			
- Less than one year	801,936	-	-
- One year to less than five years	922,441	14,011	7,219
- Five years and above	33,663	-	-
	1,758,040	14,011	7,219
Total treasury-related commitments and contingencies	263,286,666	11,408,793	3,855,940
Total commitments and contingencies	433,829,033	69,545,223	37,145,881

* The credit equivalent amount and the risk-weighted amount are arrived 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 As at 31.12.2014	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 arrived at using the credit conversion factors and risk-weights respectively as specified by BNM for regulatory capital adequacy purposes.

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 As at 31.12.2013	Full commitment RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
Contingent liabilities			
Direct credit substitutes	10,344,133	9,957,772	5,799,117
Certain transaction-related contingent items	12,775,293	6,322,016	3,754,051
Short-term self-liquidating trade-related contingencies	3,739,333	777,478	494,551
	26,858,759	17,057,266	10,047,719
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	84,328,505	12,991,311	8,569,659
- Maturity exceeding one year	19,612,994	18,532,016	8,112,467
	103,941,499	31,523,327	16,682,126
Miscellaneous commitments and contingencies	10,261,298	246,154	89,410
Total credit-related commitments and contingencies	141,061,556	48,826,747	26,819,255
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	128,323,975	3,154,265	792,147
- One year to less than five years	15,139,124	2,874,342	968,379
- Five years and above	3,201,700	15,189	11,113
	146,664,799	6,043,796	1,771,639
Interest rate related contracts:			
- Less than one year	23,397,950	620,364	261,083
- One year to less than five years	69,313,334	2,034,705	660,798
- Five years and above	18,506,046	2,191,070	871,753
	111,217,330	4,846,139	1,793,634
Equity and commodity related contracts:			
- Less than one year	705,972	-	-
- One year to less than five years	136,575	14,011	7,219
	842,547	14,011	7,219
Total treasury-related commitments and contingencies	258,724,676	10,903,946	3,572,492
Total commitments and contingencies	399,786,232	59,730,693	30,391,747

* The credit equivalent amount and the risk-weighted amount are arrived 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.).

(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 2014, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,544.0 million (31 December 2013: RM3,383.7 million and 1 January 2013: RM2,421.1 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.

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

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

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

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

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

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

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

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

The Federal Court had on 10 February 2014 delivered its decision ("Decision") wherein it had, among others, allowed MTB a full indemnity against the Issuer and the Associated Defendants and reduced the judgment sum against MTB to RM107 million with no liability apportioned to the other defendant. The Federal Court also allowed MTB's appeal against the Penalty Charges. In addition, one of the plaintiffs was allowed to set aside the 1/3 Indemnity.

The Issuer's Chief Executive Officer and associate companies of the said Chief Executive Officer have filed an application for the Federal Court to review its Decision against them ("Review Application"). The Review Application was withdrawn on 29 September 2014 as the said Review Application cannot be heard by the Federal Court until the court order in respect of the Decision is sealed. The Federal Court allowed the withdrawal of the Review Application.

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

50. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) Contingent liabilities (cont'd.)

(ii) 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 leaders 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 Oct 2008 until full settlement. The Court of Appeal also directed payment of Maybank IB's agency fees of RM50,000 as at 1 June 2008 and subsequent annual fees of RM50,000 to be paid every 1st June with interest of 8% per annum thereon from 2 June 2008 until full settlement.

On 25 October 2013, the corporate borrower 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 is now fixed for hearing on 30 March 2015. Maybank IB's solicitors are of the view that the Review Application is without merit.

Separately, upon the petition and appeal of third parties, by way of an order of the Court of Appeal on 22 January 2015, the corporate borrower has been wound up and the Official Receiver has been appointed as liquidator of the corporate borrower. To-date, there is no indication whether the corporate borrower has obtained sanction to proceed with the Review Application.

The actions for recovery of the loan sums will still continue, as there is no stay of the Court of Appeal Order dated 27 September 2013.

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 Executive-level Management Committees, which include the Group Executive Risk Committee, Group Operational Risk Management Committee, Group Asset and Liability Management Committee ("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:

(a) 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.

(b) Capital management driven by the Group's strategic objectives and accounts for the relevant regulatory, economic and commercial environments in which the Group operates.

(c) 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.

(d) Promote a strong risk culture which supports and provides appropriate standards and incentives for professional and responsible behaviour.

(e) Implementation of integrated risk frameworks and policies to ensure that risk management practices and processes are effective at all levels.

(f) 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.

(g) 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 As at 31.12.2014	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 As at 31.12.2014	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

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category (cont'd.)

Group As at 31.12.2013	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	-	-	-	-	48,067,358	48,067,358	-	48,067,358
Deposits and placements with financial institutions	-	-	-	-	7,156,749	7,156,749	-	7,156,749
Financial assets purchased under resale agreements	-	-	-	-	20,558	20,558	-	20,558
Financial investments portfolio*	7,988,953	11,177,612	82,836,922	5,668,174	-	107,671,661	-	107,671,661
Loans, advances and financing	-	-	-	-	355,617,527	355,617,527	-	355,617,527
Derivative assets	3,383,700	-	-	-	-	3,383,700	-	3,383,700
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	418,185	418,185	1,931,810	2,349,995
Other assets	-	-	-	-	7,962,388	7,962,388	980,080	8,942,468
Investment properties	-	-	-	-	-	-	583,257	583,257
Statutory deposits with central banks	-	-	-	-	13,742,874	13,742,874	-	13,742,874
Interest in associates and joint ventures	-	-	-	-	-	-	2,465,341	2,465,341
Property, plant and equipment	-	-	-	-	-	-	2,614,309	2,614,309
Intangible assets	-	-	-	-	-	-	6,041,056	6,041,056
Deferred tax assets	-	-	-	-	-	-	1,661,931	1,661,931
Total assets	11,372,653	11,177,612	82,836,922	5,668,174	432,985,639	544,041,000	16,277,784	560,318,784

* 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 As at 31.12.2013	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	-	395,610,810	395,610,810	-	395,610,810
Deposits and placements from financial institutions	-	42,139,081	42,139,081	-	42,139,081
Obligations on financial assets sold under repurchase agreements	-	4,300,055	4,300,055	-	4,300,055
Bills and acceptances payable	-	1,987,089	1,987,089	-	1,987,089
Derivative liabilities	3,376,388	-	3,376,388	-	3,376,388
Insurance/takaful contract liabilities and other insurance payables	-	413,706	413,706	21,386,433	21,800,139
Other liabilities	-	5,590,947	5,590,947	3,131,305	8,722,252
Recourse obligation on loans and financing sold to Cagamas	-	1,277,269	1,277,269	-	1,277,269
Provision for taxation and zakat	-	-	-	836,527	836,527
Deferred tax liabilities	-	-	-	639,285	639,285
Borrowings	-	13,321,805	13,321,805	-	13,321,805
Subordinated obligations	-	12,644,576	12,644,576	-	12,644,576
Capital securities	-	5,920,909	5,920,909	-	5,920,909
Total liabilities	3,376,388	483,206,247	486,582,635	25,993,550	512,576,185

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category (cont'd.)

Bank As at 31.12.2014	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 As at 31.12.2014	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

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category (cont'd.)

Bank As at 31.12.2013	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	-	-	-	-	29,320,984	29,320,984	-	29,320,984
Deposits and placements with financial institutions	-	-	-	-	15,723,864	15,723,864	-	15,723,864
Financial assets purchased under resale agreements	-	-	-	-	20,558	20,558	-	20,558
Financial investments portfolio*	5,546,091	-	64,532,797	5,354,097	-	75,432,985	-	75,432,985
Loans, advances and financing	-	-	-	-	237,971,279	237,971,279	-	237,971,279
Derivative assets	3,199,141	-	-	-	-	3,199,141	-	3,199,141
Other assets	-	-	-	-	5,249,491	5,249,491	457,383	5,706,874
Statutory deposits with central banks	-	-	-	-	7,327,996	7,327,996	-	7,327,996
Investment in subsidiaries	-	-	-	-	-	-	19,505,514	19,505,514
Interest in associates and joint ventures	-	-	-	-	-	-	451,518	451,518
Property, plant and equipment	-	-	-	-	-	-	1,363,898	1,363,898
Intangible assets	-	-	-	-	-	-	527,268	527,268
Deferred tax assets	-	-	-	-	-	-	1,053,598	1,053,598
Total assets	8,745,232	-	64,532,797	5,354,097	295,614,172	374,246,298	23,359,179	397,605,477

* 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 As at 31.12.2013	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	-	273,670,380	273,670,380	-	273,670,380
Deposits and placements from financial institutions	-	37,582,577	37,582,577	-	37,582,577
Obligations on financial assets sold under repurchase agreements	-	4,300,055	4,300,055	-	4,300,055
Bills and acceptances payable	-	1,442,612	1,442,612	-	1,442,612
Derivative liabilities	3,071,472	-	3,071,472	-	3,071,472
Other liabilities	-	8,222,455	8,222,455	1,650,331	9,872,786
Recourse obligation on loans and financing sold to Cagamas	-	656,293	656,293	-	656,293
Provision for taxation and zakat	-	-	-	578,100	578,100
Borrowings	-	9,318,389	9,318,389	-	9,318,389
Subordinated obligations	-	10,404,418	10,404,418	-	10,404,418
Capital securities	-	6,208,623	6,208,623	-	6,208,623
Total liabilities	3,071,472	351,805,802	354,877,274	2,228,431	357,105,705

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31 December 2014

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. It stems primarily from lending, underwriting, trading and investment activities from both on- and off-balance sheet transactions.

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 that the Group's counterparty will default prior to expiration of a transaction involving foreign exchange, interest rate, commodity, equity and derivatives; and will not therefore make the current and future payments required by the contract for treasury related activities both in the trading and banking books. Counterparty credit risk exposures are managed via counterparty limits either on a single name basis or counterparty group basis that also adheres to BNM's Single Counterparty Exposure Limits. These exposures are actively monitored to protect the Group's statement of financial position in the event of counterparty default. The Group actively monitors and manages its exposures to counterparties in OTC derivative. 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 emplaced, 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 across the Group to ensure appropriate credit policies 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 portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio. The estimations derived from the models are used as input for RWA calculations.

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.

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.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

2. Maximum exposure to credit risk (cont'd.)

Group	Maximum exposure	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	**52,852,860**	48,067,358
Deposits and placements with financial institutions	**16,106,137**	7,156,749
Financial assets purchased under resale agreements	**3,625,291**	20,558
Financial investments portfolio*	**110,894,580**	104,002,885
Loans, advances and financing	**403,513,121**	355,617,527
Derivative assets	**4,544,001**	3,383,700
Reinsurance/retakaful assets and other insurance receivables	**584,761**	418,185
Other assets	**9,493,980**	7,962,388
Statutory deposits with central banks	**15,141,244**	13,742,874
	616,755,975	540,372,224
Credit exposure for off-balance sheet items:		
Direct credit substitutes	**12,187,201**	12,294,758
Certain transaction-related contingent items	**16,785,821**	14,849,519
Short-term self-liquidating trade-related contingencies	**7,821,190**	4,133,782
Obligations under underwriting agreements	**116,731**	30,000
Irrevocable commitments to extend credit	**136,581,390**	128,804,557
Miscellaneous	**9,421,308**	10,429,751
	182,913,641	170,542,367
Total maximum credit risk exposure	**799,669,616**	710,914,591

Bank	Maximum exposure	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	**34,778,324**	29,320,984
Deposits and placements with financial institutions	**15,811,015**	15,723,864
Financial assets purchased under resale agreements	**3,625,291**	20,558
Financial investments portfolio*	**92,005,853**	75,249,243
Loans, advances and financing	**264,524,441**	237,971,279
Derivative assets	**4,533,709**	3,199,141
Other assets	**5,964,158**	5,249,491
Statutory deposits with central banks	**7,576,028**	7,327,996
	428,818,819	374,062,556
Credit exposure for off-balance sheet items:		
Direct credit substitutes	**10,695,235**	10,344,133
Certain transaction-related contingent items	**14,889,745**	12,775,293
Short-term self-liquidating trade-related contingencies	**7,551,016**	3,739,333
Irrevocable commitments to extend credit	**112,867,909**	103,941,499
Miscellaneous	**9,151,530**	10,261,298
	155,155,435	141,061,556
Total maximum credit risk exposure	**583,974,254**	515,124,112

* 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 for the Group and the Bank is at 58% as at 31 December 2014 (31 December 2013: 53% for the Group; 52% for the Bank). The financial effect of collateral held for other financial assets is not significant.

Notes to the Financial Statements

31 December 2014

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 As at 31.12.2014	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 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	242,763,334	1,416,077	551,719	6,594,500	8,464,205	366,560,162	118,333,964
Singapore	7,264,140	4,866,893	3,625,291	21,074,753	93,512,259	2,985,863	31,330	493,908	2,852,661	136,707,098	46,652,501
Indonesia	2,768,334	67,890	-	3,186,150	31,099,623	56,437	-	805,781	2,769,061	40,753,276	2,193,016
Labuan Offshore	1,591,471	1,546,601	-	1,084,130	13,452,874	497	-	23,288	-	17,698,861	3,399,927
Hong Kong SAR	2,476,938	1,917,775	-	2,732,875	13,251,614	54,304	-	379,621	-	20,813,127	3,230,302
United States of America	6,735,126	1,696,719	-	1,145,345	1,115,321	11,069	-	75,056	-	10,778,636	1,799,334
People's Republic of China	1,728,086	96,217	-	203,478	3,039,949	15,306	-	1,939	-	5,084,975	2,485,869
Vietnam	148,620	320,582	-	3,626	484,912	-	-	44,066	3,733	1,005,539	388,013
United Kingdom	1,336,500	226,945	-	369,803	1,240,903	712	-	15,333	-	3,190,196	552,675
Philippines	834,706	174,353	-	786,435	3,855,215	3,629	-	327,587	771,237	6,753,162	171,330
Brunei	49,060	-	-	26,438	367,737	-	1,712	2	30,954	475,903	183,951
Cambodia	366,043	537,109	-	-	1,208,070	-	-	-	195,771	2,306,993	241,298
Bahrain	507	-	-	-	317,034	-	-	4	-	317,545	-
Papua New Guinea	16,731	249,265	-	373,179	230,485	-	-	16,406	51,041	937,107	245,478
Thailand	65,578	3,240	-	7,742	1,419,507	-	-	695,624	-	2,191,691	20,252
India	10,621	9,054	-	78,803	-	-	-	4,930	-	103,408	296
Others	3,134,102	1,725,747	-	45,540	122,983	107	-	15,935	2,581	5,046,995	3,015,435
	52,852,860	16,106,137	3,625,291	110,894,580	407,481,820	4,544,001	584,761	9,493,980	15,141,244	620,724,674	182,913,641
Less: Collective allowance	-	-	-	-	(3,968,699)	-	-	-	-	(3,968,699)	-
	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

Group As at 31.12.2013	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 insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Malaysia	24,357,143	1,001,686	20,522	74,354,246	222,948,234	1,193,065	396,367	5,721,906	7,870,205	337,863,374	123,751,364
Singapore	3,384,464	1,053,403	36	18,940,772	81,099,628	1,915,854	9,309	419,456	2,509,877	109,332,799	37,333,543
Indonesia	2,799,528	398,119	-	3,796,295	28,466,762	229,096	-	732,615	2,497,437	38,919,852	2,122,783
Labuan Offshore	2,548,618	279,620	-	1,030,836	6,753,576	491	-	18,700	-	10,631,841	1,696,427
Hong Kong SAR	2,996,518	2,000,634	-	2,758,443	9,303,208	29,043	-	130,446	-	17,218,292	2,724,183
United States of America	3,731,243	437,250	-	1,357,109	954,445	12,132	12,509	54,634	-	6,559,322	463,667
People's Republic of China	269,554	90,527	-	5,457	2,795,314	899	-	49,479	-	3,211,230	979,044
Vietnam	236,655	132,868	-	15,770	388,177	-	-	33,207	3,491	810,168	334,724
United Kingdom	2,844,026	163,633	-	550,562	1,227,323	617	-	87,590	-	4,873,751	449,045
Philippines	1,545,239	149,352	-	613,982	2,740,966	2,503	-	219,057	670,906	5,942,005	179,592
Brunei	26,252	-	-	62,220	318,179	-	-	38,895	27,466	473,012	152,387
Cambodia	122,252	561,342	-	-	867,785	-	-	-	123,133	1,674,512	264,243
Bahrain	440	-	-	-	282,834	-	-	5,798	-	289,072	-
Papua New Guinea	12,054	44,503	-	431,660	167,118	-	-	16,380	39,296	711,011	54,238
Thailand	100,935	3,935	-	36,330	1,047,167	-	-	349,354	-	1,537,721	36,633
India	540	9,641	-	21,962	-	-	-	2,002	-	34,145	494
Others	3,091,897	830,236	-	27,241	80,114	-	-	82,869	1,063	4,113,420	-
	48,067,358	7,156,749	20,558	104,002,885	359,440,830	3,383,700	418,185	7,962,388	13,742,874	544,195,527	170,542,367
Less: Collective allowance	-	-	-	-	(3,823,303)	-	-	-	-	(3,823,303)	-
	48,067,358	7,156,749	20,558	104,002,885	355,617,527	3,383,700	418,185	7,962,388	13,742,874	540,372,224	170,542,367

* 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.

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 As at 31.12.2014	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**	**143,709,070**	**1,477,669**	**5,489,806**	**4,686,099**	**234,692,797**	**93,615,257**
Singapore	**7,000,539**	**4,754,335**	**3,625,291**	**20,814,479**	**92,856,351**	**2,985,827**	**434,647**	**2,852,661**	**135,324,130**	**46,541,850**
Indonesia	**134,047**	**45,442**	**-**	**-**	**-**	**-**	**-**	**-**	**179,489**	**-**
Labuan Offshore	**1,591,470**	**1,546,601**	**-**	**1,084,130**	**11,450,000**	**497**	**10,735**	**-**	**15,683,433**	**3,399,928**
Hong Kong SAR	**2,465,643**	**1,917,775**	**-**	**2,724,299**	**12,913,974**	**54,304**	**4,400**	**-**	**20,080,395**	**3,202,684**
United States of America	**6,669,009**	**1,696,719**	**-**	**975,914**	**1,115,321**	**106**	**24,189**	**-**	**10,481,258**	**1,795,847**
People's Republic of China	**1,727,832**	**96,217**	**-**	**171,330**	**3,039,949**	**15,306**	**19**	**-**	**5,050,653**	**2,485,870**
Vietnam	**123,243**	**255,364**	**-**	**-**	**365,571**	**-**	**275**	**3,733**	**748,186**	**368,064**
United Kingdom	**1,296,107**	**226,945**	**-**	**369,803**	**1,240,867**	**-**	**1**	**-**	**3,133,723**	**546,549**
Philippines	**208,968**	**112,136**	**-**	**-**	**-**	**-**	**-**	**-**	**321,104**	**-**
Brunei	**49,060**	**-**	**-**	**26,438**	**367,737**	**-**	**2**	**30,954**	**474,191**	**183,951**
Cambodia	**202,231**	**104,865**	**-**	**-**	**-**	**-**	**-**	**-**	**307,096**	**-**
Bahrain	**507**	**-**	**-**	**-**	**317,034**	**-**	**4**	**-**	**317,545**	**-**
Papua New Guinea	**3,742**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,742**	**-**
Thailand	**27,603**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27,603**	**-**
India	**9,835**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,835**	**-**
Others	**3,106,664**	**1,725,747**	**-**	**-**	**88,924**	**-**	**80**	**2,581**	**4,923,996**	**3,015,435**
	34,778,324	**15,811,015**	**3,625,291**	**92,005,853**	**267,464,798**	**4,533,709**	**5,964,158**	**7,576,028**	**431,759,176**	**155,155,435**
Less: Collective allowance	**-**	**-**	**-**	**-**	**(2,940,357)**	**-**	**-**	**-**	**(2,940,357)**	**-**
	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**

Bank As at 31.12.2013	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	10,760,278	10,600,175	20,522	51,919,325	143,864,473	1,252,143	5,124,027	4,786,100	228,327,043	98,694,748
Singapore	3,235,786	891,855	36	18,816,683	80,358,398	1,915,848	30,177	2,509,877	107,758,660	37,308,252
Indonesia	153,539	331,634	-	-	-	-	-	-	485,173	-
Labuan Offshore	1,780,888	-	-	-	1,551,035	-	1,030	-	3,332,953	13,416
Hong Kong SAR	2,962,278	2,000,634	-	2,757,366	9,119,924	29,043	-	-	16,869,245	2,688,496
United States of America	3,717,111	437,250	-	1,137,630	954,445	1,208	-	-	6,247,644	459,286
People's Republic of China	269,263	90,527	-	5,457	2,795,314	899	49,265	-	3,210,725	979,044
Vietnam	205,448	118,360	-	-	339,764	-	270	3,491	667,333	317,147
United Kingdom	2,833,467	163,633	-	550,562	1,227,244	-	5	-	4,774,911	448,714
Philippines	293,962	76,506	-	-	-	-	-	-	370,468	-
Brunei	26,251	-	-	62,220	318,179	-	38,870	27,466	472,986	152,387
Cambodia	-	183,055	-	-	-	-	-	-	183,055	66
Bahrain	440	-	-	-	282,834	-	5,798	-	289,072	-
Papua New Guinea	4,391	-	-	-	-	-	-	-	4,391	-
Thailand	183	-	-	-	-	-	-	-	183	-
India	256	-	-	-	-	-	-	-	256	-
Others	3,077,443	830,235	-	-	45,139	-	49	1,062	3,953,928	-
	29,320,984	15,723,864	20,558	75,249,243	240,856,749	3,199,141	5,249,491	7,327,996	376,948,026	141,061,556
Less: Collective allowance	-	-	-	-	(2,885,470)	-	-	-	(2,885,470)	-
	29,320,984	15,723,864	20,558	75,249,243	237,971,279	3,199,141	5,249,491	7,327,996	374,062,556	141,061,556

* 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.)

(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 As at 31.12.2014	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 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	8,230,687	119,504	-	-	-	9,447,274	1,291,797
Mining and quarrying	-	-	-	132,269	3,293,315	535	-	118	-	3,426,237	744,782
Manufacturing	-	-	-	659,075	32,285,079	425,152	-	29	-	33,369,335	8,606,097
Construction	-	-	-	3,616,652	39,185,577	13,339	-	11	-	42,815,579	8,619,506
Electricity, gas and water supply	-	-	-	4,026,536	16,416,108	24,784	-	907	-	20,468,335	9,049,057
Wholesale, retail trade, restaurants and hotels	-	-	-	762,563	35,827,274	54,507	-	520	-	36,644,864	24,412,523
Finance, insurance, real estate and business	52,852,351	16,106,137	3,625,291	77,540,538	57,302,413	3,320,332	584,761	8,196,379	15,141,244	234,669,446	58,565,642
Transport, storage and communication	-	-	-	4,828,862	13,666,985	141,848	-	1,513	-	18,639,208	2,460,508
Education, health and others	-	-	-	197,846	9,996,581	7,241	-	151	-	10,201,819	4,975,107
Household	-	-	-	-	171,193,162	1,804	-	594,118	-	171,789,084	37,124,646
Others	509	-	-	18,033,156	20,084,639	434,955	-	700,234	-	39,253,493	27,063,976
	52,852,860	16,106,137	3,625,291	110,894,580	407,481,820	4,544,001	584,761	9,493,980	15,141,244	620,724,674	182,913,641
Less: Collective allowance	-	-	-	-	(3,968,699)	-	-	-	-	(3,968,699)	-
	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

Group As at 31.12.2013	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 insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	930,146	8,430,611	24,514	-	3	-	9,385,274	1,105,694
Mining and quarrying	-	-	-	339,923	4,179,655	30	-	-	-	4,519,608	1,401,649
Manufacturing	-	-	-	498,032	30,194,045	112,498	-	53	-	30,804,628	8,299,818
Construction	-	-	-	577,754	33,884,937	15,650	-	17	-	34,478,358	9,073,272
Electricity, gas and water supply	-	-	-	4,476,913	12,212,630	66,362	-	375	-	16,756,280	7,720,059
Wholesale, retail trade, restaurants and hotels	-	-	-	781,214	33,687,013	28,426	-	536	-	34,497,189	20,624,856
Finance, insurance, real estate and business	47,982,738	7,156,749	20,558	65,683,418	47,005,249	3,047,892	418,185	6,510,937	13,742,874	191,568,600	53,091,245
Transport, storage and communication	-	-	-	5,445,244	12,568,387	53,548	-	1,517	-	18,068,696	2,166,055
Education, health and others	-	-	-	18,035	15,474,535	1,343	-	165	-	15,494,078	3,165,431
Household	-	-	-	2,054	149,000,428	514	-	760,805	-	149,763,801	50,176,227
Others	84,620	-	-	25,250,152	12,803,340	32,923	-	687,980	-	38,859,015	13,718,061
	48,067,358	7,156,749	20,558	104,002,885	359,440,830	3,383,700	418,185	7,962,388	13,742,874	544,195,527	170,542,367
Less: Collective allowance	-	-	-	-	(3,823,303)	-	-	-	-	(3,823,303)	-
	48,067,358	7,156,749	20,558	104,002,885	355,617,527	3,383,700	418,185	7,962,388	13,742,874	540,372,224	170,542,367

* 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.

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 As at 31.12.2014	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	5,265,814	117,898	-	-	5,955,638	784,732
Mining and quarrying	-	-	-	123,549	1,473,870	535	-	-	1,597,954	669,475
Manufacturing	-	-	-	565,598	21,993,358	416,199	-	-	22,975,155	7,981,410
Construction	-	-	-	2,787,380	32,657,968	13,339	-	-	35,458,687	6,875,288
Electricity, gas and water supply	-	-	-	1,981,057	13,495,748	3,222	-	-	15,480,027	8,357,516
Wholesale, retail trade, restaurants and hotels	-	-	-	687,406	25,107,482	54,501	-	-	25,849,389	23,628,166
Finance, insurance, real estate and business	34,777,817	15,811,015	3,625,291	71,925,306	53,321,470	3,342,511	5,964,078	7,576,028	196,343,516	56,800,439
Transport, storage and communication	-	-	-	2,327,453	10,357,606	141,848	-	-	12,826,907	2,030,215
Education, health and others	-	-	-	187,493	7,897,226	7,241	-	-	8,091,960	4,932,603
Household	-	-	-	-	94,188,808	1,804	-	-	94,190,612	29,419,981
Others	507	-	-	10,848,685	1,705,448	434,611	80	-	12,989,331	13,675,610
	34,778,324	15,811,015	3,625,291	92,005,853	267,464,798	4,533,709	5,964,158	7,576,028	431,759,176	155,155,435
Less: Collective allowance	-	-	-	-	(2,940,357)	-	-	-	(2,940,357)	-
	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

Bank As at 31.12.2013	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	-	-	-	579,652	5,379,683	24,514	-	-	5,983,849	852,207
Mining and quarrying	-	-	-	312,995	2,689,345	30	-	-	3,002,370	1,387,672
Manufacturing	-	-	-	311,976	20,594,804	112,395	-	-	21,019,175	7,790,225
Construction	-	-	-	234,132	29,216,842	15,650	-	-	29,466,624	7,734,839
Electricity, gas and water supply	-	-	-	2,510,819	8,415,744	18,446	-	-	10,945,009	7,560,235
Wholesale, retail trade, restaurants and hotels	-	-	-	756,987	23,713,474	28,376	-	-	24,498,837	20,129,403
Finance, insurance, real estate and business	29,244,029	15,723,864	20,558	50,861,081	44,493,346	2,911,895	5,249,437	7,327,996	155,832,206	52,230,751
Transport, storage and communication	-	-	-	2,603,513	9,243,453	53,548	-	-	11,900,514	2,053,969
Education, health and others	-	-	-	-	4,493,922	1,343	-	-	4,495,265	2,633,476
Household	-	-	-	-	89,811,779	514	-	-	89,812,293	27,324,711
Others	76,955	-	-	17,078,088	2,804,357	32,430	54	-	19,991,884	11,364,068
	29,320,984	15,723,864	20,558	75,249,243	240,856,749	3,199,141	5,249,491	7,327,996	376,948,026	141,061,556
Less: Collective allowance	-	-	-	-	(2,885,470)	-	-	-	(2,885,470)	-
	29,320,984	15,723,864	20,558	75,249,243	237,971,279	3,199,141	5,249,491	7,327,996	374,062,556	141,061,556

* 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.)

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 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) credit quality categories set out and defined as follows, 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
Moderate	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
Moderate	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 very low credit risk.

Moderate : 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.

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 As at 31.12.2014	Neither past due nor impaired RM'000	Past due but not impaired: Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000	Non-impaired total RM'000	Impaired RM'000	Total 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 As at 31.12.2014	Neither past due nor impaired: Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Total 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%**

Group As at 31.12.2013	Neither past due nor impaired RM'000	Past due but not impaired: Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000	Non-impaired total RM'000	Impaired RM'000	Total RM'000
Overdrafts	15,908,336	240,456	71,055	25,389	16,245,236	1,520,100	17,765,336
Term loans	248,857,606	12,255,894	3,705,214	1,232,821	266,051,535	3,214,244	269,265,779
Others	73,277,625	325,271	106,636	12,944	73,722,476	626,559	74,349,035
Gross loans, advances and financing	338,043,567	12,821,621	3,882,905	1,271,154	356,019,247	5,360,903	361,380,150
Less:							
- Individual allowance							(1,939,320)
- Collective allowance							(3,823,303)
							(5,762,623)
Net loans, advances and financing							355,617,527
As a percentage of total gross loans, advances and financing	93.54%	3.55%	1.08%	0.35%	98.52%	1.48%	100.00%

Notes to the Financial Statements

31 December 2014

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.)

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 As at 31.12.2013	<----------Neither past due nor impaired---------->					Total RM'000
	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	
Overdrafts	1,157,266	2,411,408	3,749,415	1,146,557	7,443,690	15,908,336
Term loans	57,729,646	88,945,801	62,945,674	8,724,325	30,512,160	248,857,606
Others	6,608,598	25,355,024	16,987,349	2,848,767	21,477,887	73,277,625
Total - Neither past due nor impaired	65,495,510	116,712,233	83,682,438	12,719,649	59,433,737	338,043,567
As a percentage of total gross loans, advances and financing	18.12%	32.29%	23.16%	3.52%	16.45%	93.54%

Bank As at 31.12.2014	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 As at 31.12.2014	<----------Neither past due nor impaired---------->					Total RM'000
	Very low RM'000	Low RM'000	Moderate 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%**

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 As at 31.12.2013	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	9,342,507	223,213	53,885	14,996	9,634,601	1,301,274	10,935,875
Term loans	166,348,223	6,075,466	2,147,534	786,888	175,358,111	2,207,985	177,566,096
Others	53,210,043	267,526	99,532	12,115	53,589,216	267,572	53,856,788
Gross loans, advances and financing	228,900,773	6,566,205	2,300,951	813,999	238,581,928	3,776,831	242,358,759
Less:							
- Individual allowance							(1,502,010)
- Collective allowance							(2,885,470)
							(4,387,480)
Net loans, advances and financing							237,971,279
As a percentage of total gross loans, advances and financing	94.45%	2.70%	0.95%	0.34%	98.44%	1.56%	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 As at 31.12.2013	Neither past due nor impaired					
	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Total RM'000
Overdrafts	870,725	1,524,738	2,331,935	630,088	3,985,021	9,342,507
Term loans	37,419,147	62,861,063	41,726,326	5,379,173	18,962,514	166,348,223
Others	5,642,474	20,128,467	11,782,218	1,569,057	14,087,827	53,210,043
Total - Neither past due nor impaired	43,932,346	84,514,268	55,840,479	7,578,318	37,035,362	228,900,773
As a percentage of total gross loans, advances and financing	18.13%	34.87%	23.04%	3.13%	15.28%	94.45%

7. Credit quality of financial assets - financial investments portfolio and other financial assets

Group As at 31.12.2014	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*	**110,746,412**	-	-	-	**110,746,412**	**1,001,119**	**111,747,531**	**(852,951)**	**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**
	213,045,183	**14,386**	**2,019**	**3,569**	**213,065,157**	**1,138,321**	**214,203,478**	**(960,624)**	**213,242,854**
As a percentage of gross balances	**99.46%**	**0.01%**	**0.00%**	**0.00%**	**99.47%**	**0.53%**	**100.00%**		

* 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.)

7. Credit quality of financial assets - financial investments portfolio and other financial assets (cont'd.)

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 As at 31.12.2014	Neither past due nor impaired							
	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Netting effects under MFRS 132 Amendments (Note 2.4(ii)) RM'000	Total 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	9,242,456	-	110,746,412
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	28,965,639	(547,990)	213,045,183
As a percentage of gross balances	36.57%	38.32%	8.90%	2.19%	0.22%	13.52%	(0.26%)	99.46%

Group As at 31.12.2013	Neither past due nor impaired	Past due but not impaired			Non-impaired total	Impaired	Total	Impairment allowance	Net Total
		Due within 30 days	Due within 31 to 60 days	Due within 61 to 90 days					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	48,067,358	-	-	-	48,067,358	-	48,067,358	-	48,067,358
Deposits and placements with financial institutions	7,156,749	-	-	-	7,156,749	-	7,156,749	-	7,156,749
Financial assets purchased under resale agreements	20,558	-	-	-	20,558	-	20,558	-	20,558
Financial investments portfolio*	103,652,689	-	-	-	103,652,689	1,477,670	105,130,359	(1,127,474)	104,002,885
Derivative assets	3,383,700	-	-	-	3,383,700	-	3,383,700	-	3,383,700
Reinsurance/retakaful assets and other insurance receivables	418,185	-	-	-	418,185	101,905	520,090	(101,905)	418,185
Other assets	7,879,825	57,663	2,490	11,074	7,951,052	64,820	8,015,872	(53,484)	7,962,388
Statutory deposits with central banks	13,742,874	-	-	-	13,742,874	-	13,742,874	-	13,742,874
	184,321,938	57,663	2,490	11,074	184,393,165	1,644,395	186,037,560	(1,282,863)	184,754,697
As a percentage of gross balances	99.08%	0.03%	0.00%	0.01%	99.12%	0.88%	100.00%		

* 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.

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.)

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 As at 31.12.2013	Neither past due nor impaired							
	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Netting effects under MFRS 132 Amendments (Note 2.4(ii)) RM'000	Total RM'000
Cash and short-term funds	18,273,260	20,835,699	4,045,251	623,568	285,778	4,003,802	-	48,067,358
Deposits and placements with financial institutions	635,314	1,449,779	1,425,923	481,875	248,725	2,915,133	-	7,156,749
Financial assets purchased under resale agreements	20,558	-	-	-	-	-	-	20,558
Financial investments portfolio*	48,497,605	44,506,978	6,254,197	1,972,144	84,233	2,337,532	-	103,652,689
Derivative assets	53,962	3,312,244	273,831	162,662	9,604	132,389	(560,992)	3,383,700
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	418,185	-	418,185
Other assets	-	17,042	-	-	-	7,862,783	-	7,879,825
Statutory deposits with central banks	13,742,874	-	-	-	-	-	-	13,742,874
Total - Neither past due nor impaired	81,223,573	70,121,742	11,999,202	3,240,249	628,340	17,669,824	(560,992)	184,321,938
As a percentage of gross balances	43.66%	37.69%	6.45%	1.74%	0.34%	9.50%	(0.30%)	99.08%

Bank As at 31.12.2014	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*	**91,938,367**	**808,032**	**92,746,399**	**(740,546)**	**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**
	164,200,837	**854,391**	**165,055,228**	**(760,850)**	**164,294,378**
As a percentage of gross balances	**99.48%**	**0.52%**	**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 As at 31.12.2014	Neither past due nor impaired							
	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Netting effects under MFRS 132 Amendments (Note 2.4(ii)) RM'000	Total 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**	**-**	**4,985,927**	**-**	**91,938,367**
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**	**18,841,929**	**(547,990)**	**164,200,837**
As a percentage of gross balances	**36.41%**	**43.34%**	**5.89%**	**2.49%**	**0.26%**	**11.42%**	**(0.33%)**	**99.48%**

* 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.)

7. Credit quality of financial assets - financial investments portfolio and other financial assets (cont'd.)

Bank As at 31.12.2013	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	29,320,984	-	29,320,984	-	29,320,984
Deposits and placements with financial institutions	15,723,864	-	15,723,864	-	15,723,864
Financial assets purchased under resale agreements	20,558	-	20,558	-	20,558
Financial investments portfolio*	75,100,192	1,010,362	76,110,554	(861,311)	75,249,243
Derivative assets	3,199,141	-	3,199,141	-	3,199,141
Other assets	5,242,623	29,463	5,272,086	(22,595)	5,249,491
Statutory deposits with central banks	7,327,996	-	7,327,996	-	7,327,996
	135,935,358	1,039,825	136,975,183	(883,906)	136,091,277
As a percentage of gross balances	99.24%	0.76%	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).

	<----------Neither past due nor impaired---------->							
Bank As at 31.12.2013	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Netting effects under MFRS 132 Amendments (Note 2.4(ii)) RM'000	Total RM'000
Cash and short-term funds	4,392,247	18,191,481	2,887,881	452,589	285,703	3,111,083	-	29,320,984
Deposits and placements with financial institutions	311,415	10,955,083	1,245,724	440,974	248,725	2,521,943	-	15,723,864
Financial assets purchased under resale agreements	20,558	-	-	-	-	-	-	20,558
Financial investments portfolio*	37,564,299	29,547,189	3,897,010	1,726,499	26,809	2,338,386	-	75,100,192
Derivative assets	-	3,251,586	282,489	162,578	9,604	53,876	(560,992)	3,199,141
Other assets	-	-	-	-	-	5,242,623	-	5,242,623
Statutory deposits with central banks	7,327,996	-	-	-	-	-	-	7,327,996
Total - Neither past due nor impaired	49,616,515	61,945,339	8,313,104	2,782,640	570,841	13,267,911	(560,992)	135,935,358
As a percentage of gross balances	36.22%	45.22%	6.07%	2.03%	0.42%	9.69%	(0.41%)	99.24%

* 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.

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
As at 31.12.2014					
Malaysia	**4,527,493**	**674,568**	**47,454**	**60,901**	**5,310,416**
Singapore	**230,236**	**130,113**	**503**	**16,003**	**376,855**
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	**1,001,119**	**48,031**	**89,171**	**7,372,482**
As at 31.12.2013					
Malaysia	3,795,548	899,108	101,905	37,964	4,834,525
Singapore	243,157	96,809	-	15,602	355,568
Indonesia	797,355	107,034	-	-	904,389
Labuan Offshore	46,349	292,970	-	27	339,346
Hong Kong SAR	17,601	-	-	6,161	23,762
United States of America	462	1,229	-	1,051	2,742
People's Republic of China	1,598	-	-	-	1,598
Vietnam	15,437	-	-	1,566	17,003
United Kingdom	241,583	25,396	-	1	266,980
Philippines	80,933	13,998	-	80	95,011
Brunei	6,567	-	-	-	6,567
Cambodia	52,689	-	-	-	52,689
Bahrain	7,046	-	-	-	7,046
Papua New Guinea	754	-	-	-	754
Thailand	25,478	1,467	-	2,334	29,279
Others	28,346	39,659	-	34	68,039
	5,360,903	1,477,670	101,905	64,820	7,005,298

* 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.)

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
As at 31.12.2014				
Malaysia	**3,835,383**	**664, 865**	**46,359**	**4,546,607**
Singapore	**210,755**	**119,434**	**-**	**330,189**
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	**808,032**	**46,359**	**5,104,220**
As at 31.12.2013				
Malaysia	3,258,707	898,632	29,463	4,186,802
Singapore	229,187	86,334	-	315,521
Hong Kong SAR	16,706	-	-	16,706
People's Republic of China	1,598	-	-	1,598
Vietnam	15,437	-	-	15,437
United Kingdom	241,583	25,396	-	266,979
Brunei	6,567	-	-	6,567
Bahrain	7,046	-	-	7,046
	3,776,831	1,010,362	29,463	4,816,656

(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
As at 31.12.2014					
Agriculture	**246,337**	**3,979**	**-**	**-**	**250,316**
Mining and quarrying	**188,370**	**-**	**-**	**-**	**188,370**
Manufacturing	**1,546,896**	**-**	**-**	**-**	**1,546,896**
Construction	**631,900**	**116,945**	**-**	**-**	**748,845**
Electricity, gas and water supply	**187,640**	**154,965**	**-**	**-**	**342,605**
Wholesale, retail trade, restaurants and hotels	**487,213**	**9,209**	**-**	**-**	**496,422**
Finance, insurance, real estate and business	**1,103,237**	**176,517**	**48,031**	**74,934**	**1,402,719**
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**	**444,586**	**-**	**957**	**549,809**
	6,234,161	**1,001,119**	**48,031**	**89,171**	**7,372,482**

* 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.

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.):

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
As at 31.12.2013					
Agriculture	146,258	4,022	-	-	150,280
Mining and quarrying	123,872	-	-	-	123,872
Manufacturing	1,781,649	-	-	-	1,781,649
Construction	276,290	112,311	-	-	388,601
Electricity, gas and water supply	28,487	152,432	-	-	180,919
Wholesale, retail trade, restaurants and hotels	777,394	-	-	-	777,394
Finance, insurance, real estate and business	705,273	252,309	101,905	54,077	1,113,564
Transport, storage and communication	578,221	176,067	-	449	754,737
Education, health and others	85,685	-	-	-	85,685
Household	734,154	-	-	10,285	744,439
Others	123,620	780,529	-	9	904,158
	5,360,903	1,477,670	101,905	64,820	7,005,298

Bank	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
As at 31.12.2014				
Agriculture	**54,403**	**3,980**	**-**	**58,383**
Mining and quarrying	**7,169**	**-**	**-**	**7,169**
Manufacturing	**1,385,974**	**-**	**-**	**1,385,974**
Construction	**571,784**	**116,946**	**-**	**688,730**
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**	**376,517**	**-**	**391,817**
	4,249,829	**808,032**	**46,359**	**5,104,220**
As at 31.12.2013				
Agriculture	122,960	4,022	-	126,982
Mining and quarrying	1,274	-	-	1,274
Manufacturing	1,604,929	-	-	1,604,929
Construction	230,123	112,311	-	342,434
Electricity, gas and water supply	28,258	152,432	-	180,690
Wholesale, retail trade, restaurants and hotels	312,740	-	-	312,740
Finance, insurance, real estate and business	605,220	236,369	29,463	871,052
Transport, storage and communication	309,154	-	-	309,154
Education, health and others	26,144	-	-	26,144
Household	511,747	-	-	511,747
Others	24,282	505,228	-	529,510
	3,776,831	1,010,362	29,463	4,816,656

* 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.)

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	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Residential properties	**20,808**	13,639	**1,575**	1,575
Others	**104,846**	76,465	**34,294**	34,454
	125,654	90,104	**35,869**	36,029

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.

10. Reconciliation of allowance account

Movements in allowances for impairment losses for financial assets are as follows:

Group As at 31.12.2014	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
Individual allowance						
At 1 January 2014	**1,939,320**	**1,091,655**	**35,819**	**101,905**	**53,484**	**3,222,183**
Allowance made during the financial year	**774,901**	**28,070**	**-**	**6,955**	**7,967**	**817,893**
Amount written back	**(235,824)**	**(210,104)**	**(14,217)**	**(14,048)**	**(2,446)**	**(476,639)**
Amount written-off	**(507,946)**	**(95,560)**	**-**	**(46,793)**	**(90)**	**(650,389)**
Transferred from collective allowance	**842**	**-**	**-**	**-**	**-**	**842**
Exchange differences	**18,563**	**16,326**	**962**	**12**	**727**	**36,590**
At 31 December 2014	**1,989,856**	**830,387**	**22,564**	**48,031**	**59,642**	**2,950,480**
Collective allowance						
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**

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.):

Group As at 31.12.2013	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
Individual allowance						
At 1 January 2013	2,228,535	1,092,276	33,105	108,270	87,432	3,549,618
Allowance made during the financial year	920,763	208,935	8,370	-	9,496	1,147,564
Amount written back	(324,954)	(144,373)	(5,090)	29,627	(41,619)	(486,409)
Amount written-off	(872,595)	(82,050)	-	(35,992)	(1,405)	(992,042)
Transferred to collective allowance	(13,663)	-	-	-	-	(13,663)
Exchange differences	1,234	16,867	(566)	-	(420)	17,115
At 31 December 2013	1,939,320	1,091,655	35,819	101,905	53,484	3,222,183
Collective allowance						
At 1 January 2013	3,744,994	-	-	-	-	3,744,994
Allowance made during the financial year	845,532	-	-	-	-	845,532
Amount written back	(37,769)	-	-	-	-	(37,769)
Amount written-off	(707,370)	-	-	-	-	(707,370)
Transferred from individual allowance	13,663	-	-	-	-	13,663
Exchange differences	(35,747)	-	-	-	-	(35,747)
At 31 December 2013	3,823,303	-	-	-	-	3,823,303

Bank As at 31.12.2014	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
Individual allowance					
At 1 January 2014	**1,502,010**	**842,217**	**19,094**	**22,595**	**2,385,916**
Allowance made during the financial year	**350,055**	**21,792**	**-**	**-**	**371,847**
Amount written back	**(198,312)**	**(45,353)**	**(14,217)**	**(2,291)**	**(260,173)**
Amount written-off	**(239,488)**	**(95,516)**	**-**	**-**	**(335,004)**
Transferred to collective allowance	**(7,985)**	**-**	**-**	**-**	**(7,985)**
Transferred from a subsidiary	**18,366**	**-**	**-**	**-**	**18,366**
Exchange differences	**12,569**	**12,529**	**-**	**-**	**25,098**
At 31 December 2014	**1,437,215**	**735,669**	**4,877**	**20,304**	**2,198,065**
Collective allowance					
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**

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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 As at 31.12.2013	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
Individual allowance					
At 1 January 2013	1,719,455	855,055	19,780	58,653	2,652,943
Allowance made during the financial year	722,580	165,654	4,393	-	892,627
Amount written back	(270,734)	(110,510)	(5,079)	(36,156)	(422,479)
Amount written-off	(678,686)	(74,462)	-	-	(753,148)
Transferred to collective allowance	(12,001)	-	-	-	(12,001)
Exchange differences	21,396	6,480	-	98	27,974
At 31 December 2013	1,502,010	842,217	19,094	22,595	2,385,916
Collective allowance					
At 1 January 2013	2,726,849	-	-	-	2,726,849
Allowance made during the financial year	550,371	-	-	-	550,371
Amount written-off	(427,096)	-	-	-	(427,096)
Transferred from individual allowance	12,001	-	-	-	12,001
Exchange differences	23,345	-	-	-	23,345
At 31 December 2013	2,885,470	-	-	-	2,885,470

(d) Market risk management

1. Market risk management overview

Market risk management

Market risk is defined as the 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 changes in exchange rates and implied volatilities on foreign exchange options; and

(iii) Equity price risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

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 Group's Proprietary Trading VaR is computed daily using a one-day holding period with other parameters unchanged. To ensure the relevance and accuracy of the VaR computation, VaR is independently validated on a periodic basis.

Besides VaR, the Group utilises other non-statistical risk measures, such as interest rate sensitivity, e.g. exposure to a one basis point increase in yields ("PV01"), 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 displaced 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

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 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 2014 and 31 December 2013. 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 As at 31.12.2014	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 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.

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31 December 2014

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Group As at 31.12.2014 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 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)	-		

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Group As at 31.12.2013	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 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	33,710,504	-	-	-	-	14,356,854	-	48,067,358	2.38
Deposits and placements with financial institutions	579,545	3,515,409	2,790,432	231,717	-	39,646	-	7,156,749	1.97
Financial assets purchased under resale agreements	20,558	-	-	-	-	-	-	20,558	3.49
Financial assets at fair value through profit or loss	-	-	-	-	-	-	19,166,565	19,166,565	3.95
Financial investments available-for-sale	5,989,366	6,991,293	6,899,816	20,717,580	31,186,265	2,630,173	8,422,429	82,836,922	3.76
Financial investments held-to-maturity	123,301	250,684	923,262	1,172,371	3,140,579	57,977	-	5,668,174	5.23
Loans, advances and financing									
- Non-impaired	208,624,676	45,084,395	34,058,332	33,749,032	34,502,812	-	-	356,019,247	5.09
- Impaired*	3,421,583	-	-	-	-	-	-	3,421,583	-
- Collective allowance	-	-	-	-	-	(3,823,303)	-	(3,823,303)	-
Derivative assets	-	-	-	-	-	-	3,383,700	3,383,700	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	2,349,995	-	2,349,995	-
Other assets	-	-	-	-	-	8,942,468	-	8,942,468	-
Other non-interest sensitive balances	-	-	-	-	-	27,108,768	-	27,108,768	-
Total assets	252,469,533	55,841,781	44,671,842	55,870,700	68,829,656	51,662,578	30,972,694	560,318,784	
Liabilities and shareholders' equity									
Deposits from customers	176,400,632	43,693,998	93,059,607	79,881,072	704,060	1,871,441	-	395,610,810	1.96
Deposits and placements from financial institutions	26,806,427	9,479,577	2,880,329	817,669	-	2,155,079	-	42,139,081	1.60
Obligations on financial assets sold under repurchase agreements	4,300,055	-	-	-	-	-	-	4,300,055	0.14
Bills and acceptances payable	487,060	3,101	2,038	-	-	1,494,890	-	1,987,089	3.46
Derivative liabilities	-	-	-	-	-	-	3,376,388	3,376,388	-
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	21,800,139	-	21,800,139	-
Other liabilities	-	-	-	-	-	8,722,252	-	8,722,252	-
Recourse obligation on loans and financing sold to Cagamas	-	-	1,065,865	211,404	-	-	-	1,277,269	4.33
Borrowings	613,338	2,852,987	3,662,399	5,625,911	567,170	-	-	13,321,805	3.24
Subordinated obligations	-	-	-	9,756,830	2,887,746	-	-	12,644,576	5.36
Capital securities	-	-	-	5,920,909	-	-	-	5,920,909	6.54
Other non-interest sensitive balances	-	-	-	-	-	1,475,812	-	1,475,812	-
Total liabilities	208,607,512	56,029,663	100,670,238	102,213,795	4,158,976	37,519,613	3,376,388	512,576,185	
Shareholders' equity	-	-	-	-	-	45,997,407	-	45,997,407	-
Non-controlling interests	-	-	-	-	-	1,745,192	-	1,745,192	-
	-	-	-	-	-	47,742,599	-	47,742,599	
Total liabilities and shareholders' equity	208,607,512	56,029,663	100,670,238	102,213,795	4,158,976	85,262,212	3,376,388	560,318,784	
On-balance sheet interest sensitivity gap	43,862,021	(187,882)	(55,998,396)	(46,343,095)	64,670,680	(33,599,634)	27,596,306		
Off-balance sheet interest sensitivity gap (interest rate swaps)	573,636	1,891,568	(878,633)	(2,432,437)	845,866	-	-		
Total interest sensitivity gap	44,435,657	1,703,686	(56,877,029)	(48,775,532)	65,516,546	(33,599,634)	27,596,306		
Cumulative interest rate sensitivity gap	44,435,657	46,139,343	(10,737,686)	(59,513,218)	6,003,328	(27,596,306)	-		

* This is arrived after deducting the individual allowance from gross impaired loans.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Bank As at 31.12.2014	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 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	
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	5,173,275	-
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)	-		

* This is arrived after deducting the individual allowance from gross impaired loans.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

Bank As at 31.12.2013	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 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	19,000,888	-	-	-	-	10,320,096	-	29,320,984	1.67
Deposits and placements with financial institutions	614,483	7,534,471	7,292,763	52,536	-	229,611	-	15,723,864	2.76
Financial assets purchased under resale agreements	20,558	-	-	-	-	-	-	20,558	3.49
Financial assets at fair value through profit or loss	-	-	-	-	-	-	5,546,091	5,546,091	3.32
Financial investments available-for-sale	5,455,730	6,624,196	6,362,104	19,178,981	25,970,108	941,678	-	64,532,797	3.87
Financial investments held-to-maturity	-	148,174	389,070	1,720,149	3,063,192	33,512	-	5,354,097	4.51
Loans, advances and financing									
- Non-impaired	154,239,074	37,432,289	25,099,226	13,226,933	8,584,406	-	-	238,581,928	4.17
- Impaired*	2,274,821	-	-	-	-	-	-	2,274,821	-
- Collective allowance	-	-	-	-	-	(2,885,470)	-	(2,885,470)	-
Derivative assets	-	-	-	-	-	-	3,199,141	3,199,141	-
Other assets	-	-	-	-	-	5,706,874	-	5,706,874	-
Other non-interest sensitive balances	-	-	-	-	-	30,229,792	-	30,229,792	-
Total assets	181,605,554	51,739,130	39,143,163	34,178,599	37,617,706	44,576,093	8,745,232	397,605,477	
Liabilities and shareholders' equity									
Deposits from customers	95,580,225	33,602,729	83,115,105	57,299,260	351,769	3,721,292	-	273,670,380	1.48
Deposits and placements from financial institutions	24,965,509	7,907,044	2,145,021	622,503	-	1,942,500	-	37,582,577	1.14
Obligations on financial assets sold under repurchase agreements	4,300,055	-	-	-	-	-	-	4,300,055	0.14
Bills and acceptances payable	5,855	3,101	2,038	-	-	1,431,618	-	1,442,612	4.01
Derivative liabilities	-	-	-	-	-	-	3,071,472	3,071,472	-
Other liabilities	-	-	-	-	-	9,872,786	-	9,872,786	-
Recourse obligation on loans and financing sold to Cagamas	-	-	444,889	211,404	-	-	-	656,293	4.78
Borrowings	113,601	2,298,450	3,010,115	3,329,053	567,170	-	-	9,318,389	1.72
Subordinated obligations	-	-	-	8,304,418	2,100,000	-	-	10,404,418	3.80
Capital securities	-	-	-	6,208,623	-	-	-	6,208,623	6.54
Other non-interest sensitive balances	-	-	-	-	-	578,100	-	578,100	-
Total liabilities	124,965,245	43,811,324	88,717,168	75,975,261	3,018,939	17,546,296	3,071,472	357,105,705	
Shareholders' equity	-	-	-	-	-	40,499,772	-	40,499,772	-
Total liabilities and shareholders' equity	124,965,245	43,811,324	88,717,168	75,975,261	3,018,939	58,046,068	3,071,472	397,605,477	
On-balance sheet interest sensitivity gap	56,640,309	7,927,806	(49,574,005)	(41,796,662)	34,598,767	(13,469,975)	5,673,760		
Off-balance sheet interest sensitivity gap (interest rate swaps)	507,966	1,852,166	(878,633)	(2,327,365)	845,866	-	-		
Total interest sensitivity gap	57,148,275	9,779,972	(50,452,638)	(44,124,027)	35,444,633	(13,469,975)	5,673,760		
Cumulative interest rate sensitivity gap	57,148,275	66,928,247	16,475,609	(27,648,418)	7,796,215	(5,673,760)	-		

* This is arrived after deducting the individual allowance from gross impaired loans.

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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 2014 and 31 December 2013. 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 As at 31.12.2014	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 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.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Yield/Profit rate risk on IBS portfolio (cont'd.)

Group As at 31.12.2013	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 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	14,430,163	-	-	-	-	3,333,553	-	17,763,716	2.96
Deposits and placements with financial institutions	13,355	50,025	-	-	-	-	-	63,380	2.84
Financial assets at fair value through profit or loss	-	-	-	-	-	-	492,119	492,119	1.13
Financial investments available-for-sale	472,403	1,090,988	284,434	3,023,061	3,702,642	-	-	8,573,528	3.54
Financial investments held-to-maturity	61,560	42,002	24,300	-	-	-	-	127,862	5.98
Financing and advances									
- Non-impaired	45,693,277	2,519,978	1,677,360	14,023,699	23,713,202	-	-	87,627,516	4.86
- Impaired*	358,747	-	-	-	-	-	-	358,747	-
- Collective allowance	-	-	-	-	-	(591,146)	-	(591,146)	-
Derivative assets	-	-	-	-	-	-	134,141	134,141	-
Other assets	-	-	-	-	-	9,101,475	-	9,101,475	-
Other non-yield/profit sensitive balances	-	-	-	-	-	3,354,954	-	3,354,954	-
Total assets	61,029,505	3,702,993	1,986,094	17,046,760	27,415,844	15,198,836	626,260	127,006,292	
Liabilities and Islamic banking capital funds									
Deposits from customers	64,386,313	1,113,279	4,716,035	13,152,541	-	8,087	-	83,376,255	2.39
Deposits and placements from financial institutions	12,394,563	6,884,232	5,085,274	2,182,380	-	6,885,406	-	33,431,855	2.55
Bills and acceptances payable	36,088	-	-	-	-	26,036	-	62,124	3.18
Derivative liabilities	-	-	-	-	-	-	247,952	247,952	-
Other liabilities	-	-	-	-	-	278,481	-	278,481	-
Recourse obligation on financing sold to Cagamas	-	-	620,976	-	-	-	-	620,976	3.85
Subordinated sukuk	-	-	-	1,010,782	-	-	-	1,010,782	4.22
Other non-yield/profit sensitive balances	-	-	-	-	-	206,479	-	206,479	-
Total liabilities	76,816,964	7,997,511	10,422,285	16,345,703	-	7,404,489	247,952	119,234,904	
Islamic banking capital funds	-	-	-	-	-	7,771,388	-	7,771,388	
Total liabilities and Islamic banking capital funds	76,816,964	7,997,511	10,422,285	16,345,703	-	15,175,877	247,952	127,006,292	
On-balance sheet yield/profit rate sensitivity gap	(15,787,459)	(4,294,518)	(8,436,191)	701,057	27,415,844	22,959	378,308	-	
Cumulative yield/profit rate sensitivity gap	(15,787,459)	(20,081,977)	(28,518,168)	(27,817,111)	(401,267)	(378,308)	-		

* This is arrived after deducting the individual allowance from gross impaired financing outstanding.

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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
As at 31.12.2014					
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)**
As at 31.12.2013					
Impact to profit before tax		491,215	(491,215)	494,347	(494,347)
Impact to profit after tax	25%	368,411	(368,411)	370,760	(370,760)

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
As at 31.12.2014				
Impact to revaluation reserve for AFS	**(2,678,620)**	**2,678,620**	**(2,364,834)**	**2,364,834**
As at 31.12.2013				
Impact to revaluation reserve for AFS	(3,288,948)	3,288,948	(2,773,290)	2,773,290

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 2014 and 31 December 2013, 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 Japanese Yen, Chinese Renminbi, Philippine Peso, Papua New Guinea Kina and Brunei Dollars.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Group As at 31.12.2014	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
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.)

Group As at 31.12.2013	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	22,986,107	356,235	530,915	151,946	16,528,760	1,276,097	604,386	5,632,912	48,067,358
Deposits and placements with financial institutions	667,265	137,718	108,736	6,367	2,923,569	13,355	-	3,299,739	7,156,749
Financial assets purchased under resale agreements	20,522	36	-	-	-	-	-	-	20,558
Financial assets at fair value through profit or loss	17,710,885	363,148	-	1,054	386,797	174,819	-	529,862	19,166,565
Financial investments available-for-sale	44,293,550	14,580,817	426,615	218,520	14,623,011	3,581,241	870,010	4,243,158	82,836,922
Financial investments held-to-maturity	4,609,800	-	-	-	269,546	198,034	-	590,794	5,668,174
Loans, advances and financing	207,413,917	68,870,906	933,516	3,442,652	46,413,140	22,426,827	192,673	5,923,896	355,617,527
Derivative assets*	(2,740,805)	830,015	365,388	(1,002,134)	5,281,356	(273,430)	518,744	404,566	3,383,700
Reinsurance/retakaful assets and other insurance receivables	2,334,521	10,494	-	-	-	-	-	4,980	2,349,995
Other assets*	3,781,319	928,572	195,097	1,641,143	1,437,749	774,180	505,567	(321,159)	8,942,468
Investment properties	582,339	-	-	-	918	-	-	-	583,257
Statutory deposits with central banks	7,870,205	2,509,877	-	-	777,541	1,846,871	-	738,380	13,742,874
Interest in associates and joint ventures	13,599	-	-	-	14,453	-	-	2,437,289	2,465,341
Property, plant and equipment	1,237,041	907,896	25,258	8,755	27,731	303,385	-	104,243	2,614,309
Intangible assets	892,645	1,359,236	-	79,262	2,034	2,853,975	-	853,904	6,041,056
Deferred tax assets	1,466,466	2,302	66	1,098	13,332	154,717	-	23,950	1,661,931
Total assets	313,139,376	90,857,252	2,585,591	4,548,663	88,699,937	33,330,071	2,691,380	24,466,514	560,318,784
Liabilities									
Deposits from customers	242,013,078	78,591,414	1,256,643	771,736	40,380,049	21,936,402	992,376	9,669,112	395,610,810
Deposits and placements from financial institutions	7,891,493	532,828	1,666,859	3,020,254	23,392,655	146,869	1,406,957	4,081,166	42,139,081
Obligations on financial assets sold under repurchase agreements	-	-	-	-	4,300,055	-	-	-	4,300,055
Bills and acceptances payable	1,270,682	213,784	114	7,363	411,338	31,677	4,730	47,401	1,987,089
Derivative liabilities*	(8,266,239)	1,177,707	855,786	46,180	4,141,927	73,322	1,279,173	4,068,532	3,376,388
Insurance/takaful contract liabilities and other insurance payables	21,525,980	196,600	-	-	29,996	-	-	47,563	21,800,139
Other liabilities*	5,246,855	(1,725,816)	(1,215,683)	99,432	6,849,970	1,044,955	(931,427)	(646,034)	8,722,252
Recourse obligation on loans and financing sold to Cagamas	1,277,269	-	-	-	-	-	-	-	1,277,269
Provision for taxation and zakat	533,247	223,021	88	22,878	13,967	16,660	-	26,666	836,527
Deferred tax liabilities	522,926	60,700	-	-	-	26,448	-	29,211	639,285
Borrowings	-	994,481	-	1,454,387	7,245,303	2,328,143	-	1,299,491	13,321,805
Subordinated obligations	6,649,101	2,611,684	-	-	2,649,721	734,070	-	-	12,644,576
Capital securities	4,332,172	1,588,737	-	-	-	-	-	-	5,920,909
Total liabilities	282,996,564	84,465,140	2,563,807	5,422,230	89,414,981	26,338,546	2,751,809	18,623,108	512,576,185
On-balance sheet open position	30,142,812	6,392,112	21,784	(873,567)	(715,044)	6,991,525	(60,429)	5,843,406	47,742,599
Less: Derivative assets	2,740,805	(830,015)	(365,388)	1,002,134	(5,281,356)	273,430	(518,744)	(404,566)	(3,383,700)
Add: Derivative liabilities	(8,266,239)	1,177,707	855,786	46,180	4,141,927	73,322	1,279,173	4,068,532	3,376,388
Add: Net forward position	5,114,323	2,684,662	572,013	529,047	(1,638,137)	(834,773)	335,361	(2,571,942)	4,190,554
Net open position	29,731,701	9,424,466	1,084,195	703,794	(3,492,610)	6,503,504	1,035,361	6,935,430	51,925,841
Net structural currency exposures	-	6,806,362	(232,319)	858,312	1,377,195	7,440,303	(3,601)	4,780,305	21,026,557

* 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.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank As at 31.12.2014	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
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.

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51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank As at 31.12.2013	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	9,516,406	183,000	370,225	134,374	14,564,576	89,725	328,498	4,134,180	29,320,984
Deposits and placements with financial institutions	9,646,791	6,920	108,736	6,367	2,859,017	-	-	3,096,033	15,723,864
Financial assets purchased under resale agreements	20,522	36	-	-	-	-	-	-	20,558
Financial assets at fair value through profit or loss	4,591,150	304,932	-	-	236,208	42,301	-	371,500	5,546,091
Financial investments available-for-sale	30,621,820	14,478,932	426,615	218,016	13,023,528	1,055,615	811,104	3,897,167	64,532,797
Financial investments held-to-maturity	5,291,877	-	-	-	-	-	-	62,220	5,354,097
Loans, advances and financing	130,795,587	68,043,618	901,748	3,208,361	32,632,174	-	163,025	2,226,766	237,971,279
Derivative assets*	(3,386,604)	830,001	789,113	(1,002,134)	5,379,096	(334,900)	518,517	406,052	3,199,141
Other assets*	600,596	287,413	383,827	1,567,567	3,475,976	(72,492)	521,389	(1,057,402)	5,706,874
Statutory deposits with central banks	4,786,100	2,509,877	-	-	3,844	-	-	28,175	7,327,996
Investment in subsidiaries	4,832,009	2,852,896	-	173,400	377,740	7,118,847	-	4,150,622	19,505,514
Interest in associates and joint ventures	10,845	-	-	-	6,140	-	-	434,533	451,518
Property, plant and equipment	1,023,686	300,608	24,974	6,355	6,211	-	-	2,064	1,363,898
Intangible assets	441,886	83,601	-	545	144	-	-	1,092	527,268
Deferred tax assets*	1,051,245	(2,854)	-	-	123	-	-	5,084	1,053,598
Total assets	199,843,916	89,878,980	3,005,238	4,312,851	72,564,777	7,899,096	2,342,533	17,758,086	397,605,477
Liabilities									
Deposits from customers	161,366,328	78,547,188	1,244,685	773,710	25,476,903	-	665,341	5,596,225	273,670,380
Deposits and placements from financial institutions	6,246,443	551,204	1,667,203	3,018,460	21,302,034	2	1,442,116	3,355,115	37,582,577
Obligations on financial assets sold under repurchase agreements	-	-	-	-	4,300,055	-	-	-	4,300,055
Bills and acceptances payable	1,204,013	213,784	114	7,363	2,887	2,023	218	12,210	1,442,612
Derivative liabilities*	(8,610,056)	1,169,865	855,751	46,180	4,278,693	(14,462)	1,281,415	4,064,086	3,071,472
Other liabilities*	5,409,845	(2,368,200)	(799,501)	20,194	9,968,346	40,359	(1,020,998)	(1,377,259)	9,872,786
Recourse obligation on loans and financing sold to Cagamas	656,293	-	-	-	-	-	-	-	656,293
Provision for taxation and zakat	348,441	205,252	-	16,606	2,912	-	-	4,889	578,100
Borrowings	-	-	-	1,454,387	7,179,042	-	-	684,960	9,318,389
Subordinated obligations	5,143,013	2,611,684	-	-	2,649,721	-	-	-	10,404,418
Capital securities	4,619,886	1,588,737	-	-	-	-	-	-	6,208,623
Total liabilities	176,384,206	82,519,514	2,968,252	5,336,900	75,160,593	27,922	2,368,092	12,340,226	357,105,705
On-balance sheet open position	23,459,710	7,359,466	36,986	(1,024,049)	(2,595,816)	7,871,174	(25,559)	5,417,860	40,499,772
Less: Derivative assets	3,386,604	(830,001)	(789,113)	1,002,134	(5,379,096)	334,900	(518,517)	(406,052)	(3,199,141)
Add: Derivative liabilities	(8,610,056)	1,169,865	855,751	46,180	4,278,693	(14,462)	1,281,415	4,064,086	3,071,472
Add: Net forward position	21,471,556	612,267	273,544	(264,141)	(203,133)	189,918	99,178	(117,344)	22,061,845
Net open position	39,707,814	8,311,597	377,168	(239,876)	(3,899,352)	8,381,530	836,517	8,958,550	62,433,948
Net structural currency exposures	-	7,034,980	(232,319)	856,616	168,990	7,118,847	(3,601)	4,799,396	19,742,909

* 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.

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 as at the reporting dates are as follows:

Group Currency of structural exposures	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
As at 31.12.2014			
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**
As at 31.12.2013			
Singapore Dollar	9,690,394	(2,884,032)	6,806,362
Great Britain Pound	(232,319)	-	(232,319)
Hong Kong Dollar	858,312	-	858,312
United States Dollar	1,984,058	(606,863)	1,377,195
Indonesia Rupiah	7,440,303	-	7,440,303
Euro	(3,601)	-	(3,601)
Others	4,780,305	-	4,780,305
	24,517,452	(3,490,895)	21,026,557

The structural currency exposures of the Bank as at the reporting dates are as follows:

Bank Currency of structural exposures	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
As at 31.12.2014			
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**
As at 31.12.2013			
Singapore Dollar	9,919,012	(2,884,032)	7,034,980
Great Britain Pound	(232,319)	-	(232,319)
Hong Kong Dollar	856,616	-	856,616
United States Dollar	878,892	(709,902)	168,990
Indonesia Rupiah	7,118,847	-	7,118,847
Euro	(3,601)	-	(3,601)
Others	4,799,396	-	4,799,396
	23,336,843	(3,593,934)	19,742,909

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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
As at 31.12.2014				
Impact to profit after taxation	**(6,789)**	**6,789**	**180**	**(180)**
As at 31.12.2013				
Impact to profit after taxation	(16,039)	16,039	3,234	(3,234)

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 is the risk arising from movements in the price of equities, equity indices and equity baskets. There is a direct correlation between movements in share price of quoted shares and movements in stock market index. The Group manages such risk by pre-approved trading book limits such as VaR, equity delta, foreign exchange NOP, PV01 and stop loss limits.

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
As at 31.12.2014				
Impact to profit after tax	**99,481**	**(99,481)**	**-**	**-**
Impact to post-tax equity	**275,754**	**(275,754)**	**10,604**	**(10,604)**
As at 31.12.2013				
Impact to profit after tax	47,630	(47,630)	-	-
Impact to post-tax equity	226,587	(226,587)	12,839	(12,839)

(e) Liquidity risk management

1. Liquidity risk management overview

Liquidity risk management

Liquidity risk is defined as the 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.

Liquidity risk management policies are reviewed annually and endorsed by ALCO and approved by RMC prior to implementation. The Group's liquidity risk position is actively discussed and managed at the ALCO and RMC on a monthly basis in line with the approved guidelines and policies.

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.

Diversification of liquidity sources

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 liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

1. Liquidity risk management overview (cont'd.)

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.

Stress testing and Contingency Funding Plan

The Group uses stress testing and scenario analysis to evaluate the impact of sudden stress events on liquidity position. Scenarios are based on hypothetical events that include bank specific crisis and general market crisis scenarios. The stress test result provides an insight of the Group's funding requirements during different levels of stress environments and is closely linked to the Group's CFP, which provides a systemic approach in handling any unexpected liquidity disruptions. The plan encompasses strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios.

The Group performs CFP tests regularly to ensure the effectiveness and operational feasibility of the CFP. The key aspects of the testing are to focus on the preparedness of key senior management and their respective alternate in handling a simulated distress funding situation. It also provides exposure and develops capabilities on how to respond to a liquidity crisis situation and operate effectively with each other under challenging circumstances.

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 tenures based on remaining contractual maturities as at 31 December 2014 and 31 December 2013.

These disclosures are made in accordance with the requirement of policy document on Financial Reporting issued by BNM:

Group As at 31.12.2014	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	**45,593,379**	**3,399,152**	**2,289,101**	**1,518,791**	**52,437**	**-**	**-**	**-**	**52,852,860**
Deposits and placements with financial institutions	**8,693,735**	**3,795,380**	**959,580**	**1,494,593**	**1,049,843**	**113,006**	**-**	**-**	**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	**-**	**-**	**-**	**554,909**	**-**	**-**	**-**	**4,417,154**	**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	**135,300,768**	**42,478,546**	**23,590,736**	**21,311,982**	**78,213,686**	**64,495,413**	**231,659,892**	**43,248,933**	**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.

Notes to the Financial Statements

31 December 2014

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Group As at 31.12.2014 (cont'd.)	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
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	-	-	-	489,168	-	-	-	24,309,665	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	-	-	-	-	6,049,878	1,600,000	7,990,179	-	15,640,057
Capital securities	-	-	-	-	-	-	5,902,483	-	5,902,483
Total liabilities	315,983,917	75,647,599	51,110,828	52,015,061	36,168,193	9,051,650	19,043,719	26,537,814	585,558,781
Net liquidity gap	(180,683,149)	(33,169,053)	(27,520,092)	(30,703,079)	42,045,493	55,443,763	212,616,173	16,711,119	54,741,175

Group As at 31.12.2013	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	44,519,733	1,060,862	1,813,706	673,057	-	-	-	-	48,067,358
Deposits and placements with financial institutions	2,802,975	2,704,163	1,280,753	312,616	56,242	-	-	-	7,156,749
Financial assets purchased under resale agreements	20,558	-	-	-	-	-	-	-	20,558
Financial investments portfolio*	4,842,161	9,720,169	6,728,503	6,012,587	14,654,650	14,367,007	46,988,211	4,358,373	107,671,661
Loans, advances and financing	48,607,976	18,285,514	18,052,916	15,799,343	47,642,965	50,028,883	157,199,930	-	355,617,527
Derivative assets	265,971	554,496	452,098	205,561	1,230,832	371,190	303,552	-	3,383,700
Reinsurance/retakaful assets and other insurance receivables	-	-	-	406,065	-	-	-	1,943,930	2,349,995
Other assets	2,965,484	272,753	2,501	322,026	4,205	-	5,394	5,370,105	8,942,468
Investment properties	-	-	-	-	-	-	-	583,257	583,257
Statutory deposits with central banks	-	-	-	-	-	-	-	13,742,874	13,742,874
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,465,341	2,465,341
Property, plant and equipment	-	-	-	-	-	-	-	2,614,309	2,614,309
Intangible assets	-	-	-	-	-	-	-	6,041,056	6,041,056
Deferred tax assets	-	-	-	-	-	-	-	1,661,931	1,661,931
Total assets	104,024,858	32,597,957	28,330,477	23,731,255	63,588,894	64,767,080	204,497,087	38,781,176	560,318,784

* 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.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Group As at 31.12.2013 (cont'd.)	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
Liabilities									
Deposits from customers	236,368,467	42,495,371	58,947,296	41,013,432	14,663,834	1,428,696	693,714	-	395,610,810
Deposits and placements from financial institutions	25,841,272	9,042,929	3,444,710	1,218,448	2,173,102	418,620	-	-	42,139,081
Obligations on financial assets sold under repurchase agreements	4,218,768	81,287	-	-	-	-	-	-	4,300,055
Bills and acceptances payable	1,669,658	161,208	147,714	1,148	-	-	-	7,361	1,987,089
Derivative liabilities	379,208	443,560	320,723	389,334	611,620	676,001	555,942	-	3,376,388
Insurance/takaful contract liabilities and other insurance payables	-	-	-	344,457	-	-	-	21,455,682	21,800,139
Other liabilities	1,942,059	136,637	42,810	127,529	264,809	5,460	380,390	5,822,558	8,722,252
Recourse obligation on loans and financing sold to Cagamas	-	-	213,736	852,128	211,405	-	-	-	1,277,269
Provision for taxation and zakat	153,131	12,421	19,130	10,589	56,908	-	-	584,348	836,527
Deferred tax liabilities	-	-	-	-	-	-	-	639,285	639,285
Borrowings	936,441	423,869	2,136,764	666,821	6,874,692	1,559,831	723,387	-	13,321,805
Subordinated obligations	-	-	-	86,211	6,078,770	2,876,800	3,602,795	-	12,644,576
Capital securities	-	-	-	-	-	5,920,909	-	-	5,920,909
Total liabilities	271,509,004	52,797,282	65,272,883	44,710,097	30,935,140	12,886,317	5,956,228	28,509,234	512,576,185
Net liquidity gap	(167,484,146)	(20,199,325)	(36,942,406)	(20,978,842)	32,653,754	51,880,763	198,540,859	10,271,942	47,742,599

Bank As at 31.12.2014	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	**27,660,502**	**3,393,762**	**2,289,102**	**1,382,526**	**52,432**	**-**	**-**	**-**	**34,778,324**
Deposits and placements with financial institutions	**8,595,206**	**3,685,128**	**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	**93,742,631**	**34,033,761**	**17,478,133**	**17,830,284**	**57,471,933**	**48,672,111**	**147,542,009**	**35,788,596**	**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.

Notes to the Financial Statements

31 December 2014

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Bank As at 31.12.2014 (cont'd.)	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
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	-	-	-	-	5,222,880	1,600,000	5,441,698	-	12,264,578
Capital securities	-	-	-	-	-	-	6,185,060	-	6,185,060
Total liabilities	220,301,420	57,719,642	33,787,392	37,829,971	31,996,838	7,890,636	16,803,225	57,529	406,386,653
Net liquidity gap	(126,558,789)	(23,685,881)	(16,309,259)	(19,999,687)	25,475,095	40,781,475	130,738,784	35,731,067	46,172,805

Bank As at 31.12.2013	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	25,793,359	1,060,862	1,813,706	653,057	-	-	-	-	29,320,984
Deposits and placements with financial institutions	3,109,369	6,566,432	5,714,576	280,951	52,536	-	-	-	15,723,864
Financial assets purchased under resale agreements	20,558	-	-	-	-	-	-	-	20,558
Financial investments portfolio*	6,789,216	8,122,349	5,507,877	4,979,293	8,621,360	11,702,276	29,239,569	471,045	75,432,985
Loans, advances and financing	39,190,382	13,677,288	13,010,269	9,496,151	36,038,634	34,709,164	91,849,391	-	237,971,279
Derivative assets	242,992	496,712	408,550	162,828	1,182,422	359,142	346,495	-	3,199,141
Other assets	909,578	267,829	98	29,744	953	-	6,689	4,491,983	5,706,874
Statutory deposits with central banks	-	-	-	-	-	-	-	7,327,996	7,327,996
Investment in subsidiaries	-	-	-	-	-	-	-	19,505,514	19,505,514
Interest in associates and joint ventures	-	-	-	-	-	-	-	451,518	451,518
Property, plant and equipment	-	-	-	-	-	-	-	1,363,898	1,363,898
Intangible assets	-	-	-	-	-	-	-	527,268	527,268
Deferred tax assets	-	-	-	-	-	-	-	1,053,598	1,053,598
Total assets	76,055,454	30,191,472	26,455,076	15,602,024	45,895,905	46,770,582	121,442,144	35,192,820	397,605,477

* 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.

51. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Bank As at 31.12.2013 (cont'd.)	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
Liabilities									
Deposits from customers	160,775,385	29,551,392	40,465,028	27,247,618	14,494,801	784,387	351,769	-	273,670,380
Deposits and placements from financial institutions	23,692,179	7,478,409	3,273,876	661,031	2,139,955	337,127	-	-	37,582,577
Obligations on financial assets sold under repurchase agreements	4,218,768	81,287	-	-	-	-	-	-	4,300,055
Bills and acceptances payable	1,430,112	3,101	2,038	-	-	-	-	7,361	1,442,612
Derivative liabilities	344,681	422,631	288,431	319,803	545,334	594,056	556,536	-	3,071,472
Other liabilities	9,019,618	9,138	12,440	7,092	1,896	5,385	380,276	436,941	9,872,786
Recourse obligation on loans and financing sold to Cagamas	-	-	213,736	231,152	211,405	-	-	-	656,293
Provision for taxation and zakat	153,606	61	658	220	56,908	-	-	366,647	578,100
Borrowings	114,032	63,360	1,698,369	221,379	4,938,197	1,559,663	723,389	-	9,318,389
Subordinated obligations	-	-	-	82,918	5,344,700	2,876,800	2,100,000	-	10,404,418
Capital securities	-	-	-	-	-	6,208,623	-	-	6,208,623
Total liabilities	199,748,381	37,609,379	45,954,576	28,771,213	27,733,196	12,366,041	4,111,970	810,949	357,105,705
Net liquidity gap	(123,692,927)	(7,417,907)	(19,499,500)	(13,169,189)	18,162,709	34,404,541	117,330,174	34,381,871	40,499,772

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 2014 and 31 December 2013. 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 As at 31.12.2014	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	**6,319**	**7,469**	**7,149**	**6,914,281**	**535**	**2,539,569**	**15,323,511**	**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	**-**	**-**	**-**	**-**	**7,369,118**	**3,501,497**	**10,911,449**	**21,782,064**
Capital securities	**-**	**-**	**-**	**-**	**-**	**8,411,324**	**-**	**8,411,324**
	319,942,398	**77,661,029**	**51,465,924**	**58,752,762**	**36,736,874**	**21,890,434**	**33,676,500**	**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**

Notes to the Financial Statements

31 December 2014

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 As at 31.12.2013	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	240,259,739	41,956,123	59,435,515	41,330,077	15,008,613	3,061,441	496,831	401,548,339
Deposits and placements from financial institutions	32,955,061	8,897,072	3,361,159	1,059,735	2,544,894	420,259	-	49,238,180
Obligations on financial assets sold under repurchase agreements	4,300,125	-	-	-	-	-	-	4,300,125
Bills and acceptances payable	1,980,607	4,435	2,038	19	-	-	-	1,987,099
Insurance/takaful contract liabilities and other insurance payables	3,806	6,555	6,508	7,773,236	1,693	5,335,586	8,672,757	21,800,141
Other liabilities	9,219,826	130,949	44,398	582,006	525,799	5,460	428,672	10,937,110
Recourse obligation on loans and financing sold to Cagamas	-	-	213,767	852,225	211,660	-	-	1,277,652
Borrowings	945,639	503,241	2,303,807	723,536	6,480,813	2,007,807	1,517,575	14,482,418
Subordinated obligations	-	22,082	22,104	111,807	7,057,471	4,403,955	4,880,094	16,497,513
Capital securities	-	-	-	-	-	14,530,063	-	14,530,063
	289,664,803	51,520,457	65,389,296	52,432,641	31,830,943	29,764,571	15,995,929	536,598,640
Commitments and contingencies								
Direct credit substitutes	1,633,112	2,043,855	956,632	3,159,843	2,068,832	165,632	2,266,852	12,294,758
Certain transaction-related contingent items	1,570,520	631,770	1,089,283	2,434,410	5,312,892	1,894,796	1,915,848	14,849,519
Short-term self-liquidating trade-related contingencies	1,707,343	1,513,348	278,129	237,789	164,902	232,271	-	4,133,782
Obligations under underwriting agreements	-	-	-	-	30,000	-	-	30,000
Irrevocable commitments to extend credit	84,396,177	127,860	499,638	17,090,212	17,429,601	8,668,288	592,781	128,804,557
Miscellaneous	4,801,363	2,811,989	2,294,994	413,995	95,137	12,264	9	10,429,751
	94,108,515	7,128,822	5,118,676	23,336,249	25,101,364	10,973,251	4,775,490	170,542,367

Bank As at 31.12.2014	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	**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	**-**	**-**	**-**	**-**	**6,903,337**	**2,312,258**	**6,780,177**	**15,995,772**
Capital securities	**-**	**-**	**-**	**-**	**-**	**8,693,899**	**-**	**8,693,899**
	220,725,507	**59,850,552**	**34,232,911**	**38,151,007**	**33,254,225**	**16,664,952**	**14,196,829**	**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**

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 As at 31.12.2013	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	160,911,222	30,014,628	41,047,130	27,694,153	14,723,361	2,170,833	486,650	277,047,977
Deposits and placements from financial institutions	23,661,891	7,310,327	3,330,561	637,980	2,512,872	337,135	-	37,790,766
Obligations on financial assets sold under repurchase agreements	4,300,125	-	-	-	-	-	-	4,300,125
Bills and acceptances payable	1,437,473	3,101	2,038	-	-	-	-	1,442,612
Other liabilities	11,388,115	1,878	12,440	10,530	1,896	5,385	405,250	11,825,494
Recourse obligation on loans and financing sold to Cagamas	-	-	213,767	231,249	211,660	-	-	656,676
Borrowings	113,977	65,044	1,841,222	221,379	5,027,248	1,656,421	912,864	9,838,155
Subordinated obligations	-	-	-	82,919	6,930,871	3,724,722	3,025,021	13,763,533
Capital securities	-	-	-	-	-	14,530,063	-	14,530,063
	201,812,803	37,394,978	46,447,158	28,878,210	29,407,908	22,424,559	4,829,785	371,195,401
Commitments and contingencies								
Direct credit substitutes	936,357	1,665,326	890,787	2,877,858	1,851,564	85,389	2,036,852	10,344,133
Certain transaction-related contingent items	615,273	560,280	988,120	2,302,833	4,956,897	1,798,531	1,553,359	12,775,293
Short-term self-liquidating trade-related contingencies	1,533,377	1,392,356	225,006	210,274	158,635	219,685	-	3,739,333
Irrevocable commitments to extend credit	82,993,163	120,307	234,787	980,247	10,992,705	8,514,115	106,175	103,941,499
Miscellaneous	4,736,036	2,791,513	2,285,898	397,348	50,392	111	-	10,261,298
	90,814,206	6,529,782	4,624,598	6,768,560	18,010,193	10,617,831	3,696,386	141,061,556

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 2014 and 31 December 2013. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group As at 31.12.2014	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.)

Group As at 31.12.2013	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	13,049	(2,464)	(2,609)	1,621	-	-	-	9,597
- Interest rate related contracts	23,516	3,380	154	(8,951)	107,292	24,983	(635,565)	(485,191)
- Equity related contracts	(758)	(2,177)	(22,600)	(37)	(7,093)	-	-	(32,665)
- Credit related contracts	-	228	-	-	-	-	-	228
Hedging derivatives								
- Interest rate related contracts	(5,298)	(18,559)	(4,958)	(26,237)	(20,281)	(5,529)	-	(80,862)
	30,509	(19,592)	(30,013)	(33,604)	79,918	19,454	(635,565)	(588,893)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(37,681,013)	(33,962,605)	(12,946,578)	(14,147,348)	(5,956,921)	(5,740,549)	(1,776,911)	(112,211,925)
- Inflow	37,493,028	33,914,380	12,975,912	13,628,766	5,870,967	5,608,201	1,730,933	111,222,187
Hedging derivatives								
Derivatives:								
- Outflow	(113,826)	(4,275)	(79,091)	(347,972)	(1,618,579)	(243,246)	(313,357)	(2,720,346)
- Inflow	115,928	7,111	81,787	345,596	1,538,885	181,889	285,029	2,556,225
	(185,883)	(45,389)	32,030	(520,958)	(165,648)	(193,705)	(74,306)	(1,153,859)

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 As at 31.12.2014	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.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Bank As at 31.12.2013	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	12,228	(2,755)	(2,609)	1,621	-	-	-	8,485
- Interest rate related contracts	23,516	3,380	154	(8,951)	107,292	24,983	(635,565)	(485,191)
- Equity related contracts	(758)	(2,177)	(23,372)	(37)	(7,093)	-	-	(33,437)
Hedging derivatives								
- Interest rate related contracts	(5,298)	(18,595)	(4,896)	(25,967)	(14,526)	(3,015)	-	(72,297)
	29,688	(20,147)	(30,723)	(33,334)	85,673	21,968	(635,565)	(582,440)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(37,680,418)	(32,991,420)	(12,514,896)	(13,085,268)	(5,956,921)	(5,740,549)	(1,776,911)	(109,746,383)
- Inflow	37,489,875	32,920,182	12,553,633	12,975,632	5,870,967	5,608,201	1,730,933	109,149,423
Hedging derivatives								
Derivatives:								
- Outflow	(113,826)	(264)	(74,845)	(339,334)	(1,579,533)	(232,500)	(313,357)	(2,653,659)
- Inflow	115,928	3,063	76,935	328,876	1,505,062	173,657	285,029	2,488,550
	(188,441)	(68,439)	40,827	(120,094)	(160,425)	(191,191)	(74,306)	(762,069)

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 framework 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.

(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 at the end of the reporting period based on the opinion of qualified independent valuer and valuations are performed using either the residual method approach or discounted cash flows approach, as deemed appropriate by the valuer.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(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 As at 31.12.2014	Quoted Market Price (Level 1) RM'000	Valuation technique using: Observable Inputs (Level 2) RM'000	Valuation technique using: Unobservable Inputs (Level 3) RM'000	Total 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 (Note 2.4(ii))	-	(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 (Note 2.4(ii))	-	(547,990)	-	(547,990)
	19,325	5,063,576	237,598	5,320,499

Group As at 31.12.2013	Quoted Market Price (Level 1) RM'000	Valuation technique using: Observable Inputs (Level 2) RM'000	Valuation technique using: Unobservable Inputs (Level 3) RM'000	Total RM'000
Non-financial assets measured at fair value:				
Investment properties	-	583,257	-	583,257
Financial assets measured at fair value:				
Financial assets held-for-trading	647,614	6,764,765	576,574	7,988,953
Money market instruments	-	4,495,738	-	4,495,738
Quoted securities	647,614	-	-	647,614
Unquoted securities	-	2,269,027	576,574	2,845,601
Financial assets designated at fair value through profit or loss	-	11,020,675	156,937	11,177,612
Money market instruments	-	1,569,743	-	1,569,743
Unquoted securities	-	9,450,932	156,937	9,607,869

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 As at 31.12.2013 (cont'd.)	Quoted Market Price (Level 1) RM'000	Valuation technique using Observable Inputs (Level 2) RM'000	Valuation technique using Unobservable Inputs (Level 3) RM'000	Total RM'000
Financial assets measured at fair value (cont'd.):				
Financial investments available-for-sale	3,021,162	79,149,420	666,340	82,836,922
Money market instruments	-	40,720,353	-	40,720,353
Quoted securities	3,021,162	-	-	3,021,162
Unquoted securities	-	38,429,067	666,340	39,095,407
Derivative assets	69	3,351,780	31,851	3,383,700
Foreign exchange related contracts	-	3,226,578	1,754	3,228,332
Interest rate related contracts	-	676,383	-	676,383
Equity and commodity related contracts	69	9,811	30,097	39,977
Netting effects under MFRS 132 Amendments (Note 2.4(ii))	-	(560,992)	-	(560,992)
	3,668,845	100,286,640	1,431,702	105,387,187
Financial liabilities measured at fair value:				
Derivative liabilities	9,791	3,050,403	316,194	3,376,388
Foreign exchange related contracts	-	2,666,365	2,033	2,668,398
Interest rate related contracts	-	935,132	302,074	1,237,206
Equity and commodity related contracts	9,791	9,898	12,087	31,776
Netting effects under MFRS 132 Amendments (Note 2.4(ii))	-	(560,992)	-	(560,992)
	9,791	3,050,403	316,194	3,376,388

Bank **As at 31.12.2014**	**Quoted Market Price (Level 1) RM'000**	**Valuation technique using** **Observable Inputs (Level 2) RM'000**	**Valuation technique using** **Unobservable Inputs (Level 3) RM'000**	**Total RM'000**
Financial assets measured at fair value:				
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(Note 2.4(ii))	**-**	**(547,990)**	**-**	**(547,990)**
	150,397	**87,155,261**	**284,146**	**87,589,804**

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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 As at 31.12.2014 (cont'd.)	Quoted Market Price (Level 1) RM'000	Valuation technique using: Observable Inputs (Level 2) RM'000	Valuation technique using: Unobservable Inputs (Level 3) RM'000	Total RM'000
Financial liabilities measured at fair value:				
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 (Note 2.4(ii))	-	**(547,990)**	-	**(547,990)**
	-	**5,021,006**	**152,569**	**5,173,575**

Bank As at 31.12.2013	Quoted Market Price (Level 1) RM'000	Valuation technique using: Observable Inputs (Level 2) RM'000	Valuation technique using: Unobservable Inputs (Level 3) RM'000	Total RM'000
Financial assets measured at fair value:				
Financial assets held-for-trading	12,550	5,533,541	-	5,546,091
Money market instruments	-	3,787,378	-	3,787,378
Quoted securities	12,550	-	-	12,550
Unquoted securities	-	1,746,163	-	1,746,163
Financial investments available-for-sale	171,192	64,029,334	332,271	64,532,797
Money market instruments	-	33,110,860	-	33,110,860
Quoted securities	171,192	-	-	171,192
Unquoted securities	-	30,918,474	332,271	31,250,745
Derivative assets	69	3,185,256	13,816	3,199,141
Foreign exchange related contracts	-	3,051,103	1,729	3,052,832
Interest rate related contracts	-	685,563	-	685,563
Equity and commodity related contracts	69	9,582	12,087	21,738
Netting effects under MFRS 132 Amendments (Note 2.4(ii))	-	(560,992)	-	(560,992)
	183,811	72,748,131	346,087	73,278,029
Financial liabilities measured at fair value:				
Derivative liabilities	-	2,844,930	226,542	3,071,472
Foreign exchange related contracts	-	2,472,211	1,729	2,473,940
Interest rate related contracts	-	924,346	212,726	1,137,072
Equity and commodity related contracts	-	9,365	12,087	21,452
Netting effects under MFRS 132 Amendments (Note 2.4(ii))	-	(560,992)	-	(560,992)
	-	2,844,930	226,542	3,071,472

(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 2014.

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 31.12.2014	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.):

Group As at 31.12.2013	At 1 January 2013 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 2013 RM'000
Financial assets held-for-trading											
Unquoted securities	269,692	1,664	(13,909)	-	329,759	(10,632)	-	-	-	-	576,574
	269,692	1,664	(13,909)	-	329,759	(10,632)	-	-	-	-	576,574
Financial assets designated at fair value through profit or loss											
Unquoted securities	228,547	(3,528)	7,073	-	-	(75,155)	-	-	-	-	156,937
	228,547	(3,528)	7,073	-	-	(75,155)	-	-	-	-	156,937
Financial investments available-for-sale											
Money market instruments	139,233	-	-	-	-	-	-	-	-	(139,233)	-
Unquoted securities	645,606	(3,918)	-	(32,434)	79,310	(8,902)	(11,762)	(1,144)	10,613	(11,029)	666,340
	784,839	(3,918)	-	(32,434)	79,310	(8,902)	(11,762)	(1,144)	10,613	(150,262)	666,340
Derivative assets											
Foreign exchange related contracts	1,006	(2,535)	(5,088)	-	10,018	-	(1,647)	-	-	-	1,754
Interest rate related contracts	3,920	4,077	(1,421)	-	210	-	(6,786)	-	-	-	-
Equity and commodity related contracts	14,133	-	(1,963)	-	17,927	-	-	-	-	-	30,097
	19,059	1,542	(8,472)	-	28,155	-	(8,433)	-	-	-	31,851
Total Level 3 financial assets	1,302,137	(4,240)	(15,308)	(32,434)	437,224	(94,689)	(20,195)	(1,144)	10,613	(150,262)	1,431,702
Derivative liabilities											
Foreign exchange related contracts	(404)	1,779	4,510	-	(10,323)	-	2,405	-	-	-	(2,033)
Interest rate related contracts	(190,773)	(22,662)	8,898	-	(189,871)	-	92,334	-	-	-	(302,074)
Equity and commodity related contracts	(10,189)	-	854	-	(2,752)	-	-	-	-	-	(12,087)
Total Level 3 financial liabilities	(201,366)	(20,883)	14,262	-	(202,946)	-	94,739	-	-	-	(316,194)
Total net Level 3 financial assets/ (liabilities)	1,100,771	(25,123)	(1,046)	(32,434)	234,278	(94,689)	74,544	(1,144)	10,613	(150,262)	1,115,508

[1] Included within 'Other operating income'.

[2] The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2013 included a redemption of capital investment of RM6.5 million.

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 31.12.2014	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.

Bank As at 31.12.2013	At 1 January 2013 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	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2013 RM'000
Financial investments available-for-sale										
Money market instruments	139,232	-	-	-	-	-	-	-	(139,232)	-
Unquoted securities	323,804	(3,844)	-	-	24,310	-	(11,762)	-	(237)	332,271
	463,036	(3,844)	-	-	24,310	-	(11,762)	-	(139,469)	332,271
Derivative assets										
Foreign exchange related contracts	404	(1,779)	(4,509)	-	10,018	-	(2,405)	-	-	1,729
Interest rate related contracts	3,920	4,077	(1,421)	-	210	-	(6,786)	-	-	-
Equity and commodity related contracts	9,502	-	(167)	-	2,752	-	-	-	-	12,087
	13,826	2,298	(6,097)	-	12,980	-	(9,191)	-	-	13,816
Total Level 3 financial assets	476,862	(1,546)	(6,097)	-	37,290	-	(20,953)	-	(139,469)	346,087
Derivative liabilities										
Foreign exchange related contracts	(404)	1,779	4,509	-	(10,018)	-	2,405	-	-	(1,729)
Interest rate related contracts	(128,379)	(22,665)	4,897	-	(158,913)	-	92,334	-	-	(212,726)
Equity and commodity related contracts	(10,189)	-	854	-	(2,752)	-	-	-	-	(12,087)
Total Level 3 financial liabilities	(138,972)	(20,886)	10,260	-	(171,683)	-	94,739	-	-	(226,542)
Total net Level 3 financial assets/(liabilities)	337,890	(22,432)	4,163	-	(134,393)	-	73,786	-	(139,469)	119,545

[1] Included within 'Other operating income'.
[2] The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2013 included a redemption of capital investment of RM6.5 million.

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52. FAIR VALUE MEASUREMENTS (CONT'D.)

(e) Movements of Level 3 instruments (cont'd.)

During the financial year ended 31 December 2014, the Group and the Bank transferred certain financial investments AFS 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 assets held-for-trading, financial assets designated at fair value through profit or loss, financial investments available-for-sale and derivatives 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 fair value. Prior to the transfer, the fair value of the instruments was determined using unobservable inputs or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant observable market inputs.

(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.

(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 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 statements 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
As at 31.12.2014					
Financial assets					
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**
As at 31.12.2013					
Financial assets					
Financial investments HTM	-	3,686,353	1,942,984	5,629,337	5,668,174
Loans, advances and financing	-	133,962,752	235,333,964	369,296,716	355,617,527
Financial liabilities					
Deposits from customers	-	377,597,935	18,562,882	396,160,817	395,610,810
Deposits and placements from financial institutions	-	41,024,695	881,755	41,906,450	42,139,081
Recourse obligation on loans and financing sold to Cagamas	-	1,285,105	-	1,285,105	1,277,269
Borrowings	-	11,404,835	2,292,492	13,697,327	13,321,805
Subordinated obligations	-	12,147,899	495,305	12,643,204	12,644,576
Capital securities	-	7,166,051	-	7,166,051	5,920,909

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
As at 31.12.2014					
Financial assets					
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**
As at 31.12.2013					
Financial assets					
Financial investments HTM	-	3,626,398	1,688,916	5,315,314	5,354,097
Loans, advances and financing	-	72,240,354	175,635,756	247,876,110	237,971,279
Financial liabilities					
Deposits from customers	-	256,814,334	17,018,609	273,832,943	273,670,380
Deposits and placements from financial institutions	-	37,356,162	-	37,356,162	37,582,577
Recourse obligation on loans and financing sold to Cagamas	-	664,129	-	664,129	656,293
Borrowings	-	9,658,648	-	9,658,648	9,318,389
Subordinated obligations	-	10,401,981	-	10,401,981	10,404,418
Capital securities	-	7,453,765	-	7,453,765	6,208,623

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, deposits and placements 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.

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 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.

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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:

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	
As at 31.12.2014						
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)	**4,089,388**	**(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:						
Due to brokers and clients (Note 24)	**4,219,402**	**(1,987,924)**	**2,231,478**	**-**	**-**	**2,231,478**
As at 31.12.2013						
Financial assets						
Derivative assets	3,944,692	(560,992)	3,383,700	(1,078,262)	(777,023)	1,528,415
Other assets:						
Amount due from brokers and clients (Note 14)	3,331,210	(1,745,837)	1,585,373	-	(314,586)	1,270,787
Financial liabilities						
Derivative liabilities	3,937,380	(560,992)	3,376,388	(1,078,262)	(282,247)	2,015,879
Other liabilities:						
Due to brokers and clients (Note 24)	3,254,850	(1,745,837)	1,509,013	-	-	1,509,013

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	
As at 31.12.2014						
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**
As at 31.12.2013						
Financial assets						
Derivative assets	3,760,133	(560,992)	3,199,141	(1,078,256)	(777,023)	1,343,862
Financial liabilities						
Derivative liabilities	3,632,464	(560,992)	3,071,472	(1,078,256)	(282,247)	1,710,969

54. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure approved by directors but not provided for in the financial statements amounting to:

	Group		Bank	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Approved and contracted for	**196,457**	275,135	**135,266**	223,322
Approved but not contracted for	**195,659**	542,513	**183,810**	515,349
	392,116	817,648	**319,076**	738,671

(b) Uncalled issued share capital of a subsidiary:

Bank	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Uncalled capital	**150**	150

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 is also expected to introduce additional capital buffer requirements which will comprise of Capital Conservation Buffer of 2.5% of total RWA and Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA. Further guidance on the capital buffer requirements will be announced by BNM before 2016 on its computation approach and operations.

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 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.

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56. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D.)

(b) Comprehensive risk assessment under ICAAP policy (cont'd.)

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.

Stress test themes reviewed by the Stress Test Working Group in the past include oil price decline, intensified capital outflows from emerging markets (including ASEAN), rising inflation and interest rate hikes, impact of Federal Reserve Quantitative Easing tapering, sovereign rating downgrades, slowing Chinese economy, a repeat of the Asian Financial Crisis, USD 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, 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 4.0%, 5.5% and 8.0% of total RWA for the current financial year ended 31 December 2014 (31 December 2013: 3.5%, 4.5% 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 4.0%, 5.5% and 8.0% of total RWA for the current financial year ended 31 December 2014 (31 December 2013: 3.5%, 4.5% 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 4.0%, 5.5% and 8.0% of total RWA for the current financial year ended 31 December 2014 (31 December 2013: 3.5%, 4.5% and 8.0% of RWA).

(iii) For PT Bank Internasional 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 Internasional Indonesia Tbk is 9% - 10% (31 December 2013: 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 2014, the Board has proposed the payment of final single-tier dividend of 33 sen per ordinary share of RM1.00 each, which consists of cash portion of 10 sen and an electable portion of 23 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 the capital adequacy ratios for the financial year ended 31 December 2014, the proposed final dividend has not been deducted from the calculation of CET1 Capital.

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		
	As at 31.12.2014	**As at 31.12.2013 (Restated)**	**As at 1.1.2013# (Restated)**
CET1 Capital Ratio	**11.747%**	11.253%	10.969%
Tier 1 Capital Ratio	**13.539%**	13.059%	13.192%
Total Capital Ratio	**16.235%**	15.664%	16.601%

	Bank		
	As at 31.12.2014	**As at 31.12.2013 (Restated)**	**As at 1.1.2013# (Restated)**
CET1 Capital Ratio	**16.275%**	15.925%	17.244%
Tier 1 Capital Ratio	**16.275%**	15.925%	17.244%
Total Capital Ratio	**16.275%**	15.925%	17.244%

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.

(c) Components of capital:

Group	**As at 31.12.2014 RM'000**	**As at 31.12.2013 (Restated) RM'000**	**As at 1.1.2013# (Restated) RM'000**
CET1 Capital			
Paid-up share capital	**9,319,030**	8,862,079	8,440,046
Share premium	**22,747,922**	19,030,227	15,639,646
Retained profits[1]	**9,173,105**	8,908,590	8,582,794
Other reserves[1]	**8,600,064**	6,382,362	7,030,592
Qualifying non-controlling interests	**124,884**	112,628	80,163
Less: Shares held-in-trust	**(113,463)**	(107,248)	(102,405)
CET1 Capital before regulatory adjustments	**49,851,542**	43,188,638	39,670,836
Less: Regulatory adjustments applied on CET1 Capital	**(8,391,750)**	(8,449,692)	(8,812,605)
Deferred tax assets	**(835,018)**	(1,623,489)	(1,281,136)
Goodwill	**(5,144,128)**	(4,924,662)	(5,588,553)
Other intangibles	**(1,080,868)**	(1,088,882)	(908,730)
Profit equalisation reserve	**(34,456)**	(34,456)	(34,456)
Gain on financial instruments classified as 'available-for-sale'	**-**	-	(335,318)
Regulatory reserve	**(274,500)**	-	-
Shortfall of total eligible provision to total expected loss	**(420,130)**	(778,203)	(664,412)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities[3]	**(602,650)**	-	-
Total CET1 Capital	**41,459,792**	34,738,946	30,858,231
Additional Tier 1 Capital			
Capital securities	**6,246,181**	5,490,972	6,093,421
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	**80,409**	82,848	160,545
Total Tier 1 Capital	**47,786,382**	40,312,766	37,112,197
Tier 2 Capital			
Subordinated obligations	**10,838,880**	10,319,618	11,546,020
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	**530,022**	12,099	22,777
Collective allowance[2]	**555,142**	535,331	728,806
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements[3]	**(2,410,601)**	(2,824,682)	(2,709,503)
Total Tier 2 Capital	**9,513,443**	8,042,366	9,588,100
Total Capital	**57,299,825**	48,355,132	46,700,297

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57. CAPITAL ADEQUACY (CONT'D.)

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

Bank	As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013# (Restated) RM'000
CET1 Capital			
Paid-up share capital	**9,319,030**	8,862,079	8,440,046
Share premium	**22,747,922**	19,030,227	15,639,646
Retained profits[1]	**4,052,916**	4,257,076	4,795,401
Other reserves[1]	**10,629,085**	9,268,717	8,762,288
Less: Shares held-in-trust	**(113,463)**	(107,248)	(102,405)
CET1 Capital before regulatory adjustments	**46,635,490**	41,310,851	37,534,976
Less: Regulatory adjustments applied on CET1 Capital	**(5,328,480)**	(5,364,790)	(2,041,006)
Deferred tax assets	**(348,350)**	(1,053,598)	(810,015)
Goodwill	**(81,015)**	(81,015)	(81,015)
Other intangibles	**(425,252)**	(446,805)	(616,553)
Gain on financial instruments classified as 'available-for-sale'	**-**	-	(230,117)
Shortfall of total eligible provision to total expected loss	**-**	(39,421)	(267,153)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities[3]	**(4,139,159)**	-	-
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	**(334,704)**	(3,743,951)	(36,153)
Total CET1 Capital	**41,307,010**	35,946,061	35,493,970
Additional Tier 1 Capital			
Capital securities	**6,246,181**	5,490,972	6,093,421
Less: Regulatory adjustments due to insufficient Tier 2 Capital	**(6,246,181)**	(5,490,972)	(6,093,421)
Total Tier 1 Capital	**41,307,010**	35,946,061	35,493,970
Tier 2 Capital			
Subordinated obligations	**10,838,880**	10,319,618	11,546,020
Collective allowance[2]	**214,426**	247,746	294,552
Surplus eligible provisions over expected losses	**81,949**	-	-
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements[3]	**(11,135,255)**	(10,567,364)	(11,840,572)
Total Tier 2 Capital	**-**	-	-
Total Capital	**41,307,010**	35,946,061	35,493,970

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) Mayban 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/takaful entities.

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 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 Mayban Agro Fund Sdn. Bhd. as disclosed above).

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	As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013# (Restated) RM'000
Standardised Approach exposure	**48,784,842**	43,834,264	59,851,110
Internal Ratings-Based Approach exposure after scaling factor	**257,422,482**	226,139,730	184,867,074
Total RWA for credit risk	**306,207,324**	269,973,994	244,718,184
Total RWA for market risk	**14,168,153**	7,928,149	8,913,850
Total RWA for operational risk	**32,568,977**	30,801,508	27,685,920
Total RWA	**352,944,454**	308,703,651	281,317,954

Bank	As at 31.12.2014 RM'000	As at 31.12.2013 (Restated) RM'000	As at 1.1.2013# (Restated) RM'000
Standardised Approach exposure	**22,551,830**	22,077,993	26,719,966
Internal Ratings-Based Approach exposure after scaling factor	**201,894,673**	178,911,435	154,727,227
Total RWA for credit risk	**224,446,503**	200,989,428	181,447,193
Total RWA for market risk	**9,452,839**	5,338,195	6,200,948
Total RWA for operational risk	**19,911,571**	19,400,252	18,180,446
Total RWA	**253,810,913**	225,727,875	205,828,587

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.

(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 Internasional Indonesia Tbk
As at 31.12.2014			
CET1 Capital Ratio	**12.003%**	**30.902%**	**-**
Tier 1 Capital Ratio	**12.003%**	**30.902%**	**-**
Total Capital Ratio	**16.088%**	**30.902%**	**15.724%**
As at 31.12.2013			
CET1 Capital Ratio	11.761%	33.133%#	-
Tier 1 Capital Ratio	11.761%	33.133%#	-
Total Capital Ratio	13.711%	33.133%#	12.716%

With effect from 30 June 2014, the credit RWA for margin and non-margin exposure were computed to include credit risk mitigation and unsettled trades respectively. Comparatives were restated without the impact of credit risk mitigation and unsettled trades.

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57. CAPITAL ADEQUACY (CONT'D.)

(e) The capital adequacy ratios and RWA of subsidiaries of the Bank are as follows (cont'd.):

(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 Internasional Indonesia Tbk RM'000
As at 31.12.2014			
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**
As at 31.12.2013			
Standardised Approach exposure	3,902,334	765,298#	27,053,526
Internal Ratings-Based Approach exposure after scaling factor	42,043,918	-	-
Total RWA for credit risk	45,946,252	765,298	27,053,526
Total RWA for credit risk absorbed by Maybank^	(1,210,230)	-	-
Total RWA for market risk	729,512	196,959	232,889
Total RWA for operational risk	3,619,234	876,244	3,227,265
Total RWA	49,084,768	1,838,501	30,513,680

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

With effect from 30 June 2014, the credit RWA for margin and non-margin exposure were computed to include credit risk mitigation and unsettled trades respectively. Comparatives were restated without the impact of credit risk mitigation and unsettled trades.

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.

58 SEGMENT INFORMATION (CONT'D.)

(i) By business segments (cont'd.)

Group	Business Segments							Head Office and Others RM'000	Total RM'000
		GB							
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Asset Management RM'000	International Banking RM'000	Insurance and Takaful RM'000		
1.1.2014 to 31.12.2014									
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)	(1,051,688)	(94,090)	(2,848,356)	(611,459)	-	(9,111,312)
Operating profit before impairment losses	3,800,304	1,836,707	1,445,217	463,611	6,150	2,828,336	1,068,016	(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	478,599	760	2,207,896	896,003	(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	478,811	760	2,370,135	896,677	(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)
1.1.2013 to 31.12.2013									
Net interest income and income from IBS operations:									
- External	5,818,529	1,649,605	847,536	209,072	1,953	3,718,720	864,169	(714,122)	12,395,462
- Inter-segment	-	-	-	2,396	2,023	(27,433)	63,171	(40,157)	-
	5,818,529	1,649,605	847,536	211,468	3,976	3,691,287	927,340	(754,279)	12,395,462
Net interest income and income from IBS operations	5,818,529	1,649,605	847,536	211,468	3,976	3,691,287	927,340	(754,279)	12,395,462
Net earned insurance premiums	-	-	-	-	-	-	3,941,346	-	3,941,346
Other operating income	1,499,494	620,819	847,980	1,324,807	68,575	1,638,938	291,032	(409,583)	5,882,062
Total operating income	7,318,023	2,270,424	1,695,516	1,536,275	72,551	5,330,225	5,159,718	(1,163,862)	22,218,870
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	-	-	(3,680,510)	-	(3,680,510)
Net operating income	7,318,023	2,270,424	1,695,516	1,536,275	72,551	5,330,225	1,479,208	(1,163,862)	18,538,360
Overhead expenses	(3,699,767)	(418,407)	(239,924)	(1,060,218)	(50,874)	(2,762,770)	(695,965)	-	(8,927,925)
Operating profit before impairment losses	3,618,256	1,852,017	1,455,592	476,057	21,677	2,567,455	783,243	(1,163,862)	9,610,435
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(393,788)	(237,911)	-	(2,537)	(185)	(102,686)	7,521	-	(729,586)
Allowances for impairment losses on financial investments, net	-	-	(58,978)	(12,451)	-	(65,727)	(13,366)	-	(150,522)
Operating profit	3,224,468	1,614,106	1,396,614	461,069	21,492	2,399,042	777,398	(1,163,862)	8,730,327
Share of profits in associates and joint ventures	-	-	-	738	-	137,665	864	-	139,267
Profit before taxation and zakat	3,224,468	1,614,106	1,396,614	461,807	21,492	2,536,707	778,262	(1,163,862)	8,869,594
Taxation and zakat									(2,098,261)
Profit after taxation and zakat									6,771,333
Non-controlling interests									(218,942)
Profit for the financial year attributable to equity holders of the Bank									6,552,391
Included in overhead expenses are:									
Depreciation of property, plant and equipment	(98,864)	(8,792)	(5,598)	(40,309)	(456)	(100,664)	(14,009)	-	(268,692)
Amortisation of intangible assets	(61,321)	(12,662)	(7,488)	(40,022)	(287)	(58,062)	(26,641)	-	(206,483)

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, Papua New Guinea, 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 31.12.2014	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**

Income statement items For the financial year ended 31.12.2013	Operating revenue RM'000	Net operating income RM'000	Profit before taxation and zakat RM'000
Malaysia	26,905,923	14,711,450	8,464,785
Singapore	3,684,993	2,732,243	1,251,904
Indonesia	4,092,901	2,511,268	658,575
Others	1,603,171	1,132,028	779,569
	36,286,988	21,086,989	11,154,833
Elimination*	(3,036,211)	(2,548,629)	(2,285,239)
Group	33,250,777	18,538,360	8,869,594

* Inter-segment revenue are eliminated on consolidation.

The total non-current and current assets based on geographical locations are as follows:

	Non-current assets[1]		Current assets[2]	
Statement of financial position items:	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Malaysia	**8,335,574**	8,105,620	**454,625,309**	414,176,678
Singapore	**946,136**	909,346	**130,835,260**	103,765,933
Indonesia	**122,102**	104,962	**40,621,158**	38,303,152
Others	**141,236**	118,694	**48,712,156**	44,044,395
	9,545,048	9,238,622	**674,793,883**	600,290,158
Elimination[3]	**-**	-	**(44,038,975)**	(49,209,996)
Group	**9,545,048**	9,238,622	**630,754,908**	551,080,162

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.

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 2014:

(a) Issuance of Tier 2 Subordinated Notes of RM1.6 billion pursuant to the RM7.0 billion Subordinated Note Programme

Maybank had on 19 December 2013 obtained the approval from BNM for the revision of the principal terms and conditions of the Subordinated Note Programme (in respect of Subordinated Notes to be issued in the future) to comply with BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012 ("BNM Capital Adequacy Framework").

Maybank had on 29 January 2014 issued RM1.6 billion Basel III-compliant Tier 2 Subordinated Notes with tenure of 10 years on a 10 non-callable 5 basis under the revised Subordinated Note Programme, which is due on 29 January 2024.

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 the BNM Capital Adequacy Framework.

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 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(xii).

(b) Rights issue of 27,373,500 new ordinary shares of RM1.00 each issued by Maybank Islamic Berhad ("MIB"), a wholly-owned subsidiary of the Bank

On 26 March 2014, MIB completed its rights issue of 27,373,500 new ordinary shares of RM1.00 each at an issue price of RM14.64 per ordinary share for a total consideration of RM400,748,040. 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 of the rights issue are disclosed in Note 17(b).

(c) Issuance of Tier 2 Capital Subordinated Sukuk Murabahah of RM1.5 billion ("Subordinated Sukuk Murabahah") pursuant to a Subordinated Sukuk Murabahah Programme of up to RM10.0 billion in nominal value ("Subordinated Sukuk Programme") by Maybank Islamic Berhad

On 7 April 2014, Maybank Islamic Berhad ("MIB"), a wholly-owned subsidiary of the Bank, issued RM1.5 billion Basel III-compliant Tier 2 Capital Subordinated Sukuk Murabahah in nominal value ("Subordinated Sukuk Murabahah") pursuant to a Subordinated Sukuk Murabahah Programme of up to RM10.0 billion in nominal value ("Subordinated Sukuk Programme").

The Subordinated Sukuk Murabahah carries a tenure 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.

MIB 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 callable on every profit payment date thereafter.

The net proceeds from the issuance of the Subordinated Sukuk Murabahah will be utilised for MIB's business expansion programme, general banking, working capital and other Shariah compliant corporate purposes.

Details of the Subordinated Sukuk Murabahah are disclosed in Note 29(xiii).

(d) Issuance of Tier 2 Capital Subordinated Sukuk Musharakah of RM300.0 million in nominal value by Etiqa Takaful Berhad

On 30 May 2014, Etiqa Takaful Berhad ("ETB"), 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 tenure 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.

ETB may, subject to the prior consent of BNM, redeem the Surbordinated Sukuk Musharakah on any semi-annual distribution date on or after the fifth (5th) anniversary from the issue date.

The net proceeds from the issuance of the Subordinated Sukuk Musharakah will be utilised, amongst others, for ETB's business operations, working capital and other corporate purposes which are Shariah compliant.

Details of the Subordinated Sukuk Musharakah are disclosed in Note 29(xiv).

(e) Issuance of IDR1.5 trillion Subordinated Bonds under Shelf Subordinated Bonds II Bank BII Tranche I Year 2014

On 8 July 2014, BII, a subsidiary of the Bank, issued IDR1.5 trillion Subordinated Bonds under Shelf Subordinated Bonds ll Bank BII Tranche l Year 2014. The Subordinated Bonds bear fixed interest rate at 11.35% per annum, payable quarterly in arrears, and is due on 8 July 2021.

Details of the Subordinated Bonds are disclosed in Note 29(xv).

(f) Establishment of Additional Tier 1 Capital Securities ("AT1CS") Programme of up to RM10.0 billion and/or its foreign currency equivalent in nominal value ("AT1CS Programme")

The Bank has obtained approval and authorisation from the Securities Commission Malaysia vide its letter dated 14 August 2014 for the establishment of the AT1CS Programme and the issuance of AT1CS thereunder.

In addition, the approval from BNM for the establishment of AT1CS Programme has also been obtained on 14 July 2014 (upon terms and conditions therein contained).

The AT1CS to be issued under the AT1CS Programme will qualify as Additional Tier 1 capital of the Bank subject to compliance with the requirements as specified in BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012.

The AT1CS Programme will have a perpetual tenure from the date of first issuance of the AT1CS under the AT1CS Programme and each of the AT1CS shall have a perpetual tenure with a call date of no earlier than five (5) years from the issue date of that tranche of AT1CS. Each issuance of AT1CS under the AT1CS Programme, shall have a callable option allowing the Bank, subject to the redemption conditions being satisfied, to redeem (in whole or in part) that tranche of AT1CS on the call date at their principal amount together with accrued but unpaid coupon (if any).

The proceeds from the issuance of the AT1CS will be utilised to fund the Bank's working capital, general banking and other corporate purposes, including the refinancing of any borrowings incurred and/or any debt instruments issued by the Bank and/or relating thereto.

The AT1CS Programme has been successfully established on 19 August 2014.

(g) Establishment of Euro-Commercial Paper Programme of up to USD5.0 billion or its equivalent in alternative currencies in nominal value

On 25 July 2014, the Bank has obtained approval from the Securities Commission Malaysia for the establishment of the Euro-Commercial Paper Programme ("CP Programme") under which the Bank may issue and have outstanding at any time euro-commercial paper notes ("Notes") of up to USD5.0 billion or its equivalent in alternative currencies in nominal value.

The CP Programme will give the Bank the flexibility to raise funds via the issuance of Notes from time to time which can be utilised, amongst others, to fund the Bank's working capital, general banking and other corporate purposes.

The CP Programme has been assigned a final short-term debt rating of P-2 by Moody's Investors Service, Inc. Maybank Investment Bank Berhad is the Principal Adviser while Maybank Kim Eng Securities Pte. Ltd. is the Lead Arranger for the CP Programme.

The CP Programme has been successfully established on 4 September 2014.

(h) Issuance of Basel III-Compliant Additional Tier 1 Capital Securities ("AT1CS") of RM3.5 billion in nominal value pursuant to the AT1CS Programme of up to RM10.0 billion and/or its foreign currency equivalent in nominal value

On 10 September 2014, the Bank issued RM3.5 billion of Basel lll-compliant AT1CS in nominal value with a tenure 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.

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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 2014 (cont'd.):

(h) Issuance of Basel III-Compliant Additional Tier 1 Capital Securities ("AT1CS") of RM3.5 billion in nominal value pursuant to the AT1CS Programme of up to RM10.0 billion and/or its foreign currency equivalent in nominal value (cont'd.)

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.

Details of the AT1CS are disclosed in Note 30(d).

(i) Partial Redemption of Non-Innovative Tier 1 Capital of RM3.437 billion in nominal value ("NIT1 Capital")

On 10 September 2014, the Bank completed a partial redemption of NIT1 Capital of RM3.437 billion in nominal value comprising Non-Cumulative Perpetual Capital Securities ("NCPCS") which are stapled to Subordinated Notes issued by Cekap Mentari Berhad, a wholly-owned subsidiary of the Bank.

The NIT1 Capital was issued in June 2008. Details of the NIT1 Capital are disclosed in Note 30(a).

(j) 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")

On 22 December 2014 ("Closing Date"), 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 financial impact on the Disposal is disclosed in Note 17(c).

(k) Rights issue of PT Bank Internasional Indonesia Tbk ("BII")

On 24 December 2014, BII, a subsidiary of Maybank had completed its rights issue exercise of 6,774,684,073 new ordinary shares of Rupiah ("Rp") 22.5 each ("Rights Shares") at an issue price of Rp221 per Rights Shares ("Rights Issue"). The total proceeds raised from the Rights Issue amounted to approximately Rp1.5 trillion. The Group had fully subscribed for its entitlement under the Rights Issue.

The proceeds from the Rights Issue would be used principally for credit expansion as part of BII's plan to improve its capital structure and strengthen its financial position to spearhead further growth.

(l) Transfer of identified assets and liabilities from Maybank International (L) Ltd. ("MILL") to Maybank International Labuan Branch ("MILB")

On 3 May 2013, the Bank established Maybank International Labuan Branch ("MILB"), an offshore branch of the Bank, in Federal Territory of Labuan, in which the location of the business operations is the same as Maybank International (L) Ltd. ("MILL"), a wholly-owned subsidiary of the Bank.

As part of the business plan, the identified assets and liabilities of MILL will be transferred to MILB via vesting by tranches. The first tranche of the identified assets and liabilities has been transferred using the position as at 14 February 2014. The transfer of the remaining identified assets and liabilities are currently on-going, expected to be completed in year 2015, subject to regulatory approval in the relevant jurisdictions.

The following are the subsequent events of the Group and of the Bank subsequent to the financial year ended 31 December 2014:

(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 Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 29 January 2015, the Bank 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.

60. INCOME STATEMENTS AND STATEMENTS OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS

(a) Income statements

	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Operating revenue	**1,692,726**	1,326,735	**1,598,572**	1,606,797	**839,246**	816,642	**1,353,928**	1,884,315	**5,484,472**	5,634,489
Interest income	**435,140**	433,258	**308,399**	314,292	**57,466**	44,621	**168,798**	145,297	**969,803**	937,468
Interest expense	**-**	-	**-**	-	**-**	-	**(28,675)**	(10,184)	**(28,675)**	(10,184)
Net interest income	**435,140**	433,258	**308,399**	314,292	**57,466**	44,621	**140,123**	135,113	**941,128**	927,284
Net earned insurance premiums	**984,224**	785,452	**1,017,700**	1,332,479	**772,264**	707,087	**1,171,880**	1,116,328	**3,946,068**	3,941,346
Other operating income	**288,991**	123,205	**272,473**	(39,974)	**9,517**	64,935	**150,652**	142,866	**721,633**	291,032
Total operating income	**1,708,355**	1,341,915	**1,598,572**	1,606,797	**839,247**	816,643	**1,462,655**	1,394,307	**5,608,829**	5,159,662
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	**(1,518,592)**	(1,191,097)	**(1,442,093)**	(1,563,284)	**(836,657)**	(814,769)	**(231,926)**	(201,399)	**(4,029,268)**	(3,770,549)
Net operating income	**189,763**	150,818	**156,479**	43,513	**2,590**	1,874	**1,230,729**	1,192,908	**1,579,561**	1,389,113
Overhead expenses	**(155,404)**	(148,202)	**(39,149)**	(33,908)	**(567)**	(1,356)	**(420,279)**	(417,878)	**(615,399)**	(601,344)
Operating profit before impairment losses	**34,359**	2,616	**117,330**	9,605	**2,023**	518	**810,450**	775,030	**964,162**	787,769
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	**3,138**	(441)	**7,087**	(2,079)	**(1,683)**	89	**212**	9,952	**8,754**	7,521
Allowances for impairment losses on financial investments, net	**(37,497)**	(2,175)	**(124,417)**	(7,526)	**(340)**	(607)	**(18,515)**	(3,058)	**(180,769)**	(13,366)
Operating profit	**-**	-	**-**	-	**-**	-	**792,147**	781,924	**792,147**	781,924
Share of profits in associates	**-**	-	**-**	-	**-**	-	**674**	864	**674**	864
Profit before taxation and zakat	**-**	-	**-**	-	**-**	-	**792,821**	782,788	**792,821**	782,788
Taxation and zakat	**-**	-	**-**	-	**-**	-	**(219,673)**	(165,375)	**(219,673)**	(165,375)
Profit for the financial year	**-**	-	**-**	-	**-**	-	**573,148**	617,413	**573,148**	617,413

60. INCOME STATEMENTS AND STATEMENTS OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

(b) Statements of financial position

Group As at 31.12.2014	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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60. INCOME STATEMENTS AND STATEMENTS OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

(b) Statements of financial position (cont'd.)

Group As at 31.12.2013	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	55,313	90,009	53,033	140,250	338,605
Deposits and placements with financial institutions	902,179	493,643	319,559	1,379,348	3,094,729
Financial assets at fair value through profit or loss	8,546,946	4,571,735	-	-	13,118,681
Financial investments available-for-sale	1,190,548	2,781,462	1,039,781	3,165,842	8,177,633
Loans, advances and financing	276,629	7,309	-	33,181	317,119
Derivative assets	18,035	-	-	-	18,035
Reinsurance/retakaful assets and other insurance receivables	66,498	155,836	282,157	1,845,504	2,349,995
Other assets	33,576	4,216	7,671	89,232	134,695
Investment properties	524,392	-	-	51,062	575,454
Interest in associates	-	-	-	9,110	9,110
Property, plant and equipment	61,007	-	-	74,364	135,371
Intangible assets	15,961	67	3	11,482	27,513
Deferred tax assets	1,692	5,544	10,303	20,903	38,442
Total assets	11,692,776	8,109,821	1,712,507	6,820,278	28,335,382
Liabilities					
Derivative liabilities	2,961	-	-	-	2,961
Insurance/takaful contract liabilities and other insurance payables	9,811,717	7,779,115	1,485,201	2,724,106	21,800,139
Other liabilities*	1,822,276	326,024	222,254	(1,369,185)	1,001,369
Provision for taxation and zakat	12,054	(1,805)	(318)	21,934	31,865
Deferred tax liabilities	43,768	6,487	5,370	359,345	414,970
Subordinated obligations	-	-	-	510,184	510,184
Total liabilities	11,692,776	8,109,821	1,712,507	2,246,384	23,761,488
Equity attributable to equity holders of the Subsidiaries					
Share capital	-	-	-	252,005	252,005
Other reserves	-	-	-	4,321,889	4,321,889
	-	-	-	4,573,894	4,573,894
Total liabilities and shareholders' equity	11,692,776	8,109,821	1,712,507	6,820,278	28,335,382

* 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.

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS")

(a) Statement of financial position

Group	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Assets			
Cash and short-term funds	(f)	**17,893,965**	17,763,716
Deposits and placements with financial institutions	(g)	**763**	63,380
Financial investments portfolio	(h)	**9,464,746**	9,193,509
Financing and advances	(i)	**108,814,883**	87,395,117
Derivative assets	(j)	**169,535**	134,141
Other assets	(k)	**7,981,518**	9,101,475
Statutory deposits with central banks	(l)	**3,778,000**	3,084,000
Property, plant and equipment	(m)	**1,162**	1,203
Intangible asset	(n)	**658**	1,520
Deferred tax assets	(o)	**35,963**	268,231
		148,141,193	127,006,292
Liabilities			
Deposits from customers	(p)	**99,996,856**	83,376,255
Deposits and placements from financial institutions	(q)	**36,625,916**	33,431,855
Bills and acceptances payable		**5,947**	62,124
Derivative liabilities	(j)	**273,865**	247,952
Other liabilities	(r)	**288,384**	278,481
Recourse obligation on financing sold to Cagamas	(t)	**-**	620,976
Provision for taxation and zakat	(u)	**54,994**	206,479
Subordinated sukuk	(v)	**2,527,629**	1,010,782
		139,773,591	119,234,904
Islamic Banking Capital Funds			
Islamic Banking Funds	(d)	**1,175,774**	1,278,853
Share premium	(d)	**4,099,344**	3,725,969
Retained profits	(d)	**2,470,137**	2,445,492
Other reserves	(d)	**622,347**	321,074
		8,367,602	7,771,388
		148,141,193	127,006,292
Commitments and contingencies	(cc)	**37,876,493**	34,079,257

The accompanying notes provide further details on the balances as at reporting date.

(b) Income statement

Group	Note	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Income derived from investment of depositors' funds	(w)	**5,545,645**	4,489,860
Income derived from investment of Islamic Banking Funds	(x)	**325,187**	318,017
Allowances for impairment losses on financing and advances	(y)	**(84,885)**	(8,509)
Total attributable income		**5,785,947**	4,799,368
Income attributable to the depositors	(z)	**(3,085,192)**	(2,369,879)
Total net income		**2,700,755**	2,429,489
Finance cost		**(93,074)**	(42,200)
Overhead expenses	(aa)	**(997,395)**	(913,231)
Profit before taxation and zakat		**1,610,286**	1,474,058
Taxation	(bb)	**(424,596)**	(336,466)
Zakat		**(19,572)**	(22,247)
Profit for the financial year		**1,166,118**	1,115,345

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(b) Income statement (cont'd.)

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	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Income derived from investment of depositors' funds	**5,545,645**	4,489,860
Income derived from investment of Islamic Banking Funds	**325,187**	318,017
Total income before allowance for impairment on financing and advances, and overhead expenses	**5,870,832**	4,807,877
Income attributable to the depositors	**(3,085,192)**	(2,369,879)
	2,785,640	2,437,998
Finance cost	**(93,074)**	(42,200)
Net of intercompany income and expenses	**578,645**	414,384
Income from Islamic Banking Scheme operations reported in the income statement of the Group	**3,271,211**	2,810,182

The accompanying notes provide further details on the amounts recorded for the financial years ended 31 December 2014 and 31 December 2013.

(c) Statement of comprehensive income

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Profit for the financial year	**1,166,118**	1,115,345
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	**80,974**	21,483
Net gain/(loss) of financial investments available-for-sale	**34,691**	(214,691)
Income tax effect	**(9,420)**	53,051
Other comprehensive income/(loss) for the financial year, net of tax	**106,245**	(140,157)
Total comprehensive income for the financial year	**1,272,363**	975,188

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Statement of changes in Islamic Banking Capital Funds

Group	Islamic Banking Fund RM'000	Non-distributable: Share Premium RM'000	AFS Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Regulatory Reserve RM'000	Distributable Retained Profits RM'000	Total 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
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 (Note 59(b))	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**	**1,697**	**34,456**	**(190)**	**274,500**	**2,470,137**	**8,367,602**

Group	Islamic Banking Fund RM'000	Non-distributable: Share Premium RM'000	AFS Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Regulatory Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2013	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	(190)	-	1,714,977	5,485,195
Profit for the financial year	-	-	-	-	-	-	-	-	-	1,115,345	1,115,345
Other comprehensive (loss)/income	-	-	(161,640)	21,483	-	-	-	-	-	-	(140,157)
Total comprehensive (loss)/ income for the financial year	-	-	(161,640)	21,483	-	-	-	-	-	1,115,345	975,188
Transfer from/(to) conventional banking operations	328,866	-	-	(20,122)	-	-	-	-	-	2,261	311,005
Issue of ordinary shares	86,268	1,038,489	-	-	-	-	-	-	-	-	1,124,757
Dividends paid	-	-	-	-	-	-	-	-	-	(124,757)	(124,757)
Transfer to statutory reserve	-	-	-	-	262,334	-	-	-	-	(262,334)	-
At 31 December 2013	1,278,853	3,725,969	(124,889)	328	409,672	1,697	34,456	(190)	-	2,445,492	7,771,388

* 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.)

(e) Statement of cash flows

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	**1,610,286**	1,474,058
Adjustments for:		
Allowances for impairment losses on financing and advances, net	**209,077**	146,748
Amortisation of premiums less accretion of discounts, net	**(47,224)**	(56,906)
Unrealised (gain)/loss of derivatives	**(17,266)**	17,829
Unrealised (gain)/loss of financial assets at fair value through profit or loss	**(4,660)**	10,129
Net gain on disposal of financial investments available-for-sale	**(4,238)**	(20,835)
Net gain on disposal of financial assets at fair value through profit or loss	**(7,066)**	(63,426)
Gain on foreign exchange transactions	**(56,361)**	(117,084)
Depreciation of property, plant and equipment (Note 61(aa))	**546**	559
Amortisation of computer software (Note 61(aa))	**907**	941
ESS expenses	**1,970**	1,584
Operating profit before working capital changes	**1,685,971**	1,393,597
Change in deposits and placements with financial institutions	**62,617**	230,172
Change in financing and advances	**(21,628,843)**	(25,311,072)
Change in derivative assets and liabilities	**7,785**	30,229
Change in other assets	**1,119,955**	(4,210,275)
Change in statutory deposit with central banks	**(694,000)**	(685,000)
Change in deposits from customers	**16,676,877**	12,174,567
Change in deposits and placements from financial institutions	**3,194,060**	20,225,613
Change in bills and acceptances payable	**(56,177)**	(357,625)
Change in financial investments portfolio	**(92,817)**	554,467
Change in other liabilities	**101,008**	37,348
Cash generated from operations	**376,436**	4,082,021
Taxes and zakat paid	**(372,372)**	(329,629)
Net cash generated from operating activities	**4,064**	3,752,392
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**-**	55
Purchase of property, plant and equipment	**(465)**	(217)
Net cash used in investing activities	**(465)**	(162)
Cash flows from financing activities		
Dividend paid	**(874,877)**	(124,757)
Dividend paid for Subordinated Sukuk	**(76,227)**	(42,200)
Proceeds from issuance of Subordinated Sukuk	**1,500,000**	-
Proceeds from issuance of shares	**270,296**	1,453,623
Funds transferred to holding company	**(71,566)**	(17,861)
Recourse obligation on financing sold to Cagamas, net	**(620,976)**	(284,205)
Net cash generated from financing activities	**126,650**	984,600
Net increase in cash and cash equivalents	**130,249**	4,736,830
Cash and cash equivalents at 1 January 2014/2013	**17,763,716**	13,026,886
Cash and cash equivalents at 31 December 2014/2013 (Note 61(f))	**17,893,965**	17,763,716

(f) Cash and short-term funds

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Cash, bank balances and deposits with financial institutions	**5,043,846**	14,430,490
Money at call	**12,850,119**	3,333,226
	17,893,965	17,763,716

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(g) Deposits and placements with financial institutions

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Licensed banks	**763**	63,380

(h) Financial investments portfolio

Group	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Financial assets at fair value through profit or loss	(i)	**1,254,663**	492,119
Financial investments available-for-sale	(ii)	**8,013,073**	8,573,528
Financial investments held-to-maturity	(iii)	**197,010**	127,862
		9,464,746	9,193,509

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

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	**-**	145,679
Bank Negara Malaysia Monetary Notes	**1,205,399**	323,452
	1,205,399	469,131
Unquoted securities:		
Islamic private debt securities in Malaysia	**20,240**	22,988
Foreign Islamic debt securities	**29,024**	-
	49,264	22,988
Total financial assets at fair value through profit or loss	**1,254,663**	492,119

(ii) Financial investments available-for-sale

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	**4,211,737**	4,898,485
Negotiable instruments of deposits	**2,100,000**	1,666,487
Bankers' acceptances and Islamic accepted bills	**-**	26,240
Khazanah bonds	**65,027**	62,930
	6,376,764	6,654,142
Unquoted securities:		
Islamic private debt securities in Malaysia	**1,532,753**	1,693,482
Foreign Islamic debt securities	**27,871**	33,096
Malaysian Government Bond	**75,685**	192,808
	1,636,309	1,919,386
Total financial investments available-for-sale	**8,013,073**	8,573,528

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(h) Financial investments portfolio (cont'd.)

(iii) Financial investments held-to-maturity

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At amortised cost		
Money market instruments:		
Foreign Certificates of Deposits	**42,322**	36,602
Foreign Government Securities	**154,688**	91,260
Total financial investments held-to-maturity	**197,010**	127,862

The maturity profile of money market instruments available-for-sale and held-to-maturity are as follows:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within one year	**2,277,187**	1,820,590
One year to three years	**1,799,851**	1,981,003
Three years to five years	**304,291**	312,041
After five years	**2,192,445**	2,668,370
	6,573,774	6,782,004

(i) Financing and advances

Group As at 31.12.2014	Bai'* RM'000	Murabahah RM'000	Musyarakah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total Financing and Advances RM'000
Cashline	-	**2,423,156**	-	-	-	-	-	**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**
Bills receivables	-	-	-	-	-	-	-	-
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 gross financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM9,548.2 million (31 December 2013: RM8,328.8 million), an arrangement between Maybank Islamic Berhad ("MIB") and the Bank, where the risks and rewards of the RPSIA will be accounted for by the Bank including the individual and collective allowances for the impaired financing arising thereon.

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

Group As at 31.12.2013	Bai'* RM'000	Murabahah RM'000	Musyarakah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total Financing and Advances RM'000
Cashline	-	2,762,316	-	-	-	630	-	2,762,946
Term financing								
- Housing financing	22,881,526	18,521,856	2,726,672	-	-	-	-	44,130,054
- Syndicated financing	-	420,933	24,071	-	-	-	-	445,004
- Hire purchase receivables	-	-	-	26,432,037	-	-	-	26,432,037
- Other term financing	46,254,057	24,733,658	1,953,048	-	214,442	180,206	934	73,336,345
Bills receivables	-	3,241	-	-	-	-	474	3,715
Trust receipts	-	198,607	-	-	-	-	-	198,607
Claims on customers under acceptance credits	-	3,978,452	-	-	-	-	-	3,978,452
Staff financing	1,070,418	188,580	9,646	100,524	-	-	37,407	1,406,575
Credit card receivables	-	-	-	-	-	-	424,425	424,425
Revolving credit	-	6,096,862	-	-	-	-	-	6,096,862
	70,206,001	56,904,505	4,713,437	26,532,561	214,442	180,836	463,240	159,215,022
Unearned income								(71,055,879)
Gross financing and advances**								88,159,143
Allowances for impaired financing and advances:								
- Individual allowance								(172,880)
- Collective allowance								(591,146)
Net financing and advances								87,395,117

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

** Included in gross financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM9,548.2 million (31 December 2013: RM8,328.8 million), an arrangement between Maybank Islamic Berhad ("MIB") and the Bank, where the risks and rewards of the RPSIA will be accounted for by the Bank including the individual and collective allowances for the impaired financing arising thereon.

(i) Financing and advances analysed by type of customers are as follows:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Domestic non-banking institutions	**4,009,723**	2,546,840
Domestic business enterprises		
- Small and medium enterprises	**11,612,718**	9,069,766
- Others	**17,138,032**	13,224,623
Government and statutory bodies	**7,209,490**	6,288,125
Individuals	**68,763,500**	55,495,105
Other domestic entities	**22,678**	665,754
Foreign entities	**883,466**	868,930
Gross financing and advances	**109,639,607**	88,159,143

(ii) Financing and advances analysed by profit rate sensitivity are as follows:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Fixed rate		
- House financing	**1,579,702**	2,278,641
- Hire purchase receivables	**27,780,000**	22,595,645
- Other financing	**23,678,689**	18,312,065
Floating rate		
- House financing	**18,967,185**	12,525,870
- Other financing	**37,634,031**	32,446,922
Gross financing and advances	**109,639,607**	88,159,143

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

(iii) Financing and advances analysed by their economic purposes are as follows:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Purchase of securities	**17,017,134**	16,325,909
Purchase of transport vehicles	**27,784,900**	22,713,482
Purchase of landed properties		
- Residential	**19,554,874**	14,074,136
- Non-residential	**6,963,083**	4,471,266
Purchase of fixed assets	**16,774**	8,813
Personal use	**1,845,435**	1,419,677
Consumer durables	**718**	723
Construction	**3,122,738**	2,811,692
Working capital	**31,955,376**	25,171,405
Credit/charge cards	**475,617**	424,476
Other purposes	**902,958**	737,564
Gross financing and advances	**109,639,607**	88,159,143

(iv) The maturity profile of financing and advances is as follows:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within one year	**17,533,340**	12,722,135
One year to three years	**9,576,794**	6,305,594
Three years to five years	**8,048,694**	10,627,423
After five years	**74,480,779**	58,503,991
Gross financing and advances	**109,639,607**	88,159,143

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

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Gross impaired financing at 1 January	**531,627**	531,048
Newly impaired	**728,670**	538,213
Reclassified as non-impaired	**(285,316)**	(218,605)
Amount recovered	**(153,007)**	(245,716)
Amount written-off	**(124,020)**	(73,313)
Gross impaired financing at 31 December	**697,954**	531,627
Less: Individual allowance	**(212,945)**	(172,880)
Net impaired financing at 31 December	**485,009**	358,747
Calculation of ratio of net impaired financing:		
Gross financing and advances (excluding RPSIA financing)	**100,091,424**	79,830,300
Less: Individual allowance	**(212,945)**	(172,880)
Net financing and advances	**99,878,479**	79,657,420
Net impaired financing as a percentage of net financing and advances	**0.49%**	0.45%

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

(vi) Impaired financing and advances by economic purposes are as follows:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Purchase of securities	**21,956**	8,576
Purchase of transport vehicles	**94,031**	67,597
Purchase of landed properties		
- Residential	**82,395**	86,109
- Non-residential	**40,649**	22,363
Personal use	**12,139**	9,318
Consumer durables	**8**	3
Construction	**128,655**	31,059
Working capital	**315,029**	303,102
Credit/charge cards	**3,092**	3,500
Impaired financing and advances	**697,954**	531,627

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

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Individual allowance		
At 1 January	**172,880**	95,836
Allowance made (Note 61(y))	**123,302**	97,931
Amount written back in respect of recoveries (Note 61(y))	**(12,071)**	(19,419)
Amount written-off	**(69,249)**	-
Transferred to collective allowance	**(2,356)**	(74)
Exchange differences	**439**	(1,394)
At 31 December	**212,945**	172,880

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Collective allowance		
At 1 January	**591,146**	607,837
Allowance made* (Note 61(y))	**84,488**	56,839
Amount written-off	**(65,700)**	(73,313)
Transferred from individual allowance	**2,356**	74
Transferred to holding company	**(1,224)**	-
Exchange differences	**713**	(291)
At 31 December	**611,779**	591,146
As a percentage of gross financing and advances (excluding RPSIA financing) less individual allowance (including regulatory reserve)	**0.89%**	0.74%

* As at 31 December 2014, the gross exposures to RPSIA financing which is RM9,548.2 million (31 December 2013: RM8,328.8 million) is excluded from gross financing and advances for the individual and collective allowance computation. The collective allowance relating to this RPSIA amounting RM43.2 million (31 December 2013: RM27.8 million) is recognised in the Group's conventional banking operations. There was no individual allowance provided for this RPSIA financing.

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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.

Group As at 31.12.2014	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
Foreign exchange related contracts			
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)**
Profit rate related contracts			
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			
Profit rate related contracts			
Profit rate swaps:			
- One year to three years	**1,718,000**	**7,697**	**(6,724)**
- More than three years	**524,325**	**720**	**(136)**
Foreign exchange related contracts			
Cross currency profit rate swaps:			
- More than three years	**1,794,612**	**1,622**	**(29,533)**
	4,036,937	**10,039**	**(36,393)**
Total	**13,943,912**	**169,535**	**(273,865)**

Group As at 31.12.2013	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
Foreign exchange related contracts			
Currency forward:			
- Less than one year	1,619,825	55,054	(1,565)
Currency swaps:			
- Less than one year	3,025,375	2,900	(59,007)
Currency spots:			
- Less than one year	28,757	33	(52)
Cross currency profit rate swaps:			
- One year to three years	314,425	19,421	(19,421)
Profit rate related contracts			
Profit rate options:			
- More than three years	575,000	-	(89,348)
	5,563,382	77,408	(169,393)

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(j) Derivative financial instruments (cont'd.)

Group As at 31.12.2013 (cont'd.)	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Hedging derivatives			
Profit rate related contracts:			
Profit rate swaps:			
- Less than one year	850,000	-	(1,798)
- One year to three years	718,000	1,729	(2,562)
- More than three years	1,902,963	18,889	(11,653)
Foreign exchange related contracts:			
Cross currency profit rate swaps:			
- One year to three years	249,530	36,115	(35,588)
- More than three years	383,100	-	(26,958)
	4,103,593	56,733	(78,559)
Total	9,666,975	134,141	(247,952)

(k) Other assets

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Amount due from holding company	**7,161,180**	8,695,495
Prepayment and deposits	**235,458**	129,364
Other debtors	**584,880**	276,616
	7,981,518	9,101,475

(l) Statutory deposits with central banks

The non-interest bearing statutory deposits maintained with BNM are in compliance with the requirements 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 31.12.2014	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**

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(m) Property, plant and equipment (cont'd.)

Group As at 31.12.2013	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Motor Vehicles RM'000	Total RM'000
Cost				
At 1 January 2013	2,845	1,794	508	5,147
Additions	40	177	-	217
Disposals	(396)	(455)	-	(851)
Write-offs	(3)	(1)	-	(4)
Exchange differences	(468)	(256)	(40)	(764)
At 31 December 2013	2,018	1,259	468	3,745
Accumulated depreciation				
At 1 January 2013	1,677	1,391	271	3,339
Depreciation charge for the financial year (Note 61(aa))	467	87	5	559
Disposals	(404)	(392)	-	(796)
Write-offs	(3)	(1)	-	(4)
Exchange differences	(251)	(215)	(90)	(556)
At 31 December 2013	1,486	870	186	2,542
Net carrying amount				
At 31 December 2013	532	389	282	1,203

(n) Intangible asset

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Computer software		
Cost		
At 1 January	**5,467**	6,766
Exchange differences	**225**	(1,299)
At 31 December	**5,692**	5,467
Accumulated amortisation		
At 1 January	**3,947**	3,649
Amortisation charge for the financial year (Note 61(aa))	**907**	941
Exchange differences	**180**	(643)
At 31 December	**5,034**	3,947
Net carrying amount		
At 31 December	**658**	1,520

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(o) Deferred tax assets

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	**(268,231)**	(199,475)
Recognised in income statements, net (Note 61(bb))	**223,282**	(15,352)
Recognised in statement of comprehensive income, net	**9,420**	(53,051)
Exchange differences	**(434)**	(353)
At 31 December	**(35,963)**	(268,231)

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 31.12.2014					
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)**
As at 31.12.2013					
At 1 January 2013	(186,899)	(9,742)	(67)	(2,767)	(199,475)
Recognised in income statements	(14,620)	(256)	-	(476)	(15,352)
Recognised in statement of comprehensive income	-	(53,051)	-	-	(53,051)
Exchange differences	55	(96)	-	(312)	(353)
At 31 December 2013	(201,464)	(63,145)	(67)	(3,555)	(268,231)

(p) Deposits from customers

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Savings deposit		
Wadiah	**9,977,407**	8,878,413
Mudharabah	**888,056**	741,952
	10,865,463	9,620,365
Demand deposit		
Wadiah	**8,282,093**	8,178,609
Mudharabah	**12,780,538**	9,221,790
	21,062,631	17,400,399
Term deposit		
Murabahah	**40,309,504**	40,652,099
Negotiable Islamic Debt Certificate ("NIDC")		
- Mudharabah	**151,380**	143,345
Hybrid (Bai' Bithaman Ajil and Murabahah)*	**763,556**	505,255
General investment account		
- Mudharabah	**26,844,322**	15,054,792
	68,068,762	56,355,491
Total deposits from customers	**99,996,856**	83,376,255

* Structured deposits represent Ringgit Malaysia time deposits with embedded foreign currency exchange option, commodity-linked time deposits and profit rate options.

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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	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Within six months	**60,165,766**	43,855,814
Six months to one year	**6,933,835**	11,778,748
One year to three years	**187,327**	199,472
Three years to five years	**18,278**	16,202
	67,305,206	55,850,236

(ii) The deposits are sourced from the following types of customers:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Business enterprises	**40,243,287**	35,478,959
Individuals	**24,970,191**	19,914,338
Government and statutory bodies	**15,237,710**	11,881,758
Others	**19,545,668**	16,101,200
	99,996,856	83,376,255

(q) Deposits and placements from financial institutions

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Mudharabah Fund		
Licensed banks*	**25,610,400**	25,549,509
Other financial institutions	**287,371**	299,999
	25,897,771	25,849,508
Non-Mudharabah Fund		
Licensed banks	**10,442,043**	7,436,662
Other financial institutions	**286,102**	145,685
	10,728,145	7,582,347
	36,625,916	33,431,855

* 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 RM9,521.9 million (31 December 2013: RM8,336.3 million). These deposits 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 depositor.

(r) Other liabilities

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Profit Equalisation Reserves (Note 61(s))	**5,157**	16,977
Due to holding company	**207,077**	152,765
Other creditors, provisions and accruals	**76,150**	108,510
Defined benefit pension plans	**-**	229
	288,384	278,481

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(s) Profit Equalisation Reserve ("PER")

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	**16,977**	59,852
Distribution to Investment Account Holder	**(11,820)**	(42,875)
At 31 December*	**5,157**	16,977

* 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.

(t) Recourse obligation on financing sold to Cagamas

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	**620,976**	905,181
Repayment forwarded	**(620,976)**	(284,205)
At 31 December	**-**	620,976

This represents hire purchase financing sold directly to Cagamas Berhad with recourse. Under the agreement, Maybank Islamic Berhad undertakes to administer the financing on behalf of Cagamas Berhad and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria.

(u) Provision for taxation and zakat

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Taxation	**34,531**	183,934
Zakat	**20,463**	22,545
	54,994	206,479

(v) Subordinated sukuk

Group	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
RM1,000 million subordinated sukuk due in 2021	i	**1,010,841**	1,010,782
RM1,500 million subordinated sukuk due in 2024	ii	**1,516,788**	-
		2,527,629	1,010,782

(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 tenure 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 tenure 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.

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(w) Income derived from investment of depositors' funds

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Income from investment of:		
(i) General investment deposits	**3,725,799**	3,001,561
(ii) Other deposits	**1,819,846**	1,488,299
	5,545,645	4,489,860

(i) Income derived from investment of general investment deposits:

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Finance income and hibah:		
Financing and advances	**3,042,172**	2,300,063
Financial investments AFS	**146,274**	149,205
Financial investments HTM	**3,919**	3,304
Financial assets at FVTPL	**4,774**	3,695
Money at call and deposits and placements with financial institutions	**249,187**	220,337
	3,446,326	2,676,604
Amortisation of premiums less accretion of discounts, net	**30,371**	36,074
Total finance income and hibah	**3,476,697**	2,712,678
Other operating income:		
Fee income	**156,887**	182,455
Gain on disposal of financial assets at FVTPL	**4,545**	40,458
Gain on disposal of financial investments AFS	**1,616**	13,506
Unrealised gain/(loss) of:		
- Financial assets at FVTPL	**2,997**	(6,461)
- Derivatives	**11,105**	(11,373)
Foreign exchange gain, net	**35,216**	67,650
Net profit on derivatives	**36,736**	2,648
Total other operating income	**249,102**	288,883
	3,725,799	3,001,561

(ii) Income derived from investment of other deposits:

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Finance income and hibah:		
Financing and advances	**1,486,554**	1,140,597
Financial investments AFS	**71,664**	74,266
Financial investments HTM	**842**	1,061
Financial assets at FVTPL	**2,339**	1,835
Money at call and deposits and placements with financial institutions	**122,027**	109,368
	1,683,426	1,327,127
Amortisation of premiums less accretion of discounts, net	**14,880**	17,926
Total finance income and hibah	**1,698,306**	1,345,053

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(w) Income derived from investment of depositors' funds (cont'd.)

(ii) Income derived from investment of other deposits (cont'd.):

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Other operating income:		
Fee income	**76,512**	90,454
Gain on disposal of financial assets at FVTPL	**2,226**	20,091
Gain on disposal of financial investments AFS	**792**	6,696
Unrealised gain/(loss) of:		
- Financial assets at FVTPL	**1,468**	(3,209)
- Derivatives	**5,441**	(5,648)
Foreign exchange gain, net	**17,103**	33,547
Net profit on derivatives	**17,998**	1,315
Total other operating income	**121,540**	143,246
	1,819,846	1,488,299

(x) Income derived from investment of Islamic Banking Funds

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Finance income and hibah:		
Financing and advances	**240,478**	202,599
Financial investments AFS	**11,844**	15,621
Financial investments HTM	**4,314**	4,224
Financial assets at FVTPL	**4,625**	30,593
Money at call and deposits and placements with financial institutions	**16,402**	16,019
	277,663	269,056
Amortisation of premiums less accretion of discounts, net	**1,973**	2,905
Total finance income and hibah	**279,636**	271,961
Other operating income:		
Fee income	**36,083**	32,402
Gain on disposal of financial assets at FVTPL	**295**	2,877
Gain on disposal of financial investments AFS	**1,829**	632
Unrealised gain/(loss) of:		
- Financial assets at FVTPL	**195**	(460)
- Derivatives	**721**	(809)
Foreign exchange gain, net	**4,042**	11,226
Net profit on derivatives	**2,386**	188
Total other operating income	**45,551**	46,056
	325,187	318,017

(y) Allowances for impairment losses on financing and advances

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Individual allowance:		
- Allowance made (Note 61(i)(vii))	**123,302**	97,931
- Amount written back (Note 61(i)(vii))	**(12,071)**	(19,419)
Collective allowance (Note 61(i)(vii))	**84,488**	56,839
Bad financing:		
- Written-off	**13,358**	11,397
- Recovered	**(124,192)**	(138,239)
	84,885	8,509

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61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(z) Income attributable to depositors

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Deposits from customers:		
- Mudharabah Fund	**951,406**	622,448
- Non-Mudharabah Fund	**1,379,444**	1,127,917
Deposits and placements from financial institutions:		
- Mudharabah Fund	**736,531**	588,565
- Non-Mudharabah Fund	**17,811**	30,949
	3,085,192	2,369,879

(aa) Overhead expenses

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Personnel expenses:		
- Salaries and wages	**33,918**	30,159
- Social security cost	**98**	83
- Pension cost - defined contribution plan	**3,956**	3,406
- ESS expenses	**1,970**	1,584
- Other staff related expenses	**8,074**	4,996
	48,016	40,228
Establishment costs:		
- Depreciation of property, plant and equipment (Note 61(m))	**546**	559
- Amortisation of computer software (Note 61(n))	**907**	941
- Information technology expenses	**2,728**	98
- Others	**4,797**	2,833
	8,978	4,431
Marketing costs:		
- Advertisement and publicity	**11,892**	14,562
- Others	**4,971**	1,482
	16,863	16,044
Administration and general expenses:		
- Fees and brokerage	**8,728**	26,456
- Administrative expenses	**5,656**	4,790
- General expenses	**17,895**	19,753
	32,279	50,999
Shared service cost paid/payable to Maybank	**891,259**	801,529
Total	**997,395**	913,231
Included in overhead expenses are:		
Shariah Committee Members' fee and remuneration	**746**	586

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(bb) Taxation

Group	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Tax expense for the financial year	**402,979**	351,818
Over provision in prior years: Malaysian income tax	**(201,665)**	-
	201,314	351,818
Deferred tax (Note 61(o)):		
Relating to origination and reversal of temporary differences	**(671)**	(15,352)
Reversal of deferred tax no longer required	**223,953**	-
	223,282	(15,352)
	424,596	336,466

(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 As at 31.12.2014	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 arrived at using the credit conversion factors and risk-weights respectively as specified by BNM.

Notes to the Financial Statements

31 December 2014

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 As at 31.12.2013	Full Commitment RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000
Contingent liabilities			
Direct credit substitutes	633,689	633,689	396,118
Certain transaction-related contingent items	1,166,201	591,984	480,062
Short-term self-liquidating trade-related contingencies	276,377	137,786	23,044
	2,076,267	1,363,459	899,224
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	16,099,079	1,685,439	986,277
- Maturity exceeding one year	6,214,872	2,874,563	1,096,736
	22,313,951	4,560,002	2,083,013
Miscellaneous commitments and contingencies	22,064	-	-
Total credit-related commitments and contingencies	24,412,282	5,923,461	2,982,237
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	4,673,957	11,898	7,298
- One year to less than five years	947,055	58,846	28,317
	5,621,012	70,744	35,615
Profit rate related contracts:			
- Less than one year	850,000	1,000	200
- One year to less than five years	718,000	7,180	2,908
- Five years and above	2,477,963	72,500	22,100
	4,045,963	80,680	25,208
Total treasury-related commitments and contingencies	9,666,975	151,424	60,823
Total commitments and contingencies	34,079,257	6,074,885	3,043,060

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

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(dd) Capital adequacy

The capital adequacy ratios of the Group are as follows:

Group	As at 31.12.2014	As at 31.12.2013
CET1 Capital Ratio	**12.501%**	12.309%
Tier 1 Capital Ratio	**12.501%**	12.309%
Total Capital Ratio	**16.504%**	14.219%

Components of capital:

Group	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
CET1/Tier 1 Capital		
Paid-up share capital/Islamic Banking Fund	**517,021**	479,157
Share premium	**4,099,343**	3,725,969
Retained profits	**2,447,702**	2,337,033
Other reserves	**620,815**	316,728
CET1 Capital before regulatory adjustments	**7,684,881**	6,858,887
Less: Regulatory adjustment applied in CET1 Capital	**(377,273)**	(663,352)
Total CET1/Tier 1 Capital	**7,307,608**	6,195,535
Tier 2 Capital		
Tier 2 capital instruments	**2,300,000**	900,000
Collective allowance[1]	**40,144**	61,072
Total Tier 2 Capital	**2,340,144**	961,072
Total Capital	**9,647,752**	7,156,607

[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	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Standardised Approach exposure	**5,148,640**	4,140,360
Internal Ratings-Based Approach exposure after scaling factor	**51,879,355**	42,526,775
Total RWA for credit risk	**57,027,995**	46,667,135
Total RWA for credit risk absorbed by Maybank*	**(3,930,555)**	(1,210,230)
Total RWA for market risk	**919,851**	1,013,268
Total RWA for operational risk	**4,441,134**	3,861,768
Total RWA	**58,458,425**	50,331,941

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

Notes to the Financial Statements

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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 As at 31.12.2014	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
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**

Group As at 31.12.2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets					
Financial investments HTM	-	127,862	-	127,862	127,862
Financing and advances	-	61,722,398	29,447,076	91,169,474	87,395,117
Financial liabilities					
Deposits from customers	-	82,307,961	913,661	83,221,622	83,376,255
Deposits and placements from financial institutions	-	33,535,492	-	33,535,492	33,431,855
Recourse obligation on financing sold to Cagamas	-	620,976	-	620,976	620,976
Subordinated sukuk	-	1,024,349	-	1,024,349	1,010,782

The methods and assumptions used to estimate the fair values of the financial assets and financial liabilities of IBS operations are 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:

(a) To advise the Board on Shariah matters in its business operations;

(b) To endorse Shariah Compliance Manual;

(c) To endorse and validate relevant documentations;

(d) To assist related parties on Shariah matters for advice upon request;

(e) To advise on matters to be referred to the SAC;

(f) To provide written Shariah opinion; and

(g) 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.

61. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(gg) Shariah disclosures (cont'd.)

(ii) Shariah non-compliant events

Group	No. of event	RM'000
As at 31.12.2014		
Non-existence of underlying assets, usage of non-eligible underlying assets and non-execution of aqad	**6**	**27**
As at 31.12.2013		
Lapses in the execution of transactions, non-suitability of marketing collaterals and usage of non-eligible underlying assets	11	52

(iii) Sources and uses of charity funds

	1.1.2014 to 31.12.2014 RM'000	1.1.2013 to 31.12.2013 RM'000
Sources of charity funds		
Shariah non-compliant/prohibited income	**27**	52
Total sources of charity funds during the financial year	**27**	52
Uses of charity funds		
Contribution to non-profit organisation	**27**	52
Total uses of charity funds during the financial year	**27**	52
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 this product is disclosed in their respective policy.

Notes to the Financial Statements

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62. DETAILS OF SUBSIDIARIES, 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	
			As at 31.12.2014 RM	As at 31.12.2013 RM	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %
Banking										
Maybank Islamic Berhad	Islamic banking	Malaysia	**246,361,500**	218,988,000	**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]	Banking	Papua New Guinea	**5,000,000[3]**	5,000,000[3]	**100.00**	100.00	**-**	-	**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 Internasional Indonesia Tbk[12]	Banking	Indonesia	**3,665,370,234,127[1]**	3,512,939,842,485[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 BII Finance Center[12]	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	**200,000,000,000[1]**	200,000,000,000[1]	**60.95[16]**	60.95[16]	**39.05**	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
Etiqa International Holdings Sdn. Bhd.	Investment holding	Malaysia	**485,310,828**	359,340,914	**100.00**	100.00	**-**	-	**100.00**	100.00
AsianLife & General Assurance Corporation[12]	Insurance provider	Philippines	**362,500,090[4]**	362,500,090[4]	**95.24**	95.24	**4.76**	4.76	**100.00**	100.00
Etiqa Insurance Pte. Ltd.[12] (formerly known as Etiqa Pte. Ltd.)	Provision of management services to holding company	Singapore	**25,000,000[5]**	1[5]	**69.05**	69.05	**30.95**	30.95	**100.00**	100.00

62. DETAILS OF SUBSIDIARIES, 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	
			As at 31.12.2014 RM	As at 31.12.2013 RM	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %
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. [15]	Under member's voluntary liquidation	Malaysia	**124,000,000**	124,000,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Mayban Futures Sdn. Bhd.[15]	Under member's voluntary liquidation	Malaysia	**6,550,000**	10,000,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Mayban Securities (HK) Limited[15]	Under member's voluntary liquidation	Hong Kong	**30,000,000[6]**	30,000,000[6]	**100.00**	100.00	**-**	-	**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
Budaya Tegas Sdn. Bhd.	Liquidated	Malaysia	**-**	2	**-**	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. [15]	Under member's voluntary liquidation	Singapore	**4,000,000[5]**	4,000,000[5]	**100.00**	100.00	**-**	-	**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
Kim Eng Research Sdn. Bhd.	Liquidated	Malaysia	**-**	500,000	**-**	70.00	**-**	30.00	**-**	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	**12,500,000[2]**	12,500,000[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
Maybank ATR Kim Eng Fixed Income, Inc.[15]	Under member's voluntary liquidation	Philippines	**190,064,400[4]**	190,064,400[4]	**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
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	**55,000,000[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
KE India Securities Private Limited	Dormant	India	**-**	78,800,000[9]	**-**	75.00	**-**	25.00	**-**	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
ATR Kim Eng Land, Inc.	Real estate investment	Philippines	**-**	310,000,000[4]	**-**	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] (formerly known as Maybank Kim Eng Securities Joint Stock Company)	Dealing in securities	Vietnam	**829,110,000,000[11]**	300,000,000,000[11]	**100.00**	100.00	**-**	-	**100.00**	100.00

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62. DETAILS OF SUBSIDIARIES, 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	
			As at 31.12.2014 RM	As at 31.12.2013 RM	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %
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**	35,007	**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
Mayban-JAIC Capital Management Sdn. Bhd.	Liquidated	Malaysia	**-**	2,000,000	**-**	51.00	**-**	49.00	**-**	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
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.	Liquidated	Malaysia	**-**	10,000	**-**	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
AFMB Nominees (Tempatan) Sdn. Bhd.	Liquidated	Malaysia	**-**	10,000	**-**	100.00	**-**	-	**-**	100.00
Maybank Allied Berhad	Investment holding	Malaysia	**753,908,638**	753,908,638	**100.00**	100.00	**-**	-	**100.00**	100.00
Anfin Berhad	Liquidated	Malaysia	**-**	106,000,000	**-**	100.00	**-**	-	**-**	100.00
Dourado Tora Holdings Sdn. Bhd.	Investment holding	Malaysia	**3,100,000**	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]	Property investment	Papua New Guinea	**2,125,000**[3]	2,125,000[3]	**100.00**	100.00	**-**	-	**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
MNI Holdings Berhad	Liquidated	Malaysia	**-**	2	**-**	69.05	**-**	30.95	**-**	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.[15]	Ceased operations	Malaysia	**410,000**	410,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Sri MTB Berhad	Liquidated	Malaysia	**-**	12,000,000	**-**	69.05	**-**	30.95	**-**	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
Peram Ranum Berhad	Liquidated	Malaysia	**-**	60,000,000	**-**	69.05	**-**	30.95	**-**	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

62. DETAILS OF SUBSIDIARIES, 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	
			As at 31.12.2014 RM	As at 31.12.2013 RM	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %	As at 31.12.2014 %	As at 31.12.2013 %
Asset Management/Trustees/ Custody (cont'd.)										
Sorak Financial Holdings Pte. Ltd.[12]	Investment holding	Singapore	**779,694,200[5]**	693,714,200[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	**160,000,000[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	**5,000,000[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 Consultant Limited (China)	Liquidated	China	**-**	828,748[10]	**-**	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]**	210,000,000[8]	**100.00**	100.00	**-**	-	**100.00**	100.00
PT Prosperindo[13]	Investment holding	Indonesia	**193,810,000,000[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]**	-	**100.00**	-	**-**	-	**100.00**	-

Notes to the Financial Statements

31 December 2014

62. DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(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	
			As at 31.12.2014 %	As at 31.12.2013 %
Akshayam Asia Fund Limited[12]	Equity Fund	British Virgin Islands	**72**	-
Akshayam Asia Master Fund Limited[12]	Equity Fund	British Virgin Islands	**72**	-
MAM PE Asia Fund I (Labuan) LLP	Private Equity Fund	Malaysia	**100**	-
Maybank Asian Equity Fund[12]	Equity Fund	Singapore	**100**	-
Maybank Asian Income Fund[12]	Fixed Income Fund	Singapore	**100**	-
Maybank AsiaPac Ex-Japan Equity-I Fund	Equity Fund	Malaysia	**100**	-
Maybank Bluewaterz Total Return Bond Fund[12]	Fixed Income Fund and other securities	Cayman Islands	**100**	-
Maybank Global Sukuk Fund	Fixed Income Fund	Malaysia	**100**	-
Maybank Malaysia Equity-I Fund	Equity Fund	Malaysia	**100**	-
Maybank Malaysia Sukuk Fund	Fixed Income Fund	Malaysia	**100**	-

(c) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Effective Interest	
			As at 31.12.2014 %	As at 31.12.2013 %
Held by the Bank				
UzbekLeasing International A.O.[13]	Leasing	Uzbekistan	**35**	35
Philmay Holding, Inc.[12]	Investment holding	Philippines	**33**	33
Pelaburan Hartanah Nasional Berhad	Property trust	Malaysia	**-**	30
Maybank Agro Fund Sdn. Bhd.	Fund specific purpose vehicle	Malaysia	**33**	33
Mayban Venture Capital Company Sdn. Bhd.	Liquidated	Malaysia	**-**	33
An Binh Commercial Joint Stock Bank[13]	Banking	Vietnam	**20**	20
Held through subsidiaries				
Baiduri Securities Sdn. Bhd.[15]	Under member's voluntary liquidation	Brunei	**39**	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

62. DETAILS OF SUBSIDIARIES, 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	
			As at 31.12.2014 %	As at 31.12.2013 %
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) During the previous financial year ended 31 December 2013, the Group completed the disposal of 18.3% equity interest in PT Bank Internasional Indonesia Tbk ("BII") to a third party investor. The said disposals were 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 disposals did not have any material financial impact to the Group and has not resulted to a decrease in the Group's effective interest in BII.

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.

64. COMPARATIVES

Certain comparative numbers in prior years have been restated in order to conform with the adoption of the amended MFRS and IC Interpretations which are effective in the current financial year and presentation of the current financial year's financial statements. The effects of these restatements are disclosed in Note 2.4(vi).

Notes to the Financial Statements

31 December 2014

65. 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	
	As at 31.12.2014 RM'000	**As at 31.12.2013 RM'000**	**As at 31.12.2014 RM'000**	**As at 31.12.2013 RM'000**
Retained profits:				
- Realised	**11,014,533**	8,266,525	**3,696,362**	1,896,046
- Unrealised	**382,111**	2,251,983	**(95,558)**	1,582,168
- in respect of deferred tax recognised in the income statement	**38,569**	780,683	**227,499**	835,702
- in respect of other items of income and expense	**343,542**	1,471,300	**(323,057)**	746,466
	11,396,644	10,518,508	**3,600,804**	3,478,214
Share of retained profits from associates and joint ventures:				
- Realised	**422,306**	349,817	**-**	-
- Unrealised	**-**	-	**-**	-
	422,306	349,817	**-**	-
Consolidation adjustments	**569,027**	879,159	**-**	-
Total retained profits	**12,387,977**	11,747,484	**3,600,804**	3,478,214

BASEL II
PILLAR 3 DISCLOSURE

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Overview

The Pillar 3 Disclosure for the financial year ended 31 December 2014 for Malayan Banking Berhad ("Maybank" or the "Bank") and its subsidiaries ("Maybank Group" or the "Group") complies with the Bank Negara Malaysia's ("BNM") "Risk-Weighted Capital Adequacy Framework ("RWCAF") – Disclosure Requirements ("Pillar 3")", which is the equivalent of that issued by the Basel Committee on Banking Supervision ("BCBS") entitled "International Convergence of Capital Measurement and Capital Standards" (commonly referred to as Basel II).

The Group adopts the Foundation Internal Ratings-Based ("FIRB") Approach and supervisory slotting criteria to calculate credit risk-weighted assets 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 progressively migrate to the internal ratings-based ("IRB") approaches.

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 the 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 2014. 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 2014 published by the Group.

COMPARATIVE INFORMATION

This is the fifth 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 2013.

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 ("MIB"), 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

INTRODUCTION

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 from local and foreign rating agencies;
- Deploy capital efficiently to business 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 Group Capital Management Framework ("Framework") to ensure an 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 ("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 branches, to reduce wastage, to minimise cost of capital and to optimise returns on capital.

Overall responsibility for the effective management of capital rests with the Board whilst the Group EXCO is responsible for ensuring the effectiveness of the capital management policies on an ongoing basis and for updating the Framework to reflect revisions and new developments.

Annual Group Capital Plan

The Group Capital Plan aims to establish robust monitoring of the Group's (inclusive of subsidiaries, associates and overseas branches) capital position and to ensure the Group 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 a comprehensive plan 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 ("ICAAP") 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 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 and procedures for capital contingency planning;
- Establishing governance for capital contingency planning;
- Providing early warning signals and establish 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 overseas subsidiaries and 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 reporting, monitoring and escalation, 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 conditions 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 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 RM457 million arising from the issuance of new shares under the Employee Share Option Schemes of about RM62 million as well as from the completion of the 8th and 9th Dividend Reinvestment Plan ("DRP") via the issuance and allotment of about 395 million new ordinary shares of RM1.00 each on 27 May 2014 and 29 October 2014 respectively.

The DRP scheme was announced by the Bank on 25 March 2010 to allow shareholders of the Bank to reinvest their dividends into new ordinary shares of RM1.00 each in the Bank.

The Bank has implemented nine DRPs since its implementation in 2010 to date, all with successful reinvestment rates around 85%. The latest two DRPs (8th and 9th) implemented during the year ended 31 December 2014 were successful with high reinvestment rates at 85.9% and 84.0% respectively.

In respect of the financial year ended 31 December 2014, the Board proposed the payment of final single-tier dividend of 33 sen per ordinary share. Out of the said final dividend amount, 10 sen per ordinary share will be paid in cash while the balance 23 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 2014, the Bank issued its first Basel 3-compliant Tier 1 capital securities of RM3.5 billion and completed an early partial redemption of RM3.437 billion of its existing "old style" Non-Innovative Tier 1 capital. The issuance and redemption therefore limit the amortisation impact of the Non-Innovative Tier 1 capital that is being phased out, alleviate inefficiency in the capital structure, optimise capital cost and enhance the regulatory capital base of the Bank. The Bank also issued its first Basel 3-compliant Subordinated Notes of RM1.6 billion during the financial year.

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:

Capital Management

Tier 1 Capital Instruments

Description	Issue Date	Key Terms	As At 31.12.2014 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. Callable at the option of the bank 10 years from issuance date or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied.	63
SGD600 million 6.00% Innovative Tier 1 Capital Securities due on 10 August 2068	11 August 2008	Callable on 10 August 2018 & maturing on 10 August 2068. Callable at the option of the bank 10 years from issuance date. There will be step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the 3 month SGD Swap Offer Rate.	1,552
RM1.1 billion 6.30% Innovative Tier 1 Capital Securities due on 25 September 2068	25 September 2008	Callable on 25 September 2018 & maturing on 25 September 2068. Callable at the option of the bank 10 years from issuance date. There will be step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3 months RM deposits.	1,099
RM3.5 billion 5.3% Basel 3-compliant Perpetual Tier 1 Capital Securities	10 September 2014	Callable on 10 September 2019 and thereafter on every coupon payment date.	3,500

Subordinated Obligations

Description	Issue Date	Key Terms	As At 31.12.2014 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).	2,641
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).	2,796
RM1.6 billion 4.9% Basel 3-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 3-compliant Subordinated Sukuk Murabahah due 2024	7 April 2014	Callable on 5 April 2019 & maturing on 5 April 2024 (10 non-call 5).	1,500

Basel III

The Group is required to comply with BNM's Capital Adequacy Framework (Capital Components) for the determination of capital and computation of capital adequacy ratios which are subject to a series of transitional arrangements, commencing 1 January 2013 and to be fully effective by 2019. Under BNM's capital adequacy framework, which came into effect on 1 January 2013, 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 the bank and the group levels. These will increase progressively over time to 4.5%, 6.0% and 8.0% respectively by 1 January 2015. The regulatory minimum capital requirements will also include the introduction of Capital Conservation Buffer of 2.5% which will be phase-in from 1 January 2016 to 1 January 2019.

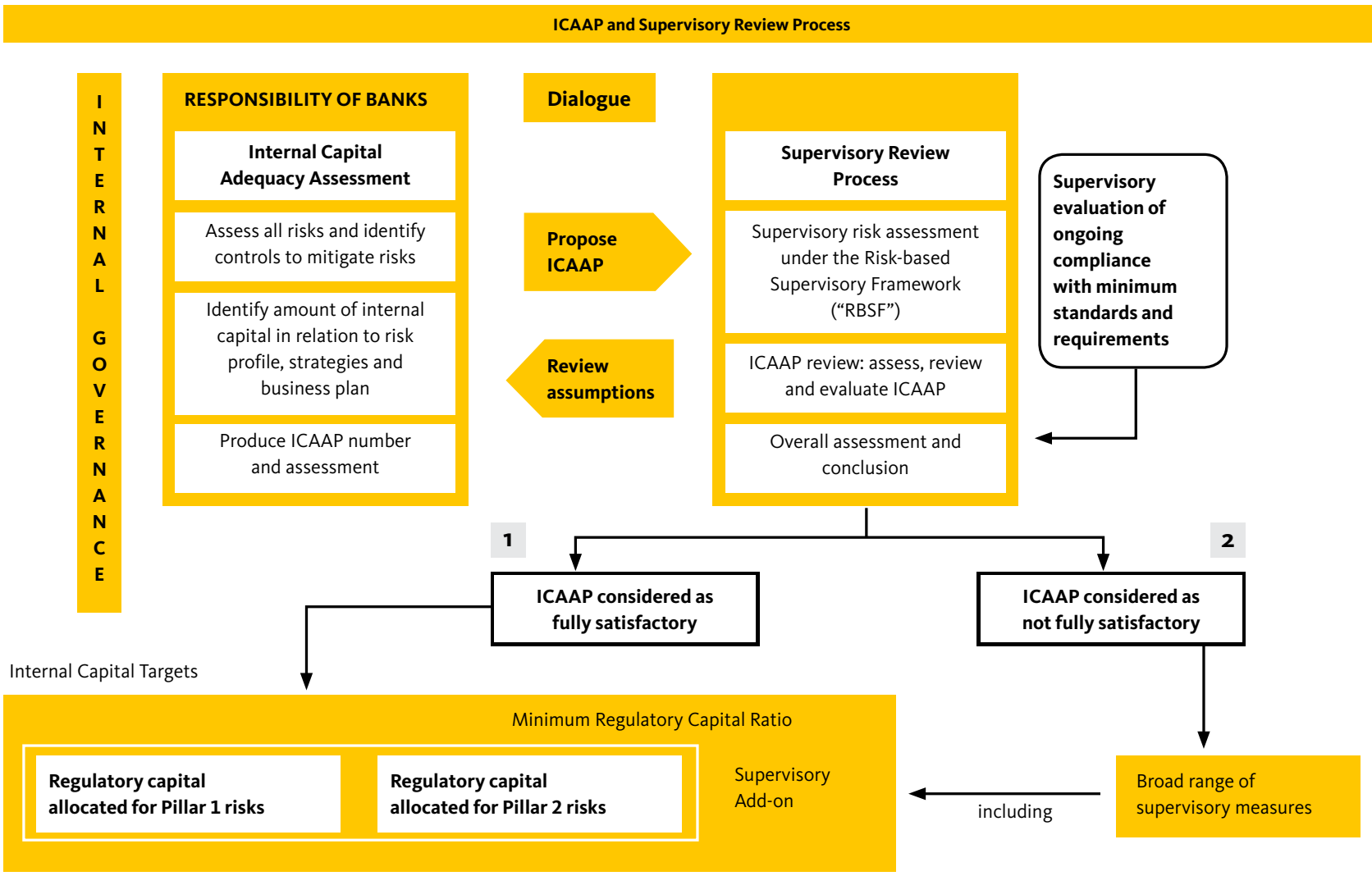
In addition to the Capital Conservation Buffer, BNM may also introduce Countercyclical Capital Buffer ranging between 0% - 2.5% of total risk-weighted assets ("RWA") and additional loss absorbency requirements for systematically important banking institutions. The Countercyclical Capital Buffer will be determined as the weighted-average of the prevailing countercyclical capital buffer requirements applied in the jurisdictions in which the banking institution has credit exposures and other capital buffers as deemed appropriate having regard to the specific risk profile of the banking institution. 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 capital requirement under the 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.

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. 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.

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 and 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 bank should the risk occur".

In the Maybank Group ICAAP Policy, the Material Risk Assessment Process ("MRAP") is designed to identify key risks from the Group's Risk Universe. In 2014, a group-wide survey was 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 provided 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 our major Group entities. In addition, the outcomes of the survey had assisted us to identify the major risk scenarios over the near term time horizon.

Risks deemed "material" are approved by RMC for periodic reporting to the 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 judgment is used to determine the size and materiality of risk. The Group's ICAAP would then focus on the qualitative controls in managing such material non-quantifiable risks. These qualitative measures include the following:

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

Capital Management

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 planning and business planning processes. The programme serves as a forward-looking risk and capital management tool to understand our risk profile under extreme but plausible conditions. Such conditions may arise from economic, political and environmental factors.

Under Maybank Group Stress Test ("GST") Policy, it considers 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.

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 the 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 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 ADEQUACY RATIOS

On 29 June 2010, the Bank and its subsidiary, MIB 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 1 depicts the Capital Adequacy Ratios and Capital Structure for the Group, the Bank and MIB, respectively.

Table 1: Capital Adequacy Ratios for Maybank Group, Maybank and MIB as at 31 December 2014

Capital Adequacy Ratios	Group	Maybank	MIB
Before deducting electable portion dividend to be re-invested:			
CET1 Capital Ratio	11.747%	16.275%	12.003%
Tier 1 Capital Ratio	13.539%	16.275%	12.003%
Total Capital Ratio*	16.235%	16.275%	16.088%

	Group (RM'000)	Maybank (RM'000)	MIB (RM'000)
Total Capital	57,299,825	41,307,010	9,185,214
Credit RWA	306,207,324	224,446,503	56,304,995
Credit RWA absorbed by Maybank	-	-	(3,930,555)
Market RWA	14,168,153	9,452,839	573,921
Operational RWA	32,568,977	19,911,571	4,145,952
Total RWA	352,944,454	253,810,913	57,094,313

Note *: Total Capital Ratio is computed by dividing total capital over total RWA.

The Total Capital Ratio of the Group as at 31 December 2014 stood at 16.235%, which is an increase from the previous financial year's ratio of 15.664%.

The Total Capital Ratio at 16.235% 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 16.275% and MIB registered a healthy ratio of 16.088%.

Table 2 discloses Capital Adequacy under IRB Approach for the Group, the Bank and MIB, respectively.

Tables 3 through 5 present the minimum regulatory capital requirement for credit risk under the IRB Approach for the Group, the Bank and MIB, respectively. These tables tabulate the total RWA under the various exposure classes under the IRB Approach and apply the minimum capital 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.

Table 2: Disclosure on Capital Adequacy under IRB Approach

	Group		Maybank		Maybank Islamic	
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
CET1 Capital						
Paid-up share capital	**9,319,030**	8,862,079	**9,319,030**	8,862,079	**246,362**	218,988
Share premium	**22,747,922**	19,030,227	**22,747,922**	19,030,227	**4,099,343**	3,725,969
Retained profits	**9,173,105**	8,908,590	**4,052,916**	4,257,076	**2,262,559**	2,172,652
Other reserves	**8,600,064**	6,382,362	**10,629,085**	9,268,717	**620,707**	317,946
Qualifying non-controlling interests	**124,884**	112,628	**-**	-	**-**	-
Less: Shares-held-in-trust	**(113,463)**	(107,248)	**(113,463)**	(107,248)	**-**	-
CET1 capital before regulatory adjustments	**49,851,542**	43,188,638	**46,635,490**	41,310,851	**7,228,971**	6,435,555
Less: Regulatory adjustments applied on CET1 Capital	**(8,391,750)**	(8,449,692)	**(5,328,480)**	(5,364,790)	**(376,012)**	(662,524)
Deferred tax assets	**(835,018)**	(1,623,489)	**(348,350)**	(1,053,598)	**(34,702)**	(267,403)
Goodwill	**(5,144,128)**	(4,924,662)	**(81,015)**	(81,015)	**-**	-
Other intangibles	**(1,080,868)**	(1,088,882)	**(425,252)**	(446,805)	**-**	-
Profit equalisation reserve	**(34,456)**	(34,456)	**-**	-	**(34,456)**	(34,456)
Shortfall of total eligible provision over total expected loss	**(420,130)**	(778,203)	**-**	(39,421)	**(32,354)**	(360,665)
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)**	(3,743,951)	**-**	-
Total CET1 capital	**41,459,792**	34,738,946	**41,307,010**	35,946,061	**6,852,959**	5,773,031
Additional Tier 1 Capital						
Capital securities	**6,246,181**	5,490,972	**6,246,181**	5,490,972	**-**	-
Qualifying CET1 and additional Tier 1 capital instruments held by third parties	**80,409**	82,848	**-**	-	**-**	-
Less: Regulatory adjustments due to insufficient Tier 2 capital	**-**	-	**(6,246,181)**	(5,490,972)	**-**	-
Total Tier 1 capital	**47,786,382**	40,312,766	**41,307,010**	35,946,061	**6,852,959**	5,773,031
Tier 2 Capital						
Subordinated obligations	**10,838,880**	10,319,618	**10,838,880**	10,319,618	**2,300,000**	900,000
Qualifying CET1, additional Tier 1 and Tier 2 capital instruments held by third parties	**530,022**	12,099	**-**	-	**-**	-
Collective allowance	**555,142**	535,331	**214,426**	247,746	**32,255**	56,845
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)**	(2,824,682)	**(11,135,255)**	(10,567,364)	**-**	-
Total Tier 2 capital	**9,513,443**	8,042,366	**-**	-	**2,332,255**	956,845
Total Capital	**57,299,825**	48,355,132	**41,307,010**	35,946,061	**9,185,214**	6,729,876

Capital Management

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

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 adjustments)	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

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

Item	Exposure Class As at 31.12.2013	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	80,567,433	80,567,433	2,786,940	222,955
	Public Sector Entities	8,217,183	8,214,555	1,095,149	87,612
	Banks, Development Financial Institutions & MDBs	1,399,546	1,346,082	1,002,014	80,161
	Insurance Cos, Securities Firms & Fund Managers	355,289	354,600	354,600	28,368
	Corporates	20,932,683	20,635,972	17,038,130	1,363,050
	Regulatory Retail	24,088,986	23,799,906	16,212,695	1,297,016
	Residential Mortgages	1,574,779	1,574,779	611,649	48,932
	Higher Risk Assets	312,107	312,107	468,160	37,453
	Other Assets	7,372,343	7,372,343	1,541,111	123,289
	Securitisation Exposures	262,117	262,117	52,423	4,194
	Equity Exposures	202,943	202,943	207,987	16,639
	Defaulted Exposures	274,319	274,210	423,536	33,883
	Total On-Balance Sheet Exposures	145,559,728	14,917,047	41,794,394	3,343,552
	Off-Balance Sheet Exposures				
	OTC Derivatives	474,171	474,171	289,956	23,196
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,022,620	2,022,620	1,749,744	139,980
	Defaulted Exposures	115	115	170	14
	Total Off-Balance Sheet Exposures	2,496,906	2,496,906	2,039,870	163,190
	Total On and Off-Balance Sheet Exposures	148,056,634	147,413,953	43,834,264	3,506,741
1.2	**Exposures under the IRB Approach**				
	On-Balance Sheet Exposures				
	Banks, Development Financial Institutions & MDBs	53,154,389	53,154,389	15,286,742	1,222,939
	Corporate Exposures	170,279,014	170,279,014	118,769,413	9,501,553
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	93,844,128	93,844,128	66,127,979	5,290,238
	b) Corporates (with firm-size adjustment)	70,750,449	70,750,449	48,353,134	3,868,251
	c) Specialised Lending (Slotting Approach)				
	- Project Finance	5,684,437	5,684,437	4,288,300	343,064
	Retail Exposures	141,519,177	141,519,177	43,710,797	3,496,864
	a) Residential Mortgages	42,948,898	42,948,898	14,581,949	1,166,556
	b) Qualifying Revolving Retail Exposures	4,807,651	4,807,651	2,354,350	188,348
	c) Hire Purchase Exposures	37,260,503	37,260,503	12,367,396	989,392
	d) Other Retail Exposures	56,502,125	56,502,125	14,407,102	1,152,568
	Defaulted Exposures	4,385,617	4,385,617	411,049	32,884
	Total On-Balance Sheet Exposures	369,338,197	369,338,197	178,178,001	14,254,240
	Off-Balance Sheet Exposures				
	OTC Derivatives	11,101,524	11,101,524	3,585,694	286,856
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	56,179,785	56,179,785	31,569,963	2,525,597
	Defaulted Exposures	15,055	15,055	5,710	457
	Total Off-Balance Sheet Exposures	67,296,364	67,296,364	35,161,367	2,812,909
	Total On and Off-Balance Sheet Exposures	436,634,561	436,634,561	213,339,368	17,067,149
	Total IRB Approach after Scaling Factor of 1.06	-	-	226,139,730	18,091,178
	Total (Exposures under Standardised Approach & IRB Approach)	584,691,195	584,048,514	269,973,994	21,597,920
2.0	**Market Risk**				
	Interest Rate Risk			3,736,706	298,936
	Foreign Currency Risk			3,648,000	291,840
	Equity Risk			128,455	10,276
	Option Risk			414,988	33,199
3.0	**Operational Risk**			30,801,508	2,464,121
4.0	**Total RWA and Capital Requirements**			308,703,651	24,696,292

Capital Management

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

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	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
	Off-Balance Sheet Exposures				
	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**				
	On-Balance Sheet Exposures				
	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 adjustments)	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
	Off-Balance Sheet Exposures				
	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

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

Item	Exposure Class As at 31.12.2013	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	49,592,114	49,592,114	697,945	55,836
	Public Sector Entities	7,190,100	7,190,100	751,952	60,156
	Banks, Development Financial Institutions & MDBs	228,422	228,422	-	-
	Corporates	12,551,812	12,505,592	10,055,349	804,428
	Regulatory Retail	6,712,904	6,712,904	4,449,363	355,949
	Residential Mortgages	897,431	897,431	355,173	28,414
	Higher Risk Assets	244,562	244,562	366,844	29,347
	Other Assets	8,160,526	8,160,527	3,749,453	299,956
	Securitisation Exposures	262,117	262,117	52,423	4,194
	Equity Exposures	192,076	192,076	192,076	15,366
	Defaulted Exposures	43,793	43,793	58,094	4,648
	Total On-Balance Sheet Exposures	86,075,857	86,029,638	20,728,672	1,658,294
	Off-Balance Sheet Exposures				
	OTC Derivatives	321,459	321,459	272,617	21,809
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,196,431	1,196,431	1,076,691	86,135
	Defaulted Exposures	9	9	13	1
	Total Off-Balance Sheet Exposures	1,517,899	1,517,899	1,349,321	107,945
	Total On and Off-Balance Sheet Exposures	87,593,756	87,547,537	22,077,993	1,766,239
1.2	**Exposures under the IRB Approach**				
	On-Balance Sheet Exposures				
	Banks, Development Financial Institutions & MDBs	63,799,777	63,799,777	19,393,202	1,551,456
	Corporate Exposures	141,007,958	141,007,958	93,754,639	7,500,371
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	82,972,754	82,972,754	57,485,001	4,598,800
	b) Corporates (with firm-size adjustment)	53,904,796	53,904,796	33,533,241	2,682,659
	c) Specialised Lending (Slotting Approach)				
	- Project Finance	4,130,408	4,130,408	2,736,397	218,912
	Retail Exposures	85,747,497	85,747,497	24,813,823	1,985,105
	a) Residential Mortgages	32,450,585	32,450,585	8,997,869	719,829
	b) Qualifying Revolving Retail Exposures	4,436,189	4,436,189	2,170,565	173,645
	c) Hire Purchase Exposures	16,028,425	16,028,425	5,398,220	431,858
	d) Other Retail Exposures	32,832,298	32,832,298	8,247,168	659,773
	Defaulted Exposures	3,088,083	3,088,083	380,035	30,403
	Total On-Balance Sheet Exposures	293,643,315	293,643,315	138,341,699	11,067,335
	Off-Balance Sheet Exposures				
	OTC Derivatives	10,602,692	10,602,692	3,314,965	265,197
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	48,984,940	48,984,940	27,123,493	2,169,879
	Defaulted Exposures	12,774	12,774	4,216	337
	Total Off-Balance Sheet Exposures	59,600,406	59,600,406	30,442,674	2,435,413
	Total On and Off-Balance Sheet Exposures	353,243,722	353,243,722	168,784,373	13,502,748
	Total IRB Approach after Scaling Factor of 1.06	-	-	178,911,435	14,312,915
	Total (Exposures under Standardised Approach & IRB Approach)	440,837,477	440,791,258	200,989,428	16,079,154
2.0	**Market Risk**				
	Interest Rate Risk			3,214,896	257,192
	Foreign Currency Risk			1,786,449	142,916
	Option Risk			336,850	26,948
3.0	**Operational Risk**			19,400,252	1,552,020
4.0	**Total RWA and Capital Requirements**			225,727,875	18,058,230

Capital Management

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

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)**						
	On-Balance Sheet Exposures						
	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
	Off-Balance Sheet Exposures						
	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**						
	On-Balance Sheet Exposures						
	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 adjustments)	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
	Off-Balance Sheet Exposures						
	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

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

Item	Exposure Class As at 31.12.2013	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)**						
	On-Balance Sheet Exposures						
	Sovereigns/Central Banks	21,559,062	21,559,062	13,378	-	13,378	1,070
	Public Sector Entities	1,010,456	1,010,456	329,198	-	329,198	26,336
	Corporates	2,373,360	2,373,360	1,849,612	-	1,849,612	147,969
	Regulatory Retail	1,483,441	1,483,441	970,577	-	970,577	77,646
	Residential Mortgages	488,220	488,220	187,642	-	187,642	15,012
	Higher Risk Assets	42	42	64	-	64	5
	Other Assets	548,683	548,683	513,155	-	513,155	41,052
	Defaulted Exposures	7,194	7,194	8,730	-	8,730	698
	Total On-Balance Sheet Exposures	27,470,458	27,470,458	3,872,356	-	3,872,356	309,788
	Off-Balance Sheet Exposures						
	OTC Derivatives	83,957	83,957	16,791	-	16,791	1,343
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	52,370	52,370	13,187	-	13,187	1,055
	Total Off-Balance Sheet Exposures	136,327	136,327	29,978	-	29,978	2,398
	Total On and Off-Balance Sheet Exposures	27,606,785	27,606,785	3,902,334	-	3,902,334	312,187
1.2	**Exposures under the IRB Approach**						
	On-Balance Sheet Exposures						
	Banks, Development Financial Institutions & MDBs	14,488,814	14,488,814	3,503,485	-	3,503,485	280,279
	Corporate Exposures	21,446,700	21,446,700	14,104,786	(1,141,727)	12,963,059	1,037,045
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	11,706,142	11,706,142	7,172,253	(1,141,727)	6,030,526	482,443
	b) Corporates (with firm-size adjustment)	8,186,528	8,186,528	5,380,627	-	5,380,627	430,450
	c) Specialised Lending (Slotting Approach)						
	- Project Finance	1,554,030	1,554,030	1,551,906	-	1,551,906	124,152
	Retail Exposures	55,771,680	55,771,680	18,896,976	-	18,896,976	1,511,758
	a) Residential Mortgages	10,498,313	10,498,313	5,584,081	-	5,584,081	446,726
	b) Qualifying Revolving Retail Exposures	371,462	371,462	183,785	-	183,785	14,703
	c) Hire Purchase Exposures	21,232,078	21,232,078	6,969,176	-	6,969,176	557,534
	d) Other Retail Exposures	23,669,827	23,669,827	6,159,934	-	6,159,934	492,795
	Defaulted Exposures	671,665	671,665	31,014	-	31,014	2,481
	Total On-Balance Sheet Exposures	92,378,859	92,378,859	36,536,261	(1,141,727)	34,349,534	2,831,563
	Off-Balance Sheet Exposures						
	OTC Derivatives	245,052	245,052	117,293	-	117,293	9,383
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	5,986,473	5,986,473	3,009,026	-	3,009,026	240,722
	Defaulted Exposures	2,280	2,280	1,494	-	1,494	120
	Total Off-Balance Sheet Exposures	6,233,805	6,233,805	3,127,813	-	3,127,813	250,225
	Total On and Off-Balance Sheet Exposures	98,612,663	98,612,663	39,664,074	(1,141,727)	38,522,347	3,081,788
	Total IRB Approach after Scaling Factor of 1.06	-	-	42,043,919	(1,210,230)	40,833,688	3,266,695
	Total (Exposures under Standardised Approach & IRB Approach)	126,219,448	126,219,448	45,946,252	(1,210,230)	44,736,022	3,578,882
2.0	**Market Risk**						
	Bench Mark Rate Risk			244,100	-	244,100	19,528
	Foreign Exchange Risk			485,412	-	485,412	38,833
3.0	**Operational Risk**			3,619,234	-	3,619,234	289,539
4.0	**Total RWA and Capital Requirements**			**50,294,998**	**(1,210,230)**	**49,084,768**	**3,926,781**

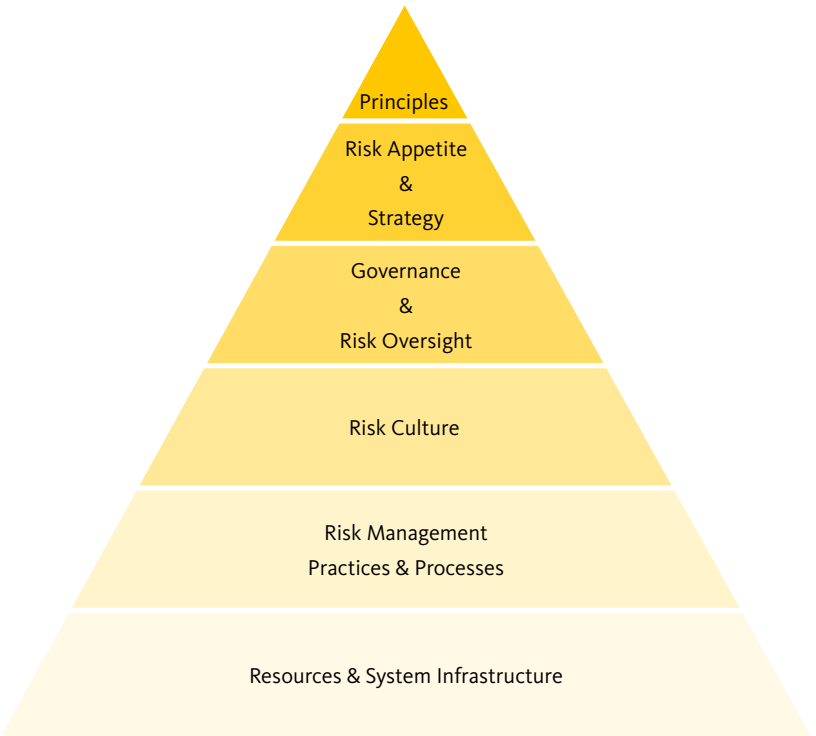
Risk Management

INTRODUCTION

Risk is an inherent component in all aspects of the Group's businesses. The management of risk has evolved into an important driver for strategic decisions in support of the Group's business objectives, balancing the appropriate level of risk taken proportionate to the desired level of reward, while maintaining sound financial position and capital of the Group. In 2014, Group Risk continued to build on our Risk Transformation journey to further integrate with the business and work more effectively to create greater value across the Group. The Group's approach to the management of risk involves establishment and reinforcement of Integrated Risk Management Framework and strategies within all business units as the core foundation in driving robust and dynamic risk management practices.

INTEGRATED RISK MANAGEMENT FRAMEWORK

The Group has established an Integrated Risk Management Framework which provides a concise and holistic approach to the management of all risk elements across the Group. The overall structure of the Framework is based on six key building blocks which serve as the core foundation in driving risk management processes. The building blocks are as follows:



The broad overarching 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.	Promote a strong risk culture which supports and provides appropriate standards and incentives for professional and responsible behaviour.
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 Integrated Risk Management 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 the pursuit of its business objectives.

The Group's development of its risk appetite is integrated into the Group's 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 which includes a comprehensive view of all materials risks to the Group.

RISK GOVERNANCE AND OVERSIGHT

In accordance with the Group's structure and regional aspirations, Group Risk continues to enhance its integrated risk management approach towards effective management of enterprise-wide risks. The Group's risk governance model provides a transparent and effective governance structure which promotes active involvement from the Board and Senior Management in the risk management process to ensure a uniform view of risk across the Group.

The governance model aims to place accountability and ownership whilst facilitating an appropriate level of independence and segregation of duties. The structure is premised on the three lines of defence and 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 184 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 compliance, credit management, market, operational, liquidity, credit and enterprise risk management.

Group Risk also 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;
- Providing authority limits for both central and regional approvals, controls, risk systems and architecture leadership, and enterprise risk reporting to Management;
- Continuing development of risk functions across the regions that the Group has operations in and embedding the Group's risk culture; and
- Acting as a strategic partner to the business in addressing external stakeholders including regulators and analysts pertaining to risk issues.

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

Credit Risk

Credit risk 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. These obligations stem primarily from lending, underwriting, trading and investment activities from both on- and off-balance sheet transactions.

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 cashflows, 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 credit programmes are conducted at least once a year to assess the performance 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 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 & Non-Bank Financial Institutions;
- 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 ("CRRS").

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 MIB respectively.

Tables 9 through 11 present the Disclosure on credit risk exposures by the various industries for the Group, the Bank and MIB, 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 MIB, 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	Others Oversea Units RM'000	Total RM'000
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 adjustments)	**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**
As at 31.12.2013					
Exempted Exposures (Standardised Approach)					
Sovereigns/Central Banks	51,575,969	18,042,074	6,421,449	4,688,094	80,727,586
Public Sector Entities	7,643,591	688,131	-	16,698	8,348,420
Banks, Development Financial Institutions & MDBs	227,114	24,804	-	1,215,923	1,467,841
Insurance Cos, Securities Firms & Fund Managers	-	-	-	513,297	513,297
Corporates	10,288,752	3,674,108	6,281,747	2,375,862	22,620,469
Regulatory Retail	6,374,416	2,095,170	11,428,453	4,717,348	24,615,386
Residential Mortgages	1,282,617	-	190,285	109,632	1,582,534
Higher Risk Assets	315,704	376	383	29,462	345,925
Other Assets	-	2,276,600	5,093,516	-	7,370,116
Securitisation Exposures	262,117	-	-	-	262,117
Equity Exposures	189,951	12,992	-	-	202,943
Total Standardised Approach	78,160,231	26,814,255	29,415,833	13,666,315	148,056,634
Exposures under the IRB Approach					
Banks, Development Financial Institutions & MDBs	38,620,690	14,177,219	1,798,865	11,796,197	66,392,971
Corporate Exposures	118,385,530	61,646,762	10,011,302	27,639,479	217,683,073
a) Corporates (excluding Specialised Lending and firm-size adjustments)	65,908,560	32,840,860	-	27,428,361	126,177,781
b) Corporates (with firm-size adjustment)	46,834,556	28,805,902	10,011,302	-	85,651,760
c) Specialised Lending (Slotting Approach)					
- Project Finance	5,642,414	-	-	211,118	5,853,532
Retail Exposures	124,115,697	28,442,820	-	-	152,558,517
a) Residential Mortgages	33,474,768	9,966,807	-	-	43,441,575
b) Qualifying Revolving Retail Exposures	5,397,806	3,817,801	-	-	9,215,607
c) Hire Purchase Exposures	30,618,109	6,777,149	-	-	37,395,258
d) Other Retail Exposures	54,625,014	7,881,063	-	-	62,506,077
Total IRB Approach	281,121,917	104,266,801	11,810,167	39,435,676	436,634,561
Total Standardised and IRB Approaches	359,282,148	131,081,056	41,226,000	53,101,991	584,691,195

Table 7: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank

Exposure Class	Malaysia RM'000	Singapore RM'000	Others Oversea Units RM'000	Total RM'000
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 adjustments)	**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)				
- Project Finance	**4,643,307**	**-**	**-**	**4,643,307**
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**
As at 31.12.2013				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	30,016,472	18,042,074	1,625,512	49,684,058
Public Sector Entities	6,547,052	688,131	-	7,235,183
Banks, Development Financial Institutions & MDBs	228,421	24,804	-	253,225
Insurance Cos, Securities Firms & Fund Managers	-	-	154,707	154,707
Corporates	8,326,700	3,674,107	1,591,267	13,592,074
Regulatory Retail	4,612,532	2,095,170	180,765	6,888,467
Residential Mortgages	791,176	-	107,316	898,492
Higher Risk Assets	274,682	376	-	275,058
Other Assets	5,422,946	2,276,600	458,753	8,158,299
Securitisation Exposures	262,117	-	-	262,117
Equity Exposures	179,084	12,992	-	192,076
Total Standardised Approach	56,661,182	26,814,254	4,118,320	87,593,756
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	50,741,246	14,177,218	11,796,196	76,714,661
Corporate Exposures	95,686,047	61,646,763	25,063,113	182,395,922
a) Corporates (excluding Specialised Lending and firm-size adjustments)	54,675,067	32,840,860	24,851,995	112,367,921
b) Corporates (with firm-size adjustment)	37,074,596	28,805,903	-	65,880,499
c) Specialised Lending (Slotting Approach)				
- Project Finance	3,936,384	-	211,117	4,147,502
Retail Exposures	65,690,318	28,442,820	-	94,133,138
a) Residential Mortgages	22,820,162	9,966,807	-	32,786,969
b) Qualifying Revolving Retail Exposures	4,947,935	3,817,801	-	8,765,736
c) Hire Purchase Exposures	9,327,014	6,777,149	-	16,104,164
d) Other Retail Exposures	28,595,206	7,881,062	-	36,476,268
Total IRB Approach	212,117,610	104,266,801	36,859,308	353,243,721
Total Standardised and IRB Approaches	268,778,792	131,081,056	40,977,628	440,837,477

Credit Risk

Table 8: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Islamic

Exposure Class	As at 31.12.2014 Total RM'000	As at 31.12.2013 Total RM'000
Exempted Exposures (Standardised Approach)		
Sovereigns/Central Banks	**18,571,089**	21,559,062
Public Sector Entities	**7,964,853**	1,096,539
Corporates	**3,162,776**	2,424,267
Regulatory Retail	**2,545,781**	1,484,032
Residential Mortgages	**916,338**	490,837
Higher Risk Assets	**4,490**	3,365
Other Assets	**494,667**	548,683
Total Standardised Approach	**33,659,994**	27,606,785
Exposures under the IRB Approach		
Banks, Development Financial Institutions & MDBs	**17,427,466**	14,679,854
Corporate Exposures	**31,016,822**	25,507,429
a) Corporates (excluding Specialised Lending and firm-size adjustments)	**21,262,911**	14,041,440
b) Corporates (with firm-size adjustment)	**9,507,429**	9,759,959
c) Specialised Lending (Slotting Approach)		
- Project Finance	**246,482**	1,706,030
Retail Exposures	**74,085,109**	58,425,380
a) Residential Mortgages	**14,212,858**	10,654,606
b) Qualifying Revolving Retail Exposures	**543,045**	449,871
c) Hire Purchase Exposures	**26,113,462**	21,291,095
d) Other Retail Exposures	**33,215,744**	26,029,808
Total IRB Approach	**122,529,397**	98,612,663
Total Standardised and IRB Approaches	**156,189,391**	126,219,448

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	NEC RM'000	Total RM'000
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 adjustments)	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
As at 31.12.2013												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	-	-	-	-	8,528	298	67,344,493	147,572	3,197,532	-	10,029,163	80,727,586
Public Sector Entities	390,147	-	-	1,878	-	1,046	1,083,789	-	6,855,808	-	15,752	8,348,420
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	1,024,167	-	-	-	443,674	1,467,841
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	171,048	-	-	-	342,249	513,297
Corporates	34,316	343,589	4,285,034	873,157	2,631,459	343,402	1,365,901	2,504,496	518,541	2,049,228	7,671,346	22,620,469
Regulatory Retail	10,856	923	7,063	9,111	5,408	62,999	173,279	4,106	44,599	12,250,052	12,046,990	24,615,386
Residential Mortgages	-	-	389	274	-	6,267	93,742	574	-	1,290,554	190,734	1,582,534
Higher Risk Assets	-	-	-	1,126	10,459	-	86,249	-	-	143,900	104,191	345,925
Other Assets	-	-	222	-	-	-	424,517	-	-	6,945,377	-	7,370,116
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	262,117	262,117
Equity Exposures	-	-	5,408	53,971	-	-	18,451	-	-	125,113	-	202,943
Total Standardised Approach	435,319	344,512	4,298,116	939,517	2,655,854	414,012	71,785,636	2,656,748	10,616,480	22,804,224	31,106,216	148,056,634
Exposures under the IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	58,469,100	-	5,550	-	7,918,321	66,392,971
Corporate Exposures	8,967,724	3,298,601	42,208,980	19,792,722	12,181,584	31,788,824	68,062,503	12,032,059	4,652,402	9,001,903	5,695,771	217,683,073
a) Corporates (excluding Specialised Lending and firm-size adjustments)	4,726,567	2,547,385	25,394,045	10,722,469	7,528,928	18,834,054	41,932,582	7,260,923	2,836,561	18,018	4,376,249	126,177,781
b) Corporates (with firm-size adjustment)	4,241,157	751,216	11,172,521	9,070,253	4,652,656	12,954,770	26,129,921	4,560,018	1,815,841	8,983,885	1,319,522	85,651,760
c) Specialised Lending (Slotting Approach)												
- Project Finance	-	-	5,642,414	-	-	-	-	211,118	-	-	-	5,853,532
Retail Exposures	428,314	49,512	1,067,444	1,107,118	24,886	3,400,880	1,641,185	500,788	398,941	143,500,228	439,221	152,558,517
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	43,441,575	-	43,441,575
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	9,215,607	-	9,215,607
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	37,395,258	-	37,395,258
d) Other Retail Exposures	428,314	49,512	1,067,444	1,107,118	24,886	3,400,880	1,641,185	500,788	398,941	53,447,788	439,221	62,506,077
Total IRB Approach	9,396,038	3,348,113	43,276,424	20,899,840	12,206,470	35,189,704	128,172,788	12,532,847	5,056,893	152,502,131	14,053,313	436,634,561
Total Standardised and IRB Approaches	9,831,357	3,692,625	47,574,540	21,839,357	14,862,324	35,603,716	199,958,424	15,189,595	15,673,373	175,306,355	45,159,529	584,691,195

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	NEC RM'000	Total RM'000
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 adjustments)	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)												
- Project Finance	-	39,419	-	-	-	4,603,888	-	-	-	-	-	4,643,307
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	183,743,016	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	242,304,397	18,063,897	10,125,846	108,222,461	19,099,084	481,429,275
As at 31.12.2013												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	-	-	-	-	8,528	298	45,102,842	147,572	3,197,532	-	1,227,286	49,684,058
Public Sector Entities	284,975	-	-	88	-	1,046	775,494	-	6,173,126	-	454	7,235,183
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	253,225	-	-	-	-	253,225
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	154,707	-	-	-	-	154,707
Corporates	13,290	333,143	4,639,635	838,611	1,507,275	289,055	940,355	1,830,032	417,193	1,757,031	1,026,454	13,592,074
Regulatory Retail	6,350	923	63	1,181	92	13,631	20,420	1,822	3,479	6,815,703	24,803	6,888,467
Residential Mortgages	-	-	389	274	-	3,346	93,742	574	-	799,717	450	898,492
Higher Risk Assets	-	-	-	1,126	10,459	-	19,131	-	-	140,535	103,807	275,058
Other Assets	-	-	-	-	-	-	89,118	-	-	7,701,774	367,407	8,158,299
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	262,117	262,117
Equity Exposures	-	-	5,408	53,971	-	-	7,584	-	-	125,113	-	192,076
Total Standardised Approach	304,615	334,066	4,645,495	895,251	1,526,354	307,376	47,456,618	1,980,000	9,791,330	17,339,873	3,012,778	87,593,756
Exposures under the IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	76,503,688	-	5,550	-	205,424	76,714,662
Corporate Exposures	7,091,167	2,871,361	35,435,610	16,706,574	11,148,691	27,893,506	63,109,665	10,248,469	3,900,124	5,286	3,985,469	182,395,922
a) Corporates (excluding Specialised Lending and firm-size adjustments)	3,490,357	2,430,861	21,962,148	9,014,940	6,819,455	16,766,886	39,562,791	6,007,845	2,587,590	5,286	3,719,762	112,367,921
b) Corporates (with firm-size adjustment)	3,600,810	440,500	9,537,078	7,691,634	4,329,236	11,126,620	23,546,874	4,029,506	1,312,534	-	265,707	65,880,499
c) Specialised Lending (Slotting Approach)												
- Project Finance	-	-	3,936,384	-	-	-	-	211,118	-	-	-	4,147,502
Retail Exposures	317,251	32,996	793,865	789,612	18,740	2,553,262	1,037,697	337,162	246,973	87,738,616	266,963	94,133,137
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	32,786,969	-	32,786,969
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	8,765,736	-	8,765,736
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	16,104,164	-	16,104,164
d) Other Retail Exposures	317,251	32,996	793,865	789,612	18,740	2,553,262	1,037,697	337,162	246,973	30,081,747	266,963	36,476,268
Total IRB Approach	7,408,418	2,904,357	36,229,475	17,496,186	11,167,431	30,446,768	140,651,050	10,585,631	4,152,647	87,743,902	4,457,856	353,243,721
Total Standardised and IRB Approaches	7,713,033	3,238,423	40,874,970	18,391,437	12,693,785	30,754,144	188,107,668	12,565,631	13,943,977	105,083,775	7,470,634	440,837,477

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

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	NEC RM'000	Total RM'000
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 the 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 adjustments)	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
As at 31.12.2013												
Exempted Exposures (Standardised Approach)												
Sovereigns/Central Banks	-	-	-	-	-	-	21,559,062	-	-	-	-	21,559,062
Public Sector Entities	105,171	-	-	1,790	-	-	308,295	-	679,913	-	1,370	1,096,539
Corporates	-	-	303,753	4,590	1,122,311	-	-	657,914	75,000	260,699	-	2,424,267
Regulatory Retail	-	-	-	-	-	-	-	-	-	1,484,032	-	1,484,032
Residential Mortgages	-	-	-	-	-	-	-	-	-	490,837	-	490,837
Higher Risk Assets	-	-	-	-	-	-	-	-	-	3,365	-	3,365
Other Assets	-	-	221	-	-	-	-	-	-	548,462	-	548,683
Total Standardised Approach	105,171	-	303,974	6,380	1,122,311	-	21,867,357	657,914	754,913	2,787,395	1,370	27,606,785
Exposures under the IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	6,966,957	-	-	-	7,712,897	14,679,854
Corporate Exposures	1,801,610	318,752	9,145,151	3,074,522	966,550	3,331,726	4,389,966	1,652,873	736,137	-	90,142	25,507,429
a) Corporates (excluding Specialised Lending and firm-size adjustments)	1,161,264	8,035	5,803,677	1,695,904	643,130	1,503,576	1,806,920	1,122,360	232,830	-	63,744	14,041,440
b) Corporates (with firm-size adjustment)	640,346	310,717	1,635,444	1,378,618	323,420	1,828,150	2,583,046	530,513	503,307	-	26,398	9,759,959
c) Specialised Lending (Slotting Approach)												
- Project Finance	-	-	1,706,030	-	-	-	-	-	-	-	-	1,706,030
Retail Exposures	111,063	16,517	273,580	317,506	6,145	847,618	603,488	163,626	151,968	55,761,611	172,258	58,425,380
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	10,654,606	-	10,654,606
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	449,871	-	449,871
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	21,291,095	-	21,291,095
d) Other Retail Exposures	111,063	16,517	273,580	317,506	6,145	847,618	603,488	163,626	151,968	23,366,039	172,258	26,029,808
Total IRB Approach	1,912,673	335,269	9,418,731	3,392,028	972,695	4,179,344	11,960,411	1,816,499	888,105	55,761,611	7,975,297	98,612,663
Total Standardised and IRB Approaches	2,017,844	335,269	9,722,705	3,398,408	2,095,006	4,179,344	33,827,768	2,474,413	1,643,018	58,549,006	7,976,667	126,219,448

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 31.12.2014				
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 adjustments)	**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**
As at 31.12.2013				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	43,495,337	11,930,091	25,302,158	80,727,586
Public Sector Entities	762,641	6,318,117	1,267,662	8,348,420
Banks, Development Financial Institutions & MDBs	1,176,457	291,384	-	1,467,841
Insurance Cos, Securities Firms & Fund Managers	119,560	393,737	-	513,297
Corporates	7,381,978	8,962,696	6,275,795	22,620,469
Regulatory Retail	7,181,513	11,690,154	5,743,719	24,615,386
Residential Mortgages	39,391	110,443	1,432,700	1,582,534
Higher Risk Assets	26,994	313,721	5,210	345,925
Other Assets	977,229	6,392,887	-	7,370,116
Securitisation Exposures	262,117	-	-	262,117
Equity Exposures	-	202,943	-	202,943
Total Standardised Approach	61,423,217	46,606,173	40,027,244	148,056,634
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	59,152,495	2,617,631	4,622,845	66,392,971
Corporate Exposures	100,019,408	71,417,532	46,246,133	217,683,073
a) Corporates (excluding Specialised Lending and firm-size adjustments)	62,329,901	44,611,055	19,236,825	126,177,781
b) Corporates (with firm-size adjustment)	33,753,122	26,806,477	25,092,161	85,651,760
c) Specialised Lending (Slotting Approach)				
- Project Finance	3,936,385	-	1,917,147	5,853,532
Retail Exposures	5,651,180	26,229,706	120,677,631	152,558,517
a) Residential Mortgages	49,057	1,607,664	41,784,854	43,441,575
b) Qualifying Revolving Retail Exposures	1,257,197	7,624,365	334,045	9,215,607
c) Hire Purchase Exposures	380,434	12,337,136	24,677,688	37,395,258
d) Other Retail Exposures	3,964,492	4,660,541	53,881,044	62,506,077
Total IRB Approach	164,823,083	100,264,869	171,546,609	436,634,561
Total Standardised and IRB Approaches	226,246,300	146,871,042	211,573,853	584,691,195

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 31.12.2014				
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 adjustments)	**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**
As at 31.12.2013				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	22,322,863	6,041,056	21,320,139	49,684,058
Public Sector Entities	142,489	6,078,414	1,014,280	7,235,183
Banks, Development Financial Institutions & MDBs	228,421	24,804	-	253,225
Insurance Cos, Securities Firms & Fund Managers	118,863	35,844	-	154,707
Corporates	2,929,443	7,323,324	3,339,307	13,592,074
Regulatory Retail	3,469,909	963,262	2,455,296	6,888,467
Residential Mortgages	977	45,415	852,100	898,492
Higher Risk Assets	25,638	246,030	3,390	275,058
Other Assets	7,791,115	367,184	-	8,158,299
Securitisation Exposures	262,117	-	-	262,117
Equity Exposures	-	192,076	-	192,076
Total Standardised Approach	37,291,835	21,317,409	28,984,512	87,593,766
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	48,100,730	24,494,841	41,190,891	76,714,662
Corporate Exposures	78,974,774	66,683,796	36,737,352	182,395,922
a) Corporates (excluding Specialised Lending and firm-size adjustments)	50,924,000	45,048,942	16,394,979	112,367,921
b) Corporates (with firm-size adjustment)	24,114,390	21,634,854	20,131,255	65,880,499
c) Specialised Lending (Slotting Approach)				
- Project Finance	3,936,384	-	211,118	4,147,502
Retail Exposures	4,688,624	19,006,428	70,438,085	94,133,137
a) Residential Mortgages	44,332	1,324,502	31,418,135	32,786,969
b) Qualifying Revolving Retail Exposures	1,151,971	7,281,429	332,336	8,765,736
c) Hire Purchase Exposures	248,970	6,996,017	8,859,177	16,104,164
d) Other Retail Exposures	3,243,351	3,404,480	29,828,437	36,476,268
Total IRB Approach	131,764,128	110,185,065	111,294,528	353,243,721
Total Standardised and IRB Approaches	169,055,963	131,502,474	140,279,040	440,837,477

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 31.12.2014				
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 adjustments)	**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)				
- 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**
As at 31.12.2013				
Exempted Exposures (Standardised Approach)				
Sovereigns/Central Banks	16,460,072	2,267,408	2,831,582	21,559,062
Public Sector Entities	620,152	223,005	253,382	1,096,539
Corporates	367,220	650,206	1,406,841	2,424,267
Regulatory Retail	234,887	120,518	1,128,627	1,484,032
Residential Mortgages	170	10,387	480,280	490,837
Higher Risk Assets	1,357	189	1,819	3,365
Other Assets	548,461	222	-	548,683
Total Standardised Approach	18,232,319	3,271,935	6,102,531	27,606,785
Exposures under the IRB Approach				
Banks, Development Financial Institutions & MDBs	9,989,422	4,685,420	5,012	14,679,854
Corporate Exposures	14,599,322	2,548,333	8,359,774	25,507,429
a) Corporates (excluding Specialised Lending and firm-size adjustments)	10,206,093	1,067,858	2,767,489	14,041,440
b) Corporates (with firm-size adjustment)	4,393,229	1,480,475	3,886,255	9,759,959
c) Specialised Lending (Slotting Approach)				
- Project Finance	-	-	1,706,030	1,706,030
Retail Exposures	962,555	7,223,279	50,239,546	58,425,380
a) Residential Mortgages	4,725	283,162	10,366,719	10,654,606
b) Qualifying Revolving Retail Exposures	105,226	342,936	1,709	449,871
c) Hire Purchase Exposures	131,464	5,341,120	15,818,511	21,291,095
d) Other Retail Exposures	721,140	1,256,061	24,052,607	26,029,808
Total IRB Approach	25,551,299	14,457,032	58,604,332	98,612,663
Total Standardised and IRB Approaches	43,783,618	17,728,967	64,706,863	126,219,448

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

Refer to Note 2.3 and Note 2.4 of the financial statements for the accounting policies and accounting estimates on impairment assessment of loans, advances and financing. The 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, 15b and 15c provide details on impaired loans, advances and financing for Maybank Group, Maybank and MIB.

Table 15a: Impaired loans, advances and financing by industry for Maybank Group

	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Impairment RM'000
As at 31.12.2014				
Agriculture	**246,336**	**-**	**-**	**-**
Mining & quarrying	**188,370**	**-**	**-**	**-**
Manufacturing	**1,546,900**	**-**	**-**	**-**
Construction	**631,899**	**-**	**-**	**-**
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	**104,264**	**-**	**-**	**-**
Total	**6,234,161**	**22,668,413**	**1,989,856**	**3,968,699**
As at 31.12.2013				
Agriculture	146,258	-	-	-
Mining & quarrying	123,872	-	-	-
Manufacturing	1,781,649	-	-	-
Construction	276,290	-	-	-
Electricity, gas & water supply	28,487	-	-	-
Wholesale, retail trade, restaurants & hotels	777,394	-	-	-
Finance, insurance, real estate & business	705,273	-	-	-
Transport, storage & communication	578,221	-	-	-
Education, health & others	85,685	-	-	-
Household	734,154	-	-	-
Others	123,620	-	-	-
Total	5,360,903	17,975,680	1,939,320	3,823,303

Table 15b: Impaired loans, advances and financing by industry for Maybank

	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Impairment RM'000
As at 31.12.2014				
Agriculture	**54,403**	**-**	**-**	**-**
Mining & quarrying	**7,169**	**-**	**-**	**-**
Manufacturing	**1,394,755**	**-**	**-**	**-**
Construction	**571,784**	**-**	**-**	**-**
Electricity, gas & water supply	**15,519**	**-**	**-**	**-**
Wholesale, retail trade, restaurants & hotels	**268,997**	**-**	**-**	**-**
Finance, insurance, real estate & business	**893,000**	**-**	**-**	**-**
Transport, storage & communication	**411,870**	**-**	**-**	**-**
Education, health & others	**108,693**	**-**	**-**	**-**
Household	**508,338**	**-**	**-**	**-**
Others	**15,301**	**-**	**-**	**-**
Total	**4,249,829**	**10,967,427**	**1,437,216**	**2,940,357**
As at 31.12.2013				
Agriculture	122,960	-	-	-
Mining & quarrying	1,274	-	-	-
Manufacturing	1,604,929	-	-	-
Construction	230,123	-	-	-
Electricity, gas & water supply	28,258	-	-	-
Wholesale, retail trade, restaurants & hotels	312,740	-	-	-
Finance, insurance, real estate & business	605,220	-	-	-
Transport, storage & communication	309,154	-	-	-
Education, health & others	26,144	-	-	-
Household	511,747	-	-	-
Others	24,282	-	-	-
Total	3,776,831	9,681,155	1,502,010	2,885,470

Credit Risk

Table 15c: Impaired loans, advances and financing by industry for Maybank Islamic

	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Impairment RM'000
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**
As at 31.12.2013				
Agriculture	17,573	-	-	-
Mining & quarrying	-	-	-	-
Manufacturing	63,662	-	-	-
Construction	33,650	-	-	-
Electricity, gas & water supply	216	-	-	-
Wholesale, retail trade, restaurants & hotels	108,342	-	-	-
Finance, insurance, real estate & business	12,319	-	-	-
Transport, storage & communication	141,359	-	-	-
Education, health & others	3,218	-	-	-
Household	131,938	-	-	-
Others	8,516	-	-	-
Total	520,793	7,189,358	162,046	581,496

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 of LGD and EAD, while the Retail and Retail-Small and Medium Enterprises ("RSME") portfolios adopt the AIRB Approach which relies mostly on internal estimates of 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 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 purposes, LGD is calibrated to loss experiences during periods 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 borrower facing financial difficulties leading to default.

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

Application of Internal Ratings

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 produced and monitored by the Group;
- **Capital Management** – The Group has in place 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 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; and
- **Pricing decision** – Internal ratings are being used as basis for pricing the credit facilities.

NON-RETAIL PORTFOLIO

Non-retail exposures comprise of Corporate, Commercial, Small Business, Real Estate, Non-Bank Financial Institutions ("NBFIs") and Specialised Lending portfolios, 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; and

- **Experts Judgment Approach**

  The default experience for some exposures, for example Holding Companies and Specialised Lending is insufficient for the Group to perform the required analyses to develop a robust statistical model. Another approach known as experts' judgment approach is therefore opted to develop the scorecard. Under this approach, the qualitative, quantitative and factor weights 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, judgmental override is allowed on the BRR by the relevant parties. Rating judgmental override is permissible but subject to a maximum 5 notches upgrade to be decided by 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, like 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

Credit Risk

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 Bank Internasional 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, normal statistical modeling such as Good-Bad analysis could not be applied; hence, a shadow-bond rating technique is used in developing the scorecards. Generally, the objective of such methodology is to replicate the risk ranking implied by the external rating agency. Under this technique, a set of input/independent variables are regressed against an output/dependent variable to produce estimates to predict the output variable. The input variables are the financial ratios and qualitative factors while the output variable is the external rating.

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

Project Finance Scorecard (Specialised Lending)

Project Finance is one of the five sub-classes (other sub-classes are object finance, commodities finance, income-producing real estate and high volatility commercial real estate) of Specialised Lending and forms part of the corporate asset class under the IRB Approach. The Group has developed Project Finance scorecard, based on the Supervisory Slotting Criteria Approach, to rate its project finance exposures. The scorecard is designed to generate eight internal grades which are mapped to the four BNM slotting grades to derive the respective risk-weights for RWA computation.

Tables 16 through 19 show the exposures by PD bands for Non-Retail Portfolios of the Group, the Bank and MIB, respectively. A summary of the PD distribution of these exposures are also provided.

Table 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 31.12.2014					
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 adjustments)					
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 adjustments)	**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**
As at 31.12.2013					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	17,535,976	45.00	19.76	18,705	3,464,592
0.0520 - 0.3335	43,217,038	45.00	25.79	4,591	11,147,698
0.3335 - 1.5000	5,126,084	45.00	79.74	434	4,087,430
1.5000 - 100	357,061	45.00	147.69	-	527,349
100	156,812	45.00	-	-	-
Total for Bank Exposures	66,392,971			23,730	19,227,069
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	21,217,470	45.00	24.94	4,002,944	5,291,188
0.1200 - 0.6440	49,196,316	45.00	50.43	7,642,795	24,809,144
0.6440 - 3.0000	39,875,166	45.00	95.64	2,660,630	38,138,240
3.0000 - 100	12,880,417	45.00	138.47	1,076,683	17,836,131
100	3,008,412	45.00	0.01	11,968	360
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	126,177,781			15,395,020	86,075,063
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	6,891,187	45.00	19.99	1,536,190	1,377,567
0.1200 - 0.6440	30,057,578	45.00	47.83	3,474,687	14,375,546
0.6440 - 3.0000	32,058,084	45.00	77.20	2,252,982	24,749,183
3.0000 - 100	13,162,002	45.00	119.77	548,676	15,763,947
100	3,482,909	45.00	-	168,411	-
Total for Corporate (with firm-size adjustment)	85,651,760			7,980,946	56,266,243
Total Non-Retail Exposures	278,222,512			23,399,696	161,568,375

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 31.12.2014					
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 adjustments)					
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 adjustments)	**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**
As at 31.12.2013					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	14,614,884	46.25	19.79	5	2,892,355
0.0520 - 0.3335	56,179,967	45.30	27.35	3,222	15,367,532
0.3335 - 1.5000	5,218,116	45.23	80.60	434	4,205,822
1.5000 - 100	544,883	45.23	143.22	-	780,368
100	156,812	45.22	-	-	-
Total for Bank Exposures	76,714,662			3,661	23,246,077
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	19,181,452	44.80	24.86	3,748,192	4,767,664
0.1200 - 0.6440	44,075,012	44.03	50.03	6,715,243	22,050,601
0.6440 - 3.0000	35,658,475	43.06	95.20	2,438,731	33,947,448
3.0000 - 100	10,710,624	43.55	136.46	1,051,166	14,615,751
100	2,742,358	44.78	0.01	11,968	360
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	112,367,921			13,965,300	75,381,824
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	5,796,687	44.56	19.45	1,377,893	1,127,505
0.1200 - 0.6440	25,657,334	42.80	46.89	3,108,605	12,030,197
0.6440 - 3.0000	24,263,961	42.65	74.33	2,038,198	18,036,256
3.0000 - 100	7,607,339	42.67	113.98	518,577	8,671,074
100	2,555,178	44.33	-	162,180	-
Total for Corporate (with firm-size adjustment)	65,880,499			7,205,453	39,865,032
Total Non-Retail Exposures	254,963,082			21,174,414	138,492,933

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 31.12.2014					
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 adjustments)					
0.0200 - 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 adjustments)	**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**
As at 31.12.2013					
Non-Retail Exposures					
Bank					
0.0000 - 0.0520	2,740,379	45.00	19.68	18,700	539,368
0.0520 - 0.3335	11,503,801	65.99	23.21	1,369	2,670,350
0.3335 - 1.5000	435,674	45.00	77.01	-	335,508
1.5000 - 100	-	-	-	-	-
100	-	-	-	-	-
Total for Bank Exposures	14,679,854			20,069	3,545,226
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	3,652,921	44.98	24.73	254,752	903,300
0.1200 - 0.6440	5,927,007	44.92	55.33	927,552	3,279,396
0.6440 - 3.0000	3,379,777	44.90	95.88	221,899	3,240,450
3.0000 - 100	839,685	42.25	127.72	25,517	1,072,472
100	242,050	45.00	-	-	-
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	14,041,440			1,429,720	8,495,618
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	1,094,500	44.13	22.85	158,297	250,062
0.1200 - 0.6440	3,260,080	44.32	48.24	365,738	1,572,651
0.6440 - 3.0000	3,928,501	43.75	74.61	200,919	2,931,206
3.0000 - 100	1,179,580	44.90	117.82	29,542	1,389,755
100	297,298	45.61	-	6,231	-
Total for Corporate (with firm-size adjustment)	9,759,959			760,727	6,143,674
Total Non-Retail Exposures	38,481,253			2,210,516	18,184,518

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 31.12.2014						
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**
As at 31.12.2013						
Specialised Lending						
- Project Finance	2,545,280	320,860	591,997	1,512,167	883,228	5,853,532
EAD after CRM	2,545,280	320,860	591,997	1,512,167	883,228	5,853,532

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 31.12.2014						
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**
As at 31.12.2013						
Specialised Lending						
- Project Finance	2,285,508	320,860	89,997	1,451,060	77	4,147,502
EAD after CRM	2,285,508	320,860	89,997	1,451,060	77	4,147,502

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 31.12.2014						
Specialised Lending						
- Project Finance	**224,614**	**-**	**7,850**	**14,018**	**-**	**246,482**
EAD after CRM	**224,614**	**-**	**7,850**	**14,018**	**-**	**246,482**
As at 31.12.2013						
Specialised Lending						
- Project Finance	259,772	-	502,000	61,107	883,151	1,706,030
EAD after CRM	259,772	-	502,000	61,107	883,151	1,706,030

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) while estimating all the three main components of RWA calculation namely PD, EAD and LGD are 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) • Other Property Based Loan (Malaysia) • Staff Housing Loan (Malaysia) • Equity Term Loan (Singapore)
Qualifying Revolving Retail Exposure ("QRRE")	• Credit Card (Malaysia & Singapore)
Other Retail	• Auto Loan (Malaysia & Singapore) • 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. The estimations derived from the models are used as input for RWA calculations.

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%

Other Risk Measurement for Retail Portfolio

Application and behaviour scorecards are part of the Basel II Retail IRB models and are used to estimate the probability that the customer will fail to make full and timely repayment of credit obligations. Business decisions and strategies are then built around the scores.

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.

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

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

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

Behaviour Scorecard

The product nature of Credit Card is subject to variable utilisation and payment 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 a 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 MIB, 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 31.12.2014					
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**

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

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 31.12.2013					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	14,448,650	17.43	9.21	13,588	1,330,060
0.5900 - 3.3330	23,187,649	24.42	35.15	97,654	8,150,787
3.3330 - 18.7500	4,338,338	26.73	90.95	53,070	3,945,904
18.7500 - 100	1,141,174	20.78	111.26	2,598	1,269,644
100	325,765	70.45	72.12	1,863	234,955
Total for Residential Mortgages Exposures	43,441,576			168,773	14,931,350
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	4,698,494	78.68	12.57	2,971,501	590,806
0.5900 - 3.3330	3,292,641	77.42	38.43	1,196,785	1,265,288
3.3330 - 18.7500	971,237	76.40	116.61	181,176	1,132,593
18.7500 - 100	251,585	77.90	234.19	57,954	589,177
100	1,650	74.63	59.14	-	976
Total for Qualifying Revolving Retail Exposures	9,215,607			4,407,416	3,578,840
Hire Purchase Exposures					
0.0000 - 0.5900	26,084,659	50.93	21.46	-	5,596,942
0.5900 - 3.3330	8,676,883	52.50	54.89	-	4,762,630
3.3330 - 18.7500	2,192,818	47.62	75.64	-	1,658,578
18.7500 - 100	306,143	46.76	114.08	-	349,247
100	134,755	95.84	63.05	-	84,968
Total Hire Purchase Exposures	37,395,258			-	12,452,365
Other Retail Exposures					
0.0000 - 0.5900	12,243,379	33.99	16.70	973,387	2,044,220
0.5900 - 3.3330	30,056,435	20.78	25.05	3,383,008	7,530,002
3.3330 - 18.7500	17,834,216	18.73	29.98	655,367	5,345,866
18.7500 - 100	2,203,326	32.43	64.69	51,798	1,425,249
100	168,721	61.39	103.60	5,733	174,803
Total Other Retail Exposures	62,506,076			5,069,293	16,520,140
Total Retail Exposures	152,558,517			9,645,482	47,482,695

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 31.12.2014					
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**	**3,777,883**
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**	**27,791,549**

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

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 31.12.2013					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	13,221,479	13.17	8.64	8,410	1,141,787
0.5900 - 3.3330	15,697,954	20.94	31.03	44,778	4,871,135
3.3330 - 18.7500	2,759,729	20.81	77.60	25,119	2,141,625
18.7500 - 100	850,740	18.82	105.54	1,011	897,835
100	257,067	68.54	72.32	1,345	185,915
Total for Residential Mortgages Exposures	32,786,969			80,663	9,238,297
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	4,540,638	82.72	12.64	2,921,818	573,891
0.5900 - 3.3330	3,086,687	80.22	38.49	1,172,657	1,187,940
3.3330 - 18.7500	899,120	78.17	117.23	177,826	1,054,025
18.7500 - 100	237,726	81.17	235.20	56,791	559,132
100	1,565	74.63	54.60	-	854
Total for Qualifying Revolving Retail Exposures	8,765,736			4,329,092	3,375,842
Hire Purchase Exposures					
0.0000 - 0.5900	10,495,735	49.54	20.78	-	2,181,415
0.5900 - 3.3330	4,255,684	48.94	52.13	-	2,218,659
3.3330 - 18.7500	1,150,488	46.53	74.59	-	858,166
18.7500 - 100	126,519	45.44	110.64	-	139,981
100	75,738	94.97	65.89	-	49,906
Total Hire Purchase Exposures	16,104,164			-	5,448,127
Other Retail Exposures					
0.0000 - 0.5900	10,653,951	26.78	15.56	782,720	1,658,111
0.5900 - 3.3330	18,200,416	20.64	24.72	1,634,918	4,496,564
3.3330 - 18.7500	6,333,138	21.90	37.07	358,399	2,347,391
18.7500 - 100	1,157,337	39.26	72.94	23,918	844,186
100	131,427	65.74	111.49	3,970	146,525
Total Other Retail Exposures	36,476,269			2,803,925	9,492,777
Total Retail Exposures	94,133,138			7,213,680	27,555,043

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 31.12.2014					
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**

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

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 31.12.2013					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	1,227,171	21.69	15.34	5,178	188,273
0.5900 - 3.3330	7,489,695	27.89	43.79	52,876	3,279,652
3.3330 - 18.7500	1,578,608	32.66	114.30	27,951	1,804,279
18.7500 - 100	290,434	22.75	128.02	1,587	371,809
100	68,697	72.37	71.38	518	49,039
Total for Residential Mortgages Exposures	10,654,605			88,110	5,693,052
Qualifying Revolving Retail Exposures					
0.0000 - 0.5900	157,856	74.63	10.71	49,683	16,914
0.5900 - 3.3330	205,953	74.63	37.56	24,128	77,348
3.3330 - 18.7500	72,117	74.63	108.95	3,350	78,568
18.7500 - 100	13,859	74.63	216.79	1,163	30,045
100	86	74.63	141.86	-	122
Total for Qualifying Revolving Retail Exposures	449,871			78,324	202,997
Hire Purchase Exposures					
0.0000 - 0.5900	15,588,924	52.32	21.91	-	3,415,527
0.5900 - 3.3330	4,421,198	56.05	57.54	-	2,543,971
3.3330 - 18.7500	1,042,331	48.70	76.79	-	800,412
18.7500 - 100	179,624	48.07	116.50	-	209,267
100	59,017	96.71	59.41	-	35,061
Total Hire Purchase Exposures	21,291,094			-	7,004,238
Other Retail Exposures					
0.0000 - 0.5900	1,589,428	41.19	24.29	190,668	386,109
0.5900 - 3.3330	11,856,019	20.92	25.59	1,748,089	3,033,438
3.3330 - 18.7500	11,501,078	15.55	26.07	296,968	2,998,475
18.7500 - 100	1,045,989	25.60	55.55	27,880	581,063
100	37,294	57.04	75.82	1,763	28,278
Total Other Retail Exposures	26,029,808			2,265,368	7,027,363
Total Retail Exposures	58,425,378			2,431,802	19,927,650

Credit Risk

INDEPENDENT MODEL VALIDATION

The use of models will give rise to model risk, which is defined as risk of a model not performing the tasks or 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 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 ERC for endorsement and RMC for approval. 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 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. Where necessary, more frequent validations will be carried out.

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 an exposure guaranteed by an eligible guarantor will utilise the PD of the guarantor in the computation of its capital requirement.

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

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

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

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 31.12.2014				
On-Balance Sheet Exposures				
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**
Off-Balance Sheet Exposures				
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**
As at 31.12.2013				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	80,567,433	-	-	-
Public Sector Entities	8,217,183	1,093,261	4,361	-
Banks, Development Financial Institutions & MDBs	1,399,546	-	62,012	-
Insurance Cos, Securities Firms & Fund Managers	355,289	-	688	-
Corporates	20,932,683	38	1,038,116	8,390
Regulatory Retail	24,088,986	-	2,215,645	-
Residential Mortgages	1,574,779	-	-	1,281,066
Higher Risk Assets	312,107	-	-	-
Other Assets	7,372,343	-	-	-
Securitisation Exposures	262,117	-	-	-
Equity Exposures	202,943	-	-	-
Defaulted Exposures	274,319	-	353	3,610
Total On-Balance Sheet Exposures	145,559,728	1,093,299	3,321,175	1,293,066
Off-Balance Sheet Exposures				
OTC Derivatives	474,171	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,022,620	-	39,534	13,941
Defaulted Exposures	115	-	5,718	-
Total for Off-Balance Sheet Exposures	2,496,906	-	45,252	13,941
Total On and Off-Balance Sheet Exposures	148,056,634	1,093,299	3,366,427	1,307,007

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 31.12.2014				
On-Balance Sheet Exposures				
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**	**-**
Off-Balance Sheet Exposures				
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**	**-**
As at 31.12.2013				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	49,592,114	-	-	-
Public Sector Entities	7,190,100	847,290	-	-
Banks, Development Financial Institutions & MDBs	228,422	-	-	-
Corporates	12,551,812	38	53,164	8,390
Regulatory Retail	6,712,904	-	780,400	-
Residential Mortgages	897,431	-	-	790,115
Higher Risk Assets	244,562	-	-	-
Other Assets	8,160,526	-	-	-
Securitisation Exposures	262,117	-	-	-
Equity Exposures	192,076	-	-	-
Defaulted Exposures	43,793	-	130	993
Total On-Balance Sheet Exposures	86,075,857	847,328	833,694	799,498
Off-Balance Sheet Exposures				
OTC Derivatives	321,459	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,196,431	-	39,527	13,941
Defaulted Exposures	9	-	-	-
Total for Off-Balance Sheet Exposures	1,517,899	-	39,527	13,941
Total On and Off-Balance Sheet Exposures	87,593,756	847,328	873,221	813,439

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 31.12.2014				
On-Balance Sheet Exposures				
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**
Off-Balance Sheet Exposures				
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**
As at 31.12.2013				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	21,559,062	-	-	-
Public Sector Entities	1,010,456	245,855	1,732	-
Corporates	2,373,360	-	-	-
Regulatory Retail	1,483,441	-	189,338	-
Residential Mortgages	488,220	-	-	488,220
Higher Risk Assets	42	-	-	-
Other Assets	548,683	-	-	-
Defaulted Exposures	7,194	-	115	2,617
Total On-Balance Sheet Exposures	27,470,458	245,855	191,185	490,837
Off-Balance Sheet Exposures				
OTC Derivatives	83,957	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	52,370	-	7	-
Total for Off-Balance Sheet Exposures	136,327	-	7	-
Total On and Off-Balance Sheet Exposures	27,606,785	245,855	191,192	490,837

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 31.12.2014				
On-Balance Sheet Exposures				
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 adjustments)	**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**
Off-Balance Sheet Exposures				
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**
As at 31.12.2013				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	53,154,389	-	-	-
Corporate Exposures	170,279,014	153,321	905,589	4,357,975
a) Corporates (excluding Specialised Lending and firm-size adjustments)	93,844,128	153,321	905,589	4,357,975
b) Corporates (with firm-size adjustment)	70,750,449	-	-	-
c) Specialised Lending (Slotting Approach)				
- Project Finance	5,684,437	-	-	-
Retail Exposures	141,519,177	-	-	-
a) Residential Mortgages	42,948,898	-	-	-
b) Qualifying Revolving Retail Exposures	4,807,651	-	-	-
c) Hire Purchase Exposures	37,260,503	-	-	-
d) Other Retail Exposures	56,502,125	-	-	-
Defaulted Exposures	4,385,617	5,147	2,346	63,806
Total On-Balance Sheet Exposures	369,338,197	158,468	907,935	4,421,781
Off-Balance Sheet Exposures				
OTC Derivatives	11,101,524	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	56,179,785	516	147,820	267,793
Defaulted Exposures	15,055	-	-	-
Total for Off-Balance Sheet Exposures	67,296,364	516	147,820	267,793
Total On and Off-Balance Sheet Exposures	436,634,561	158,984	1,055,755	4,689,574

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 31.12.2014				
On-Balance Sheet Exposures				
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 adjustments)	**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**
Off-Balance Sheet Exposures				
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**
As at 31.12.2013				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	63,799,777	-	-	-
Corporate Exposures	141,007,958	149,285	899,919	4,148,054
a) Corporates (excluding Specialised Lending and firm-size adjustments)	82,972,754	149,285	899,919	4,148,054
b) Corporates (with firm-size adjustment)	53,904,796	-	-	-
c) Specialised Lending (Slotting Approach)				
- Project Finance	4,130,408	-	-	-
Retail Exposures	85,747,497	-	-	-
a) Residential Mortgages	32,450,585	-	-	-
b) Qualifying Revolving Retail Exposures	4,436,189	-	-	-
c) Hire Purchase Exposures	16,028,425	-	-	-
d) Other Retail Exposures	32,832,298	-	-	-
Defaulted Exposures	3,088,083	4,958	2,346	63,806
Total On-Balance Sheet Exposures	293,643,315	154,243	902,265	4,211,860
Off-Balance Sheet Exposures				
OTC Derivatives	10,602,692	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	48,984,940	516	147,820	267,793
Defaulted Exposures	12,774	-	-	-
Total for Off-Balance Sheet Exposures	59,600,406	516	147,820	267,793
Total On and Off-Balance Sheet Exposures	353,243,721	154,759	1,050,085	4,479,653

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 31.12.2014				
On-Balance Sheet Exposures				
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 adjustments)	**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**
Off-Balance Sheet Exposures				
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**
As at 31.12.2013				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	14,488,814	-	-	-
Corporate Exposures	21,446,700	4,037	5,671	209,921
a) Corporates (excluding Specialised Lending and firm-size adjustments)	11,706,142	4,037	5,671	209,921
b) Corporates (with firm-size adjustment)	8,186,528	-	-	-
c) Specialised Lending (Slotting Approach)				
- Project Finance	1,554,030	-	-	-
Retail Exposures	55,771,680	-	-	-
a) Residential Mortgages	10,498,313	-	-	-
b) Qualifying Revolving Retail Exposures	371,462	-	-	-
c) Hire Purchase Exposures	21,232,078	-	-	-
d) Other Retail Exposures	23,669,827	-	-	-
Defaulted Exposures	671,665	189	-	-
Total On-Balance Sheet Exposures	92,378,859	4,226	5,671	209,921
Off-Balance Sheet Exposures				
OTC Derivatives	245,052	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	5,986,472	-	-	-
Defaulted Exposures	2,280	-	-	-
Total for Off-Balance Sheet Exposures	6,233,804	-	-	-
Total On and Off-Balance Sheet Exposures	98,612,663	4,226	5,671	209,921

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 to credit risk measures credit risk pursuant to fixed risk-weights and is the least sophisticated of the capital calculation methodologies. The risk-weights applied under 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 and Malaysia Rating Corporation ("MARC"). Assessments provided by approved ECAIs are mapped to credit quality grades prescribed by the regulator.

Below are the summary tables of the rules governing the assignment of risk-weights under the Standardised Approach and Short-term ratings of Banking Institutions and Corporates:

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

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

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

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

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

Risk-Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs& FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000		
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***
As at 31.12.2013													
0%	76,059,631	6,612,235	162,000	-	2,517,444	4,156,266	-	-	5,771,352		-	95,278,927	-
20%	1,213,835	760,832	-	-	1,379,674	-	-	-	74,851		-	3,429,191	685,838
35%	-	-	-	-	-	-	1,172,515	-	-		-	1,172,515	410,380
50%	1,776,876	-	472,894	-	226,981	10,157	401,861	-	-		-	2,888,769	1,444,385
75%	-	-	-	-	-	15,263,872	544	-	-		-	15,264,416	11,448,312
100%	1,677,244	972,725	757,727	512,607	16,896,653	4,753,501	7,614	-	1,523,913		192,855	27,294,839	27,294,839
125%	-	-	-	-	1,159,443	-	-	-	-		-	1,159,443	1,449,303
150%	-	-	21,380	-	134,564	146,945	-	345,924	-		10,088	658,902	988,353
1250%	-	-	-	-	-	4,834	-	-	-		-	4,834	60,430
Total	80,727,586	8,345,792	1,414,001	512,607	22,314,758	24,335,575	1,582,534	345,924	7,370,116	262,117	202,943	147,151,836*	43,781,840*

* Total EAD and RWA do not include securitisation.

Credit Risk

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

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	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000	
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***
As at 31.12.2013												
0%	48,005,290	6,364,640	253,225	-	1,530,623	804,874	-	-	4,411,074		-	61,369,726	-
20%	1,146,946	134,786	-	-	1,080,222	-	-	-	-		-	2,361,954	472,392
35%	-	-	-	-	-	-	624,526	-	-		-	624,526	218,584
50%	83,513	-	-	-	166,521	4,200	272,502	-	-		-	526,736	263,368
75%	-	-	-	-	-	6,073,842	544	-	-		-	6,074,386	4,555,789
100%	448,309	735,757	-	154,707	10,669,168	5,238	921	-	3,747,225		192,076	15,953,401	15,953,401
150%	-	-	-	-	99,320	313	-	275,058	-		-	374,691	562,036
Total	49,684,058	7,235,183	253,225	154,707	13,545,854	6,888,467	898,493	275,058	8,158,299	262,117	192,076	87,285,420*	22,025,570*

* Total EAD and RWA 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	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000		
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**
As at 31.12.2013											
0%	21,492,173	247,595	-	-	322,119	189,453	-	-	35,529	22,286,869	-
20%	66,889	626,046	-	-	284,451	-	-	-	-	977,386	195,477
35%	-	-	-	-	-	-	376,453	-	-	376,453	131,759
50%	-	-	-	-	26,614	424	111,767	-	-	138,805	69,403
75%	-	-	-	-	-	1,294,103	-	-	-	1,294,103	970,577
100%	-	222,898	-	-	1,790,548	52	2,617	-	513,155	2,529,270	2,529,269
150%	-	-	-	-	534	-	-	3,365	-	3,899	5,849
Total	21,559,062	1,096,539	-	-	2,424,266	1,484,032	490,837	3,365	548,684	27,606,785	3,902,334

Table 32: Disclosures on Rated Exposures according to Ratings by ECAIs 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 31.12.2014						
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**
As at 31.12.2013						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	6,612,235	760,832	-	-	972,725	8,345,792
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	512,607	512,607
Corporates	2,517,444	1,379,674	226,981	1,294,006	16,896,653	22,314,758
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	76,059,631	1,213,835	1,776,876	-	1,677,244	80,727,586
C) Ratings of Banking Institutions						
Banks, MDBs and FDIs	162,000	472,894	-	21,380	757,727	1,414,001
Total Exposures	85,351,310	3,827,235	2,003,857	1,315,386	20,816,956	113,314,744

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

Exposure Class	Rating Categories					
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	Total RM'000
As at 31.12.2014						
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**
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**
As at 31.12.2013						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	6,364,640	134,786	-	-	735,757	7,235,183
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	154,707	154,707
Corporates	1,530,622	1,080,223	166,521	99,320	10,669,168	13,545,854
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	48,005,290	1,146,946	83,513	-	448,309	49,684,058
Total Exposures	55,900,552	2,361,955	250,034	99,320	12,007,941	70,619,802

Credit Risk

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

Exposure Class	Rating Categories					
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	Total RM'000
As at 31.12.2014						
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**
As at 31.12.2013						
On and Off-Balance Sheet Exposures						
Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	247,595	626,046	-	-	222,898	1,096,539
Corporates	322,119	284,451	26,614	-	1,791,082	2,424,266
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	21,492,173	66,889	-	-	-	21,559,062
Total Exposures	22,061,887	977,386	26,614	-	2,013,980	25,079,867

COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk that the Group's counterparty will default prior to expiration of a transaction involving foreign exchange, interest rate, commodity, equity and derivatives; and will not therefore make the current and future payments required by the contract for treasury related activities both in trading and banking books.

Counterparty Risk Management

Counterparty credit risk originates from the Group's lending business, investment and treasury activities that impacts the Group's trading and banking books associated with dealings in Foreign Exchange, Money Market instruments, Fixed Income Securities, Commodities, Equities and Over-the-Counter ("OTC") derivatives. The primary distinguishing feature of counterparty risk compared to other forms of credit risk is that the value of the underlying contract in the future is uncertain and could be 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 name basis or counterparty group basis that also adheres to BNM's Single Counterparty Exposure Limits ("SCEL"). The Group actively monitors and manages its exposure to counterparties to protect the Group's statement of financial position ('balance sheet') in the event of counterparty default. 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.

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 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 the BNM guideline and Basel II requirements.

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 level to diversify exposures across different counterparties.

Counterparty credit risk exposures are mitigated via master netting arrangements e.g. ISDA Master Agreement with counterparties where appropriate. In the event of a default, all amounts with a single counterparty (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 an agreement if 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 MIB, respectively.

COUNTRY RISK

Country risk is the risk of investing in a country arising from various political, financial or economic factors, which have the potential to cause the Group's borrowers to default on their obligations to the Group.

The principles and approach to the management of country risk is set out in the Group's Country Limit policy. The limits for strategic countries are set based on country-specific strategic business considerations and approved at RMC.

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 31.12.2014			
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**
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**
As at 31.12.2013			
Direct credit substitutes	11,957,984	11,889,415	7,616,259
Transaction related contingent items	14,503,323	7,341,034	4,687,252
Short term self liquidating trade related contingencies	4,565,528	939,225	653,223
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	3,095,503	2,170	189
Foreign exchange related contracts	163,653,441	6,305,042	1,951,006
- One year or less	129,694,254	3,256,512	867,241
- Over one year to five years	33,850,860	3,033,341	1,072,652
- Over five years	108,327	15,189	11,113
Interest/profit rate related contracts	109,100,681	5,089,740	1,897,716
- One year or less	28,986,158	735,818	277,530
- Over one year to five years	59,302,422	2,162,852	748,433
- Over five years	20,812,101	2,191,070	871,753
Commodity contracts	130,322	14,011	7,219
- One year or less	-	-	-
- Over one year to five years	130,322	14,011	7,219
- Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	37,301,547	22,230,898	9,877,562
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	24,114,679	15,282,805	10,240,767
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	23,584,827	261,807	80,664
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	870,374	174,075	131,025
Total	392,908,209	69,545,223	37,145,881

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 31.12.2014			
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**
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**
As at 31.12.2013			
Direct credit substitutes	10,668,222	10,600,086	6,576,588
Transaction related contingent items	12,497,981	6,322,016	3,754,051
Short term self liquidating trade related contingencies	3,852,216	794,427	513,524
Assets sold with recourse			
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	3,095,503	2,170	189
Foreign exchange related contracts	155,846,341	6,043,798	1,771,640
- One year or less	123,525,298	3,154,266	792,147
- Over one year to five years	32,212,716	2,874,342	968,380
- Over five years	108,327	15,190	11,113
Interest/profit rate related contracts	100,478,037	4,846,139	1,793,634
- One year or less	25,413,824	620,364	261,083
- Over one year to five years	54,252,112	2,034,705	660,798
- Over five years	20,812,101	2,191,070	871,753
Commodity contracts	130,322	14,011	7,219
- One year or less	-	-	-
- Over one year to five years	130,322	14,011	7,219
- Over five years			
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements			
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	33,040,948	19,025,880	8,438,810
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	20,619,711	13,225,704	8,840,899
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	16,412,501	177,452	39,195
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	332,659	66,532	50,026
Total	356,974,441	61,118,215	31,785,775

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 31.12.2014			
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**
As at 31.12.2013			
Direct credit substitutes	735,485	735,053	396,118
Transaction related contingent items	1,150,736	591,715	480,062
Short term self liquidating trade related contingencies	171,434	36,422	23,044
Foreign exchange related contracts	5,516,346	269,519	96,501
- One year or less	4,763,784	156,925	58,888
- Over one year to five years	752,562	112,594	37,613
- Over five years	-	-	-
Interest/profit rate related contracts	3,470,963	93,066	37,584
- One year or less	850,000	1,000	215
- Over one year to five years	2,620,963	92,066	37,369
- Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,595,915	2,874,563	1,096,736
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,308,636	1,685,439	986,277
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	2,356,007	84,354	41,470
Total	19,305,522	6,370,131	3,157,792

Market Risk

Market risk is defined as the 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.

Generally, the Group manages the market risk of the Trading and Non-Trading/Banking portfolio 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 movement or to lock in arbitrage profits.

Trading Book policy 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 VaR model is back tested and subject 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 yield ("PV01") for managing portfolio sensitivity to market rate movement, Greek limits for managing options risk, and stressed profit/loss for adverse impact to trading profit due from stress events. Notional limit such as Net Open Position ("NOP") caps the foreign currency exposures while portfolio limit controls the concentration exposures.

Additionally, the Group adopts measurements to manage credit 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 CSPV01 measures the value of the portfolio when the credit spread changes by 1 basis point.

Dealers are strictly prohibited from breaching the stop loss limits, VaR limits and 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. Monthly reports are escalated and presented to Senior Management/Committee for further deliberation.

NON TRADED MARKET RISK

Non traded market risk is primarily an 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

Interest rate risk ("IRR") or rate of return risk ("RoR") in the banking book is defined as risk arising from the changes in market interest rates that adversely impact the Group's financial condition in terms of earnings or economic value, based on the risk profile of the balance sheet. Sources of IRR/RoR include repricing, basis, yield curve and optionality risk. In addition, Islamic operation is exposed to displaced commercial risk.

Accepting IRR/RoR 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 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 ALCO supervision, the lines of businesses are insulated from IRR/RoR through fund transfer pricing whereby the non traded market and liquidity risks are centralised at corporate treasury unit for active risk management and statement of financial position optimisation. The corporate treasury unit reviews the risk exposure regularly and recommends strategies to mitigate any unwarranted risk exposures in accordance with the non traded book policy.

Certain portfolios such as products with non-deterministic characteristics are subjected to periodic statistical modeling to understand the customer/product 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 to earnings and capital for the Group, the Bank and MIB respectively.

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 31.12.2014			As at 31.12.2013**		
	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,	**890,542**	**691,458**	**116,720**	643,444	555,063	23,332
MYR	**472,195**	**355,475**	**116,720**	362,731	339,627	23,332
USD	**(15,178)**	**(6,488)**	**-**	(33,238)	(79,756)	-
SGD	**327,844**	**327,844**	**-**	267,916	267,916	-
IDR	**85,183**	**-**	**-**	16,281	-	-
OTHERS*	**20,498**	**14,627**	**-**	29,754	27,276	-

Table 38b: Interest Rate Risk in the Banking Book for Maybank Group and Maybank /Rate of Return Risk in the Banking Book for Maybank Islamic (Impact on Capital)

	As at 31.12.2014			As at 31.12.2013**		
	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,	**4,052,646**	**3,181,523**	**973,450**	4,545,584	3,546,923	1,012,081
MYR	**4,135,262**	**3,161,812**	**973,450**	3,886,809	2,874,695	1,012,081
USD	**(71,526)**	**(63,750)**	**-**	456,662	459,253	-
SGD	**226,631**	**226,631**	**-**	264,400	264,400	-
IDR	**(83,099)**	**-**	**-**	(17,786)	-	-
OTHERS*	**(154,622)**	**(143,170)**	**-**	(44,501)	(51,425)	-

Notes:

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).

* Inclusive of GBP, HKD, BND, VND, CNY, EUR, PHP, PGK and other Currencies.

** Position as at Dec 2013 has been restated due to the restatement of RPSIA deals for MBB KL and MIB. Besides that, Vostro reported under interbank borrowings for MIB has been reclassed to non-rate sensitive bucket from short-term bucket.

Foreign Exchange Risk in the Banking Book

Foreign exchange ("FX") risk arises from changes in foreign exchange rates or adverse movements/mismatches in currencies.

FX risk exposures can be attributed to structural and non-structural positions. Structural FX positions are primarily net investment in overseas branches, subsidiaries and strategic investments. Generally, the 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 FX risk management policy and limits.

All foreign currency assets in the banking book must be match-funded by the same currency to minimise FX NOP. Besides, the Group implements qualitative controls such as listing of permissible on/offshore currencies, approved products for hedging FX risk, etc.

FX risk is primarily assessed from both earnings and capital perspectives. The ALCO plays an active role in ensuring FX risk is managed within the stipulated limits.

EQUITY EXPOSURES IN BANKING BOOK

The objective of equity exposures 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 whose fair value cannot be reliably measured which are carried at cost less impairment losses, if any.

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

Equity risk is the risk arising from movements in the price of equities, equity indices and equity baskets.

Market Risk

CAPITAL TREATMENT FOR MARKET RISK

At the Group and Global level, the minimum capital requirement for market risk is computed as per BNM's updated guidelines for Capital Adequacy Framework (Basel II – RWA) requirement under Standardised Approach. As for MIB, BNM's updated guidelines for Capital Adequacy Framework for Islamic Bank (RWA), applies. This is imperative as 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 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 31.12.2014	Maybank Group		Maybank	
	RWA RM'000	Capital Requirement RM'000	RWA RM'000	Capital Requirement RM'000
Interest Rate	5,339,072	427,126	5,059,291	404,743
Foreign Exchange[1]	5,274,101	421,928	1,750,684	140,055
Equity	874,720	69,978	-	-
Commodity[1]	-	-	-	-
Options	2,680,260	214,421	2,642,864	211,429

Market Risk Categories As at 31.12.2014	Maybank Islamic	
	RWA RM'000	Capital Requirement RM'000
Benchmark Rate	99,318	7,945
Foreign Exchange[1]	474,603	37,968

[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 firm'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.

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.

Statement of financial position risk measures structurally maintain a diverse and stable funding base as well as achieve an optimal portfolio position. 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 assets base regionally. Through these measures, the Group shapes its assets and liabilities profile to achieve its desired statement of financial position state.

The net cash flow mismatch along different time horizons, also known as liquidity gap analysis, provides the Management with a clear picture of the imminent funding needs in the near term as well as the structural statement of financial position 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 situation.

The Group is in the advanced stage of preparation to meet the requirement of the Liquidity Coverage Ratio ("LCR") Guideline issued by BNM. The minimum requirement of 60% of LCR is to be met by 1 June 2015 with gradual increase to 100% by 1 January 2019. Additionally, the Group is in the early stage of preparation for the Net Stable Funding Ratio ("NSFR") which will be effective from 1 January 2018.

Operational Risk

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

MANAGEMENT OF OPERATIONAL RISK

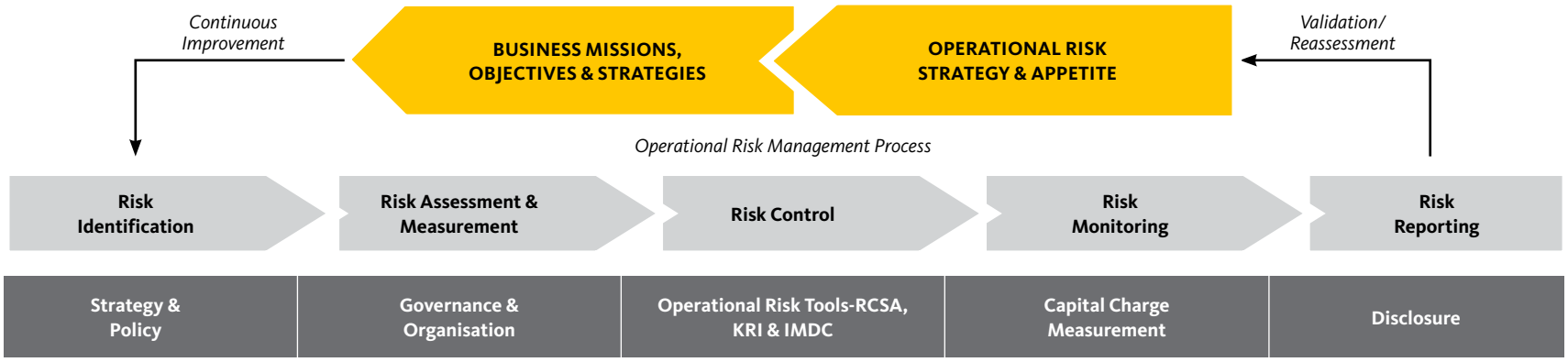
Maybank Group Operational Risk Policy ("Policy") encompasses the operational risk management strategy and governance structure. The Policy also includes the operational risk management tools and methodologies to identify, assess and measure, control, monitor and report operational risks in a structured and consistent manner.

Operational Risk Officers ("OROs") are appointed within various Strategic Business Units ("SBU") of the Group and are primarily responsible to manage the risk exposures inherent in its business activities.

Business Risks, a dedicated risk management function, are established within key SBUs of the Group to drive the implementation of the operational risk management policies across the business operations. The Business Risks also maintain an oversight role over SBUs by analysing and reporting operational risk exposures of 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, report and monitor 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 enviroment for continuous risk assessment. They are established and monitored at the Group, Business and Operating levels.

  Amongst the KRIs sources are from periodic RCSA process, Incident Management & Data Collection database, SBUs experiences, internal/external and regulatory audit findings. SBUs are required to develop specific and concrete action plans for KRIs that exceeds the pre-defined threshold. 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
- Decreasing the impact on the business, should it occur.

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

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

  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 outsoursing 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 the 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 possible level and to develop effective fraud management approaches to deal with fraud incidences in a decisive, timely and systematic manner.

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

CAPITAL TREATMENT FOR OPERATIONAL RISK

Operational Risk Capital Charge is calculated using the Basic Indicator Approach ("BIA") as per BNM's updated Capital Adequacy Framework (Basel II - RWA).

The Group intends to adopt The Standardised Approach ("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 updated Capital Adequacy Framework (Basel II - RWA).

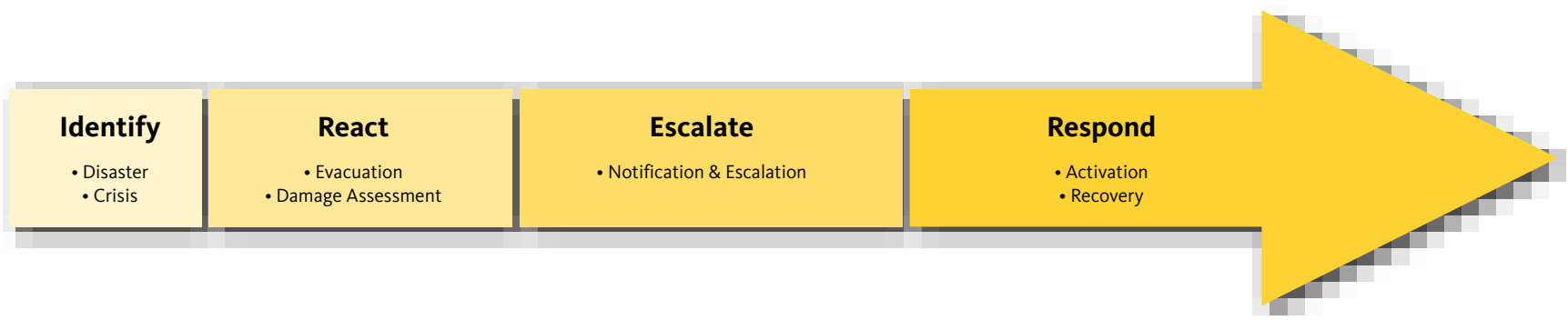
Business Continuity Management

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 its recently revised BCM policy and procedures has set the foundation upon which BCM capabilities are designed and built. A clearly defined and documented statement by the 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 the 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 16 countries. In 2014, the Group successfully conducted its Enterprise CSE 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.



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 any potential liquidity or funding disruption affecting its liquidity soundness and financial solvency. The CFP comprises of planned funding strategies, decision making authorities, communication channel and process and courses of action for management to make prompt decisions. The plan is reviewed and tested regularly to ensure its effectiveness and robustness in responding to different liquidity event scenarios. The Group has also successfully conducted CFP awareness session for 15 Countries, aimed at familiarising the participants of the key components of CFP, CFP documentation, developing CFP scenario and getting accustomed to the various roles and responsibilities.

By having a robust BCM in place, the Group is able to respond effectively in a structured manner in the event of any 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 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 the BNM's and the Securities Commission's Shariah Advisory Council ("SAC") and the internal Group Shariah Committee. Comprehensive Shariah compliance infrastructure will ensure stakeholders' confidence in Islamic financial institutions' business activities and operations.

In accordance with BNM's regulatory requirements, the Group established a comprehensive Shariah Governance Framework ("SGF") 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 the detailed policies and procedures that includes the required steps to ensure that each transaction executed by the Bank complies with Shariah requirements.

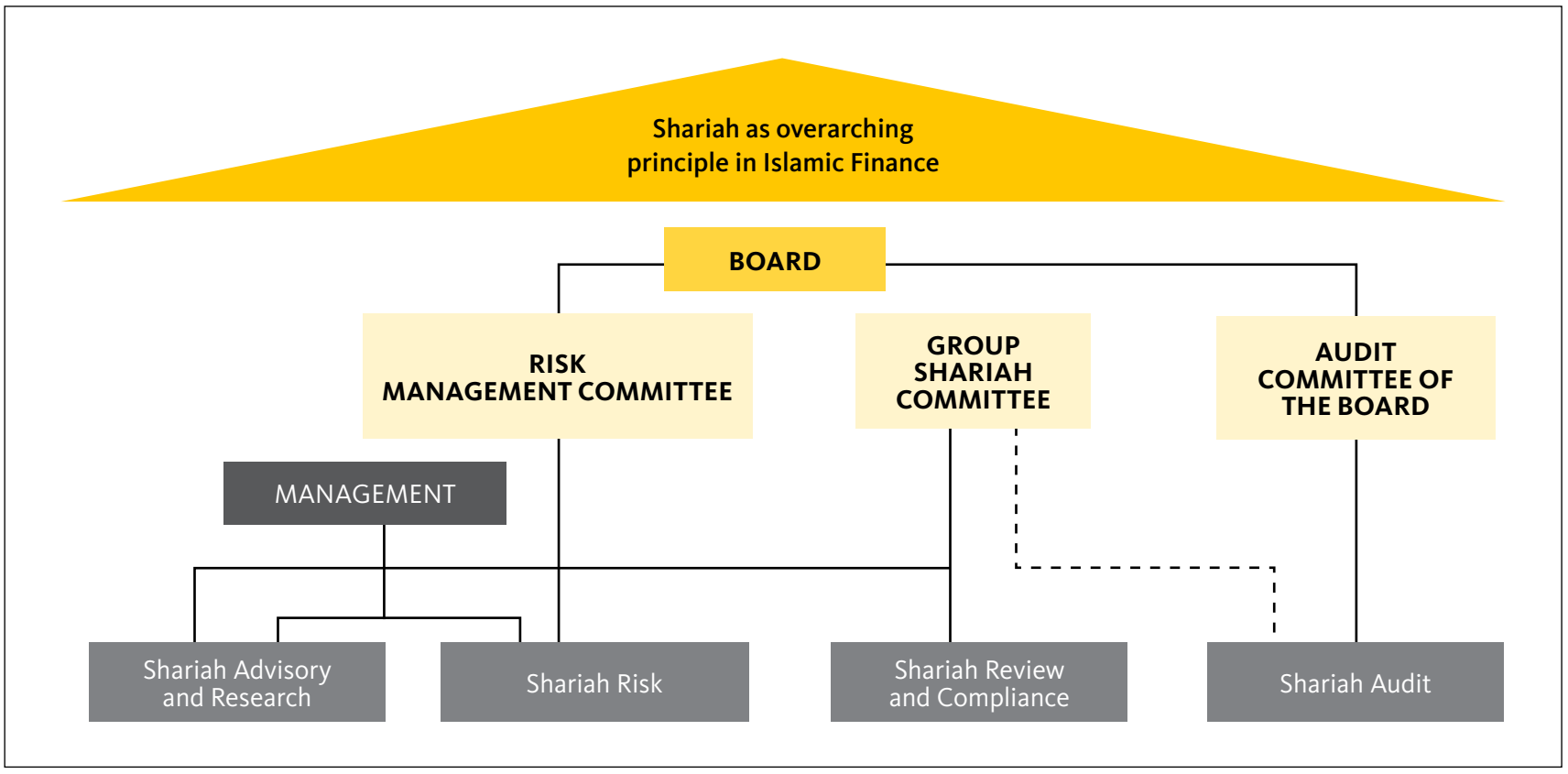
IMPLEMENTATION OF THE SHARIAH GOVERNANCE FRAMEWORK ("SGF")

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 Framework for the Group



RECTIFICATION PROCESS OF SHARIAH NON-COMPLIANT INCOME

Shariah non-compliance risk is the possible failure in fulfilling the required Shariah principles.

The control structure for handling and reporting of Shariah non-compliance issues has been emplaced in the Group. As at 31 December 2014, based on the on-going review of the Group's operational activities, MIB reported a sum of RM27,331.37 that need to be purified due to Shariah non-compliance activities whereby the amount had been fully channelled to charity in 2014.

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.

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We may live on the same planet but often we’re worlds apart because there are gaps betweens us. Gaps that keep us from life’s best experiences. Gaps between those who have and those who don’t. Gaps that are formed because of our differences. At Maybank, we believe we can cross each of these gaps, because at the bottom of it all, we’re all human. We can work together, learn together and understand each other.

Which is why together, we can build bridges. The bridges that can unite people at all times from all backgrounds and from all places. The bridges that can carry us across the ups, the downs and the unexpected. Connecting us with the future we’ve always been planning for and helping us lead the lives we wish to live. Maybank. Humanising Financial Services.

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