Maybank Annual Report 2013 – Financial Statements

Leading Asia

Maybank

ANNUAL REPORT 2013
FINANCIAL STATEMENTS

Bridging Worlds in Asia

Maybank
ANNUAL REPORT

Record Earnings
RM6.55 billion
Profit attributable to equity holders of the Bank

RM560 billion
Total Assets

14.0%
Group Loans Growth

BRIDGING WORLDS IN ASIA

CAPTURING THE FLOW OF BUSINESS AROUND THE WORLD INTO ASIA THROUGH OUR NETWORK

CONTENTS

OUR PERFORMANCE

THE FINANCIALS

BASEL II PILLAR 3

HIGHLIGHTS OF 2013

PATAMI
RM6.55 billion

Record earnings with Profit After Tax and Minority Interest (PATAMI) up 14.0% to RM6.55 billion on the back of higher net income, supported by improved cost efficiency.

(Refer to page 66 for Group Financial Review)

Dividend per share
53.5 sen

Net dividend per share of 53.5 sen (FY2012: 52.5 sen) with total FY2013 net dividend at RM4.71 billion.

(Refer to page 66 for Group Financial Review)

Cost to Income Ratio
47.8%

Cost to income ratio improved to 47.8% from 48.6% in FY2012, owing to slower overhead expense growth of 8.4% against net income growth of 10.5%.

(Refer to page 66 for Group Financial Review)

Management Appointments
- Maybank Group
- Bank Internasional Indonesia
- Insurance & Takaful
- Investment Banking

Appointment of Datuk Abdul Farid Alias as Group PCEO and Management for three entities, along with a refreshed organisation structure to support regional growth.

(Refer to page 8 for Group President & CEO Statement)

Talent Development
- A winner of Malaysia's Top 100 Leading Graduate Employer Awards 2013

Maybank emerged as Winner of the Banking and Financial Services category for the third year in a row in Malaysia's Top 100 Leading Graduate Employer Awards 2013.

(Refer to page 110 for Group Human Capital Review)

Corporate Responsibility
- Over 119,000 hours for voluntary community programmes

More than 23,000 Maybankers donated over 119,000 hours for voluntary community programmes. Through our annual flagship Cahaya Kasih (Ray of Love) programme, we structure, monitor and evaluate the impact of all employee volunteerism.

(Refer to page 122 for Corporate Responsibility Review)

Note: PATAMI is define as Profit After Taxation And Minority Interest and is equivalent to Profit attributable to equity holders of the Bank as stated in the audited financial statements.

Financial Highlights

Profit Attributable to Equity Holders of the Bank
RM6.55 billion

FY10	3.82
FY11	4.45
FP11 *	2.59
FY12	5.75
FY13	**6.55**

Earnings Per Share
75.8 sen

FY10	53.9
FY11	61.4
FP11 *	34.5
FY12	72.7
FY13	**75.8**

Return on Equity
15.1 %

FY10	14.5
FY11	14.5
FP11 *	15.2
FY12	16.0#
FY13	**15.1**

Total Assets
RM560.4 billion

FY10	336.7
FY11	411.3
FP11 *	451.6
FY12	494.9
FY13	**560.4**

Loans, Advances and Financing
RM355.6 billion

FY10	205.9
FY11	255.0
FP11 *	276.3
FY12	311.8
FY13	**355.6**

Capital Adequacy Ratio
Total Capital Ratio: 15.664%@

FY10	14.58^
FY11	15.36^
FP11 *	16.37^
FY12	17.35^
FY13	**15.664@**

Gross Dividend Per Share
53.5 sen

FY10	55.0
FY11	60.0
FP11 *	36.0
FY12	65.0
FY13	**53.5**

Market Capitalisation
RM88.1 billion

FY10	53.5
FY11	66.9
FP11 *	65.5
FY12	77.6
FY13	**88.1**

Share Price
RM9.94

FY10	7.56
FY11	8.94
FP11 *	8.58
FY12	9.20
FY13	**9.94**

** Six-month financial period (FP) ended 31 December 2011 due to the change of financial year (FY) 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 DRP.
@ Total Capital Ratio (TCR) is computed in accordance with Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia on 28 November 2012.

Non-Financial Highlights

HUMAN CAPITAL
Over 47,000
Maybankers worldwide

GLOBAL NETWORK
Over 2,200 offices
20 countries

CUSTOMERS
22 million
worldwide

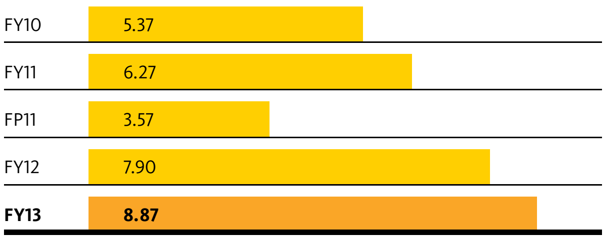
FIVE - YEAR GROUP FINANCIAL SUMMARY

	GROUP				
	FY 30 JUNE		FP 31 DEC	FY 31 DEC	
	2010	2011	2011 [1]	2012	2013
OPERATING RESULT (RM' million)[2]					
Operating revenue	18,560	21,040	12,892	31,227	**33,251**
Operating profit	5,249	6,135	3,497	7,744	**8,730**
Profit before taxation and zakat	5,370	6,270	3,571	7,896	**8,870**
Profit attributable to equity holders of the Bank	3,818	4,450	2,587	5,746	**6,552**
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)[2]					
Total assets	336,700	411,254	451,632	494,911	**560,443**
Financial investments portfolio[3]	68,885	76,871	84,669	92,820	**107,672**
Loans, advances and financing	205,894	255,018	276,253	311,825	**355,618**
Total liabilities	308,035	377,522	415,747	451,096	**512,701**
Deposits from customers	236,910	282,797	314,692	347,156	**395,611**
Commitments and contingencies	232,273	292,109	369,792	379,695	**433,829**
Paid-up capital	7,078	7,478	7,639	8,440	**8,862**
Shareholders' equity	27,877	32,395	34,337	42,095	**45,997**
SHARE INFORMATION[2]					
Per share (sen)					
Basic earnings	53.9	61.4	34.5	72.7	**75.8**
Diluted earnings	53.9	61.4	34.5	72.7	**75.7**
Gross dividend	55.0	60.0	36.0	65.0	**53.5**
Net assets (sen)	393.9	433.2	449.5	498.8	**519.0**
Share price as at 31 Dec/30 June (RM)	7.56	8.94	8.58	9.20	**9.94**
Market capitalisation (RM' million)	53,510	66,855	65,546	77,648	**88,088**
FINANCIAL RATIOS (%)[2]					
Profitability Ratios/Market Share					
Net interest margin on average interest-earning assets	2.9	2.6	2.5 [6]	2.6	**2.5**
Net interest on average risk-weighted assets	3.5	3.6	4.0 [6]	4.2	**4.2**
Net return on average shareholders' funds	14.5	14.5	15.2 [6]	16.0	**15.1**
Net return on average assets	1.2	1.2	1.2 [6]	1.2	**1.2**
Net return on average risk-weighted assets	1.6	1.8	2.0 [6]	2.1	**2.2**
Cost to income ratio[4]	46.5	49.2	49.7	48.6	**47.8**
Domestic market share in :					
Loans, advances and financing	17.6	18.1	17.9	18.2	**18.4**
Deposits from customers - Savings Account	27.7	27.9	27.6	27.7	**27.7**
Deposits from customers - Current Account	20.5	20.7	19.5	20.2	**20.4**
CAPITAL ADEQUACY RATIOS (%)					
CET 1 Capital Ratio	-	-	-	-	**11.253**
Tier 1 Capital Ratio	-	-	-	-	**13.059**
Total Capital Ratio	-	-	-	-	**15.664**
Core Capital Ratio[5] (after deducting proposed final dividend)	10.1 - 11.0	11.2 - 11.8	11.0 - 11.7	12.8 - 13.5	**-**
Risk-Weighted Capital Ratio[5] (after deducting proposed final dividend)	13.7 - 14.6	14.7 - 15.4	15.7 - 16.4	16.6 - 17.4	**-**
ASSET QUALITY RATIOS[2]					
Net impaired loans/non-performing loans ratio (%)	1.22	2.25	1.86	1.09	**0.95**
Loan loss coverage (%)	124.5	82.3	86.9	105.6	**107.5**
Net loans to deposit ratio (%)	86.8	90.2	87.8	89.8	**89.9**
Deposits to shareholders' fund (times)	8.5	8.7	9.2	8.2	**8.6**
VALUATIONS ON SHARE[2]					
Gross dividend yield (%)	7.3	6.7	4.2	7.1	**5.4**
Dividend payout ratio (%)	76.5	74.9	79.9	74.7	**71.9**
Price to earnings multiple (times)	14.0	14.6	24.9	12.7	**13.1**
Price to book multiple (times)	1.9	2.1	1.9	1.8	**1.9**

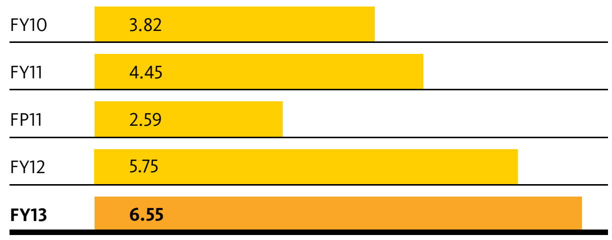
1 *The results consist of six months financial period ended 31 December 2011 due to the change of financial year end from 30 June to 31 December.*
2 *FY2012 figures were restated due to the changes in accounting policies.*
3 *Financial investments portfolio consists of financial assets at fair value 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 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 Dec 2012, Dec 2011, June 2011 and June 2010 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 into new ordinary shares in accordance with the Dividend Reinvestment Plan.
6 *Annualised.*

BANK	
FY 31 DEC	
2012	2013
17,079	**18,723**
5,498	**6,127**
5,498	**6,127**
4,306	**4,886**
342,557	**397,779**
60,643	**75,433**
214,852	**237,971**
305,661	**357,279**
237,402	**273,670**
338,799	**399,786**
8,440	**8,862**
36,895	**40,500**
54.5	**56.5**
54.5	**56.5**
65.0	**53.5**
437.1	**457.0**
-	**-**
-	**-**
2.1	**2.0**
3.1	**3.1**
13.8	**12.9**
1.3	**1.3**
2.2	**2.3**
43.3	**40.5**
18.2	**18.4**
27.7	**27.7**
20.2	**20.4**
-	**15.925**
-	**15.925**
-	**15.925**
16.3 - 17.3	**-**
16.3 - 17.3	**-**
1.12	**0.94**
106.8	**116.2**
90.5	**87.0**
6.4	**6.8**
-	**-**
-	**-**
-	**-**
-	**-**

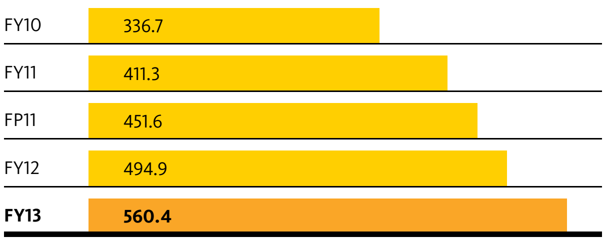
Profit Before Taxation and Zakat
RM8.87 billion



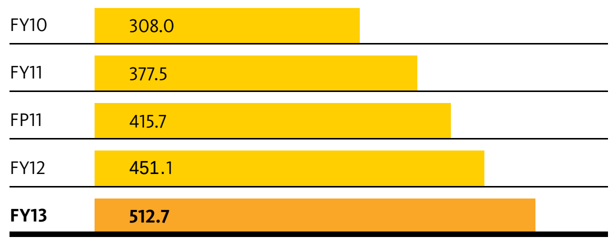
Profit Attributable to Equity Holders of the Bank
RM6.55 billion



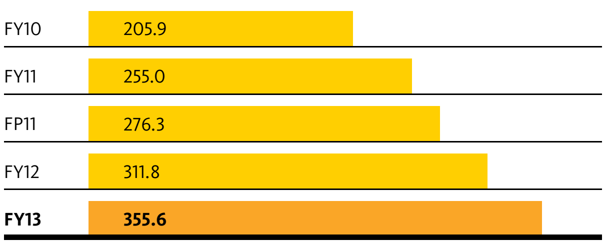
Total Assets
RM560.4 billion



Total Liabilities
RM512.7 billion

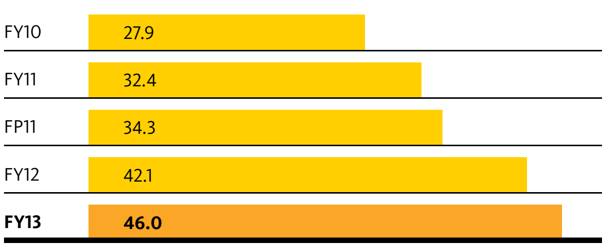


Loans, Advances and Financing
RM355.6 billion



Deposits from Customers
RM395.6 billion

Shareholders' Equity
RM46.0 billion

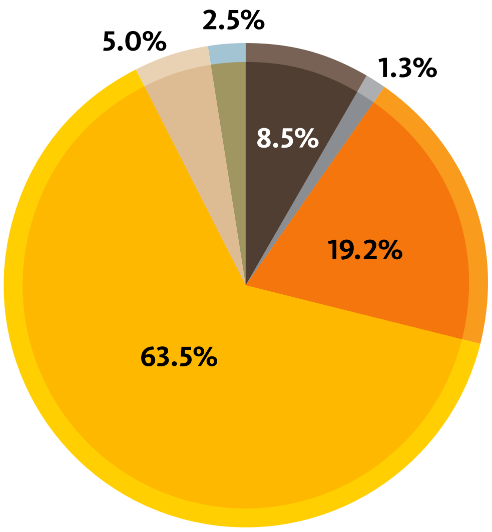


Paid-up Capital
RM8.9 billion

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

ASSETS

RM560.4 BILLION

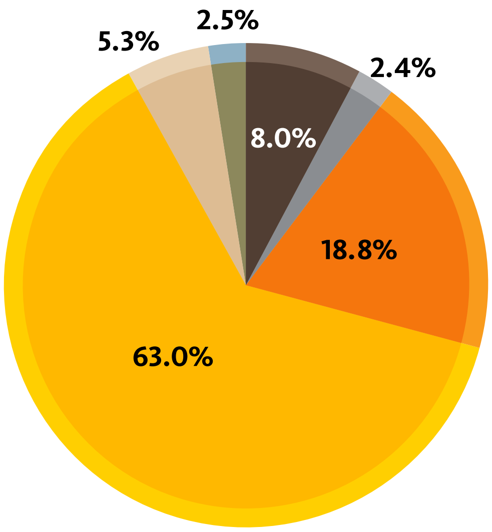


As at 31 December 2013

- 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

ASSETS

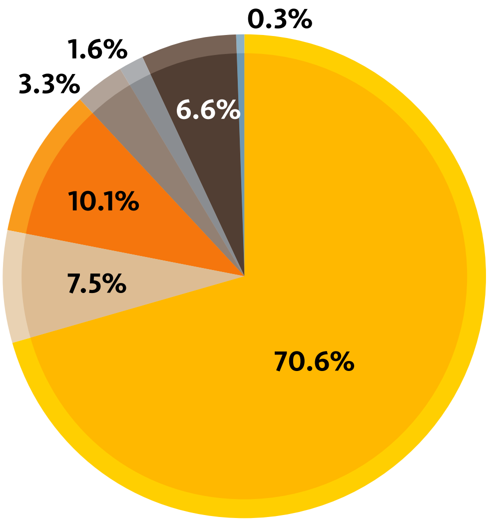
RM494.9 BILLION



As at 31 December 2012 [1]

LIABILITIES & SHAREHOLDERS' EQUITY

RM560.4 BILLION

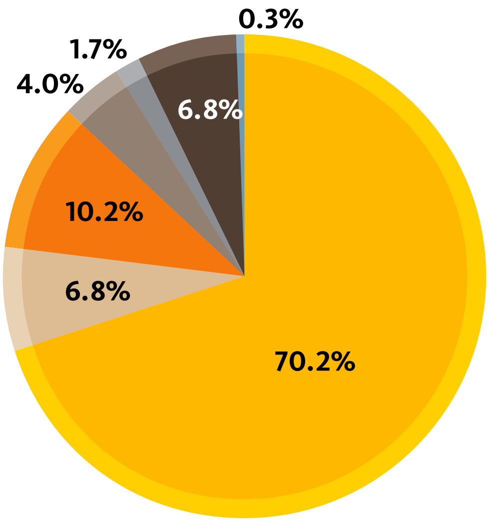


As at 31 December 2013

- Deposits from customers
- Deposits and placements from financial institutions
- Other liabilities
- Subordinated obligations and capital securities
- Share capital
- Reserves
- Non-controlling interests

LIABILITIES & SHAREHOLDERS' EQUITY

RM494.9 BILLION



As at 31 December 2012 [1]

[1] *FY2012 figures were restated due to the changes in accounting policies.*

GROUP QUARTERLY FINANCIAL PERFORMANCE

RM' million	FY 31 Dec 2013 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 business)	**3,047**	**3,048**	**3,127**	**3,173**	**12,395**
Net (loss)/income from insurance/takaful business	**(78)**	**(55)**	**209**	**185**	**261**
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**

RM' million	FY 31 Dec 2012 [1] Q1	Q2	Q3	Q4	YEAR
Operating revenue	7,782	7,846	7,796	7,803	31,227
Net interest income (including income from Islamic banking business)	2,759	2,874	2,931	2,929	11,493
Net (loss)/income from insurance/takaful business	(253)	21	(8)	192	(48)
Operating profit	1,860	1,979	1,989	1,916	7,744
Profit before taxation and zakat	1,895	2,026	2,025	1,950	7,896
Profit attributable to equity holders of the Bank	1,347	1,438	1,501	1,460	5,746
Earnings per share (sen)	17.62	18.64	19.13	17.30	72.69
Dividend per share (sen)	-	32.00	-	33.00	65.00

[1] *The results were restated due to the changes in accounting policies.*

KEY INTEREST BEARING ASSETS AND LIABILITIES

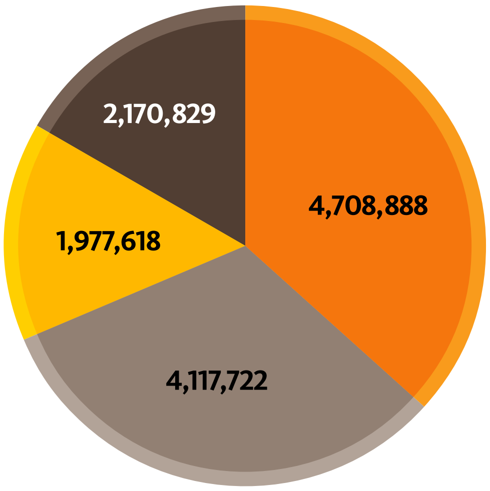
	FY 31 Dec 2012 [1]			FY 31 Dec 2013		
	As at 31 December RM' million	Effective Interest Rate %	Interest Income / Expense RM' million	As at 31 December RM' million	Effective Interest Rate %	Interest Income / Expense RM' million
Interest earning assets						
Loans, advances and financing	311,825	6.38	15,199	**355,618**	**5.09**	**16,556**
Cash and short-term funds & deposits and placements with financial institutions	51,968	1.79	824	**55,224**	**2.18**	**961**
Financial assets at fair value through profit or loss	29,157	3.89	688	**19,167**	**3.95**	**681**
Financial investments available-for-sale	60,792	3.38	1,804	**82,837**	**3.76**	**2,306**
Financial investments held-to-maturity	2,871	3.56	327	**5,668**	**5.23**	**141**
Interest bearing liabilities						
Deposits from customers	347,156	1.78	5,946	**395,611**	**1.96**	**6,909**
Deposits and placements from financial institutions	33,887	2.03	861	**42,139**	**1.60**	**900**
Borrowings	10,714	3.29	389	**13,322**	**3.24**	**432**
Subordinated obligations	13,510	4.46	562	**12,645**	**5.36**	**561**
Capital securities	6,150	6.54	401	**5,921**	**6.54**	**385**

[1] *FY2012 figures were restated due to the changes in accounting policies.*

STATEMENT OF VALUE ADDED

VALUE ADDED	FY 31 Dec 2012 [1] RM'000	FY 31 Dec 2013 RM'000
Net interest income	9,296,685	**9,585,280**
Income from Islamic Banking Scheme operations	2,196,259	**2,810,182**
Net income/(loss) from insurance/takaful business	(48,336)	**260,836**
Non-interest income	5,328,710	**5,882,062**
Overhead expenses excluding personnel expenses, depreciation and amortisation	(3,153,664)	**(3,508,866)**
Allowances for impairment losses on loans, advances and financing, net	(679,247)	**(729,586)**
Allowances for impairment losses on financial investments, net	(117,826)	**(150,522)**
Share of profits in associates and joint ventures	152,476	**139,267**
Value added available for distribution	12,975,057	**14,288,653**

DISTRIBUTION OF VALUE ADDED	FY 31 Dec 2012 [1] RM'000	FY 31 Dec 2013 RM'000
To employees:		
Personnel expenses	4,708,888	**4,943,884**
To the Government:		
Taxation	1,977,618	**2,098,261**
To providers of capital:		
Dividends paid to shareholders	3,944,958	**4,365,481**
Non-controlling interests	172,764	**218,942**
To reinvest to the Group:		
Depreciation and amortisation	369,867	**475,175**
Retained profits	1,800,962	**2,186,910**
Value added available for distribution	12,975,057	**14,288,653**

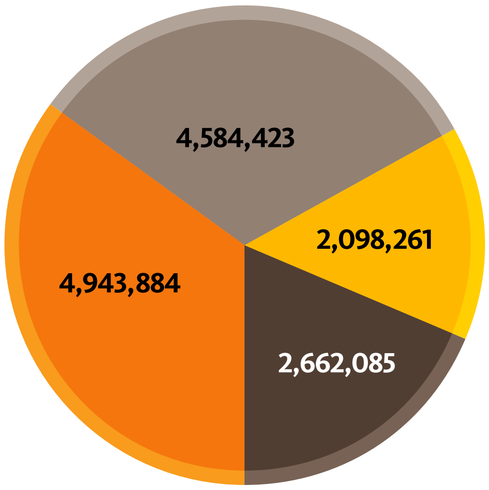


To employees
Personnel expenses

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



FY 31 Dec 2012 [1]

FY 31 Dec 2013

[1] The results were restated due to the changes in accounting policies.

SEGMENTAL INFORMATION

ANALYSIS BY GEOGRAPHICAL LOCATION

		FY 31 Dec 2012 [1]		FY 31 Dec 2013	
	NET INCOME	**RM'000**	**Composition**	**RM'000**	**Composition**
1	Malaysia	10,868,696	64.8%	**12,162,821**	**65.6%**
2	Singapore	2,463,826	14.7%	**2,732,243**	**14.7%**
3	Indonesia	2,526,750	15.1%	**2,511,268**	**13.5%**
4	Other Locations	914,046	5.4%	**1,132,028**	**6.2%**
		16,773,318	100.0%	**18,538,360**	**100.0%**
	PROFIT BEFORE TAXATION AND ZAKAT				
1	Malaysia	5,510,254	69.8%	**6,179,546**	**69.7%**
2	Singapore	1,139,771	14.4%	**1,251,904**	**14.1%**
3	Indonesia	554,199	7.0%	**658,575**	**7.4%**
4	Other Locations	692,078	8.8%	**779,569**	**8.8%**
		7,896,302	100.0%	**8,869,594**	**100.0%**

ANALYSIS BY ACTIVITY

		FY 31 Dec 2012 [1]	FY 31 Dec 2013
	NET INCOME	**RM'000**	**RM'000**
1	Community Financial Services	6,870,524	**7,318,023**
2	Global Banking	5,291,516	**5,502,215**
3	International Banking	5,137,066	**5,330,225**
4	Insurance, Takaful and Asset Management	1,402,501	**1,551,759**
5	Head Office and Others	(1,928,289)	**(1,163,862)**
		16,773,318	**18,538,360**
	PROFIT BEFORE TAXATION AND ZAKAT		
1	Community Financial Services	3,024,238	**3,224,468**
2	Global Banking	3,809,147	**3,472,527**
3	International Banking	2,293,605	**2,536,707**
4	Insurance, Takaful and Asset Management	697,601	**799,754**
5	Head Office and Others	(1,928,289)	**(1,163,862)**
		7,896,302	**8,869,594**

[1] *The results were restated due to the changes in accounting policies.*

FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITY

in respect of the Audited Financial Statements for the financial year ended 31 December 2013

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 2013, 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 judgments 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RM' billion	As at 31.12.2013	As at 31.12.2012 (Restated)	Variance	% Change
ASSETS				
Cash and short-term funds	**48.07**	40.02	8.05	20.1%
Deposits and placements with financial institutions	**7.16**	11.95	(4.79)	(40.1%)
Financial assets purchased under resale agreements	**0.02**	0.80	(0.78)	(97.5%)
Financial assets at fair value through profit or loss	**19.17**	29.16	(9.99)	(34.3%)
Financial investments available-for-sale	**82.84**	60.79	22.05	36.3%
Financial investments held-to-maturity	**5.67**	2.87	2.80	97.6%
Loans, advances and financing	**355.62**	311.82	43.80	14.0%
Derivative assets	**3.94**	2.88	1.06	36.8%
Reinsurance/retakaful assets and other insurance receivables	**2.35**	2.56	(0.21)	(8.2%)
Other assets	**8.51**	6.68	1.83	27.4%
Investment properties	**0.58**	0.57	0.01	1.8%
Statutory deposits with central banks	**13.74**	12.30	1.44	11.7%
Interest in associates and joint ventures	**2.46**	2.24	0.22	9.8%
Property, plant and equipment	**2.61**	2.40	0.21	8.8%
Intangible assets	**6.04**	6.53	(0.49)	(7.5%)
Deferred tax assets	**1.66**	1.34	0.32	23.9%
TOTAL ASSETS	**560.44**	494.91	65.53	13.2%
LIABILITIES				
Deposits from customers	**395.61**	347.16	48.45	14.0%
Deposits and placements from financial institutions	**42.14**	33.89	8.25	24.3%
Obligations on financial assets sold under repurchase agreements	**4.30**	-	4.30	N/A
Bills and acceptances payable	**1.99**	2.27	(0.28)	(12.3%)
Derivative liabilities	**3.94**	2.38	1.56	65.5%
Insurance/takaful contract liabilities and other insurance payables	**21.80**	21.93	(0.13)	(0.6%)
Other liabilities	**8.28**	9.78	(1.50)	(15.3%)
Recourse obligation on loan and financing sold to Cagamas	**1.28**	1.59	(0.31)	(19.5%)
Provision for taxation and zakat	**0.84**	1.05	(0.21)	(20.0%)
Deferred tax liabilities	**0.64**	0.68	(0.04)	(5.9%)
Borrowings	**13.32**	10.71	2.61	24.4%)
Subordinated obligations	**12.64**	13.51	(0.87)	(6.4%)
Capital securities	**5.92**	6.15	(0.23)	(3.7%)
TOTAL LIABILITIES	**512.70**	451.10	61.60	13.7%
Shareholders' equity	**46.00**	42.09	3.91	9.3%
Non-controlling interests	**1.74**	1.72	0.02	1.2%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**560.44**	494.91	65.53	13.2%

ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

For the financial year ended 31 December 2013, the Group's total assets grew RM65.53 billion or 13.2% to RM560.44 billion compared to a growth of 9.6% for the corresponding financial year ended 31 December 2012. The Group's total assets growth was attributed mainly to the growth in loans, advances and financing of RM43.80 billion or 14.0% and growth of the financial investments portfolio by RM14.86 billion or 16.0% but was offset by a decrease in deposits and placements with financial institutions of RM4.79 billion from the corresponding financial year ended 31 December 2012. The majority of the Group's total assets consist of 63.5% in loans, advances and financing which was slightly higher than 63.0% as at 31 December 2012.

FINANCIAL INVESTMENTS PORTFOLIO

The Group's financial investments portfolio increased by RM14.86 billion or 16.0% to RM107.68 billion mainly contributed by growth in the financial investments available-for-sale ("AFS") portfolio of RM22.05 billion to RM82.84 billion as at 31 December 2013. This was however offset by a decline of RM9.99 billion in the financial assets at fair value through profit or loss portfolio of RM19.17 billion from RM29.16 billion as at 31 December 2012.

The financial investments portfolio comprised of the 76.9% in financial investments available-for-sale, 17.8% in financial assets at fair value through profit or loss and the remainder 5.3% was in financial investments held-to-maturity.

LOANS, ADVANCES AND FINANCING

Net Group loans growth rose by RM43.80 billion or 14.0% to RM355.62 billion, with Malaysia and Singapore operations grew at 11.9% and 13.6% respectively. Loans growth in Indonesia grew at a faster pace of 27.9% due to Business Banking and Retail Banking loans growing at 30.3% and 26.5% respectively.

Loans growth in other international markets grew at 27.7% for the financial year ended 31 December 2013 compared to a growth of 12.9% in the corresponding financial year ended 31 December 2012 mainly due to strong loans growth from Greater China operations.

TOTAL LIABILITIES

Total liabilities for the Group increased by RM61.60 billion or 13.7% to RM512.70 billion compared to 8.5% the year before. The bulk of the overall increase was due to the growth in deposits from customers followed by growth in deposits and placements from financial institutions.

DEPOSITS FROM CUSTOMERS

The Group's deposits from customers increased by RM48.45 billion or 14.0% to RM395.61 billion, with the strongest growth coming from Indonesia with a 24.8% increase while Malaysia and Singapore recorded a 14.0% and 13.7% growth respectively.

The Group registered an overall improvement in the funding mix with lower cost of funds consisting of savings and demand deposits growing at 16.9% to RM142.74 billion, leading to an improvement in the CASA (current and savings account) ratio to 36.1% from 35.1% a year ago.

DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

Deposits and placements from financial institutions rose by RM8.25 billion or 24.3% to RM42.14 billion due to the need to access the interbank market to fund the robust loans growth.

SHAREHOLDERS' EQUITY

The Group's shareholders' equity rose by RM3.91 billion or 9.3% to RM46.0 billion mainly due to the increase in share capital issued pursuant to two Dividend Reinvestment Plans during the financial year.

ANALYSIS OF CONSOLIDATED INCOME STATEMENT

RM' million	FY2013	FY2012 (Restated)	Variance	% Change
Net interest income	**9,585.3**	9,296.7	288.6	3.1%
Income from Islamic Banking Scheme operations	**2,810.1**	2,196.2	613.9	28.0%
	12,395.4	11,492.9	902.5	7.9%
Net income/(loss) from insurance/takaful business	**260.8**	(48.3)	309.1	640.0%
Non-interest income	**5,882.1**	5,328.7	553.4	10.4%
Net income	**18,538.3**	16,773.3	1,765.0	10.5%
Overhead expenses	**(8,927.9)**	(8,232.4)	695.5	8.4%
Operating profit before impairment losses	**9,610.4**	8,540.9	1,069.5	12.5%
Allowances for impairment losses on loans, advances, financing and other debts, net	**(729.6)**	(679.3)	50.3	7.4%
Allowances for impairment losses on financial investments, net	**(150.5)**	(117.8)	32.7	27.8%
Operating profit	**8,730.3**	7,743.8	986.5	12.7%
Share of profits in associates and joint ventures	**139.3**	152.5	(13.2)	(8.7%)
Profit before taxation and zakat	**8,869.6**	7,896.3	973.3	12.3%
Taxation and zakat	**(2,098.3)**	(1,977.6)	120.7	6.1%
Profit for the financial year	**6,771.3**	5,918.7	852.6	14.4%
Non-controlling interests	**(218.9)**	(172.8)	46.1	26.7%
Profit attributable to the equity holders of the Bank	**6,552.4**	5,745.9	806.5	14.0%
EPS - basic (sen)	**75.8**	72.7	3.1	4.3%

PROFIT AFTER TAX ATTRIBUTABLE TO EQUITY HOLDERS

The Group posted profit after tax attributable to equity holders of RM6,552.4 million for the financial year ended 31 December 2013, an increase of RM806.5 million or 14.0% over the corresponding financial year ended 31 December 2012.

NET INTEREST INCOME AND ISLAMIC BANKING INCOME

The Group's net interest income and Islamic Banking income for the financial year ended 31 December 2013 increased by RM902.5 million or 7.9% compared to the corresponding financial year ended 31 December 2012. This was largely due to the 14.0% year-on-year growth in the Group's net loans and advances (including Islamic finance).

NET INCOME FROM INSURANCE AND TAKAFUL BUSINESS

The Group's net income from insurance and takaful business for the financial year ended 31 December 2013 increased by RM309.1 million compared to the corresponding financial year ended 31 December 2012. The increase was mainly due to lower net benefits and claims of RM777.9 million, lower net fee and commission expenses of RM69.6 million and lower expense liability incurred of RM32.5 million. The decrease in costs was, however, offset by lower premium earned of RM576.6 million.

NON-INTEREST INCOME

Non-interest income of the Group for the financial year ended 31 December 2013 recorded an increase of RM553.4 million or 10.4% to RM5,882.1 million. The increase was mainly due to higher net foreign exchange gain of RM1,153.0 million, higher fee income of RM371.3 million and higher gain on disposal of financial investments available-for-sale of RM224.1 million. The increase was, however, offset by higher unrealised loss on revaluation of financial assets at fair value through profit or loss ("FVTPL") and derivatives of RM1,021.2 million.

OVERHEAD EXPENSES

The Group's overhead expenses for the financial year ended 31 December 2013 increased by RM695.5 million or 8.4% compared to the corresponding financial year ended 31 December 2012. The major contributors to the increase in overhead expenses were Maybank Kim Eng, PT Bank Internasional Indonesia Tbk ("BII"), ETIQA Insurance, Maybank Philippines and the Bank itself. The Group's personnel costs increased by RM235.0 million and formed 33.8% of the total increase in Group's overhead expenses. The increase in personnel costs was in line with the Group's expansionary business growth.

ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS

The Group's allowance for impairment losses on loans, advances and financing increased by RM50.3 million to RM729.6 million for the financial year ended 31 December 2013. The increase was mainly due to higher collective allowance made for the financial year ended 31 December 2013. The Group's net impaired loans ratio improved to 0.95% as at 31 December 2013, comparing to 1.09% as at 31 December 2012.

The improvement in the Group's profit before tax for the financial year ended 31 December 2013 as compared to the corresponding financial year ended 31 December 2012 is analysed based on the operating segments of the Group as follows:

COMMUNITY FINANCIAL SERVICES ("CFS"), MALAYSIA

CFS' profit before tax increased by RM200.3 million or 6.6% to RM3,224.5 million for the financial year ended 31 December 2013 from RM3,024.2 million for the corresponding financial year ended 31 December 2012. The increase was driven by higher net interest income and Islamic Banking income of RM433.4 million or 8.0% arising from strong year-on-year loan growth in SME loans of 23.1%, unit trust loans of 20.5%, and auto finance of 12.0%. This increase was, however, offset by higher overhead expenses of RM153.0 million and higher allowance for impairment losses on loans, advances and financing of RM94.2 million.

GLOBAL BANKING

a) **Corporate Banking, Malaysia**

Corporate Banking's profit before tax decreased by RM375.3 million or 18.9% to RM1,614.1 million for the financial year ended 31 December 2013 from RM1,989.4 million for the corresponding financial year ended 31 December 2012. The decrease was attributable to higher allowance for impairment losses on loans, advances and financing of RM330.0 million, lower non-interest income of RM55.2 million and higher overhead expenses of RM14.7 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM24.6 million.

b) **Global Markets, Malaysia**

Global Markets' profit before tax decreased by RM76.9 million or 5.2% to RM1,396.6 million for the financial year ended 31 December 2013 from RM1,473.5 million for the corresponding financial year ended 31 December 2012. The decrease was attributable to lower non-interest income of RM131.7 million mainly due to lower gain on trading activities from securities portfolio, interest rate derivatives and rates trading, higher impairment losses on financial investments of RM53.9 million and higher overhead expenses of RM7.1 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM115.8 million.

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

Investment Banking's profit before tax increased by RM115.6 million or 33.4% to RM461.8 million for the financial year ended 31 December 2013 from RM346.2 million for the corresponding financial year ended 31 December 2012. The increase was driven by higher non-interest income of RM310.2 million primarily from higher brokerage and underwriting income. This was, however, partially offset by higher overhead expenses of RM131.6 million and lower net interest income and Islamic Banking income of RM53.0 million. Maybank Kim Eng recorded profit before tax of RM191.3 million for the financial year ended 31 December 2013, mainly attributable to brokerage income of RM594.8 million.

INTERNATIONAL BANKING

International Banking's profit before tax increased by RM243.1 million or 10.6% to RM2,536.7 million for the financial year ended 31 December 2013 from RM2,293.6 million for the corresponding financial year ended 31 December 2012. The increase was driven by lower allowance for impairment losses on loans, advances and financing of RM343.2 million, higher net interest income of RM172.2 million or 4.9% arising from year-on-year loan growth of 17.6% and higher non-interest income of RM20.9 million. This increase was, however, mitigated by higher overhead expenses of RM254.8 million.

The increase in profit before tax for International Banking was primarily contributed by the increase in profit before tax from PT Bank Internasional Indonesia Tbk ("BII") and London branch of RM117.0 million and RM44.7 million respectively.

Higher net interest income was supported by strong year-on-year loan growth of 40.5% at Greater China, 31.8% at Labuan, 17.8% at Singapore and 8.9% at BII.

INSURANCE, TAKAFUL AND ASSET MANAGEMENT

Insurance, Takaful and Asset Management registered an increase in profit before tax by RM102.2 million or 14.6% to RM799.8 million for the financial year ended 31 December 2013 from RM697.6 million for the corresponding financial year ended 31 December 2012. The increase was driven by higher net income from insurance and takaful business of RM309.1 million, lower allowance for impairment losses on loans, advances and financing of RM37.0 million, lower impairment losses on financial investments of RM49.8 million and higher net interest income of RM61.5 million. This increase was, however, offset by higher overhead expenses of RM134.3 million and lower non-interest income of RM221.4 million.

Note: For further financial analysis please refer to the Group Financial Review (Management's Discussions and Analysis) on pages 66 to 70 of the Annual Report.

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 2013.

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 stock broking, 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 58(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	8,869,594	6,126,940
Taxation and zakat	(2,098,261)	(1,241,324)
Profit for the financial year	6,771,333	4,885,616
Attributable to:		
Equity holders of the Bank	6,552,391	4,885,616
Non-controlling interests	218,942	-
	6,771,333	4,885,616

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in Notes 10, 11, 24, 41 and 42 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 other than the changes in accounting policies as disclosed in Note 2.4 to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Bank since 31 December 2012 (as disclosed in Note 46(c) to the financial statements) were as follows:

	RM'000
In respect of the financial year ended 31 December 2012 as reported in the directors' report of that year:	
Final dividend of 18 sen less 25% taxation and 15 sen single-tier dividend consists of cash portion of 4 sen single-tier dividend per ordinary share and an electable portion of 29 sen (net 24.5 sen) per ordinary share, where the electable portion consists of 11 sen single-tier dividend and 18 sen (net 13.5 sen) franked dividend per ordinary share, on 8,449,810,735 ordinary shares, approved on 28 March 2013 and paid on 29 May 2013	2,408,196
In respect of the financial year ended 31 December 2013:	
A first single-tier interim dividend of 22.5 sen consists of cash portion of 6.5 sen per ordinary share and an electable portion of 16.0 sen per ordinary share, on 8,725,985,783 ordinary shares, declared on 21 August 2013 and paid on 25 October 2013	1,963,347
	4,371,543

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2013 of 31 sen single-tier dividend per ordinary share of RM1.00 each, amounting to a net dividend payable of RM2,747,244,515 (based on 8,862,079,081 ordinary shares of RM1.00 each in issue as at 31 December 2013) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 4 sen per ordinary share to be paid in cash amounting to RM354,483,163 and an electable portion of 27 sen per ordinary share amounting to RM2,392,761,352.

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 2013 do not reflect this proposed 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 2014.

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 criterias 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

The aggregate maximum allocation of ESOS to Chief Executive Officer and senior management of the Group and of the Bank shall not exceed 50%. The actual allocation of share options to Chief Executive Officer and senior management is 16.3% as at 31 December 2013.

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 price following the issuance of new ordinary shares of RM1.00 each pursuant to the implementation of DRP. The revisions to the exercise price are as follows:

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

(a) ESOS Granted (cont'd.):

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 - 22.6.2018

During the financial year ended 31 December 2013, a total of 79,155,600 (31 December 2012: 42,136,100) under the ESOS First Grant, 13,159,200 (31 December 2012: 6,185,800) under the ESOS Second Grant and 9,199,800 under the ESOS Third Grant had been vested to a selected group of eligible employees.

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

ESOS First Grant (Vested)

Vesting date	Outstanding as at 1.1.2013 '000	Movements during the financial year					Outstanding as at 31.12.2013 '000	Exercisable as at 31.12.2013 '000
		Adjustment** '000	Vested '000	Exercised^ '000	Forfeited '000	Expired '000		
30.6.2011	76,983	95	-	(39,890)	(731)	-	36,457	36,457
30.4.2012	41,283	176	-	(18,819)	(393)	-	22,247	22,247
30.4.2013	-	-	78,885	(24,573)	(217)	-	54,095	54,095
	118,266	271	78,885	(83,282)	(1,341)	-	112,799	112,799

** Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2013.

^ 382,800 of the share options exercised during the financial year ended 31 December 2013 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2013.

ESOS Second Grant (Vested)

Vesting date	Outstanding as at 1.1.2013 '000	Movements during the financial year					Outstanding as at 31.12.2013 '000	Exercisable as at 31.12.2013 '000
		Adjustment*** '000	Vested '000	Exercised^^ '000	Forfeited '000	Expired '000		
7.5.2012	5,961	289	-	(2,703)	(167)	-	3,380	3,380
30.4.2013	-	-	12,871	(3,958)	(123)	-	8,790	8,790
	5,961	289	12,871	(6,661)	(290)	-	12,170	12,170

*** Adjustment relates to ESOS allocated in prior years but accepted during the financial year ended 31 December 2013.

^^ 26,000 of the share options exercised during the financial year ended 31 December 2013 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2013.

ESOS Third Grant (Vested)

Vesting date	Outstanding as at 1.1.2013 '000	Movements during the financial year				Outstanding as at 31.12.2013 '000	Exercisable as at 31.12.2013 '000
		Vested '000	Exercised '000	Forfeited '000	Expired '000		
21.5.2013	-	9,200	(576)	(249)	-	8,375	8,375

(b) RSU Granted

Grant date	Outstanding as at 1.1.2013 '000	Granted on 30.4.2013 '000	Forfeited during the financial year '000	Outstanding as at 31.12.2013 '000	Vesting date
23.6.2011 - RSU First Grant	3,690	-	(540)	3,150	Based on 3-year cliff vesting from the grant date and performance metrics
30.4.2012 - RSU Second Grant	4,355	-	(430)	3,925	
30.4.2013 - RSU Third Grant	-	4,820	(340)	4,480	

None of the above RSU granted has been vested as at 31 December 2013.

DIRECTORS' REPORT

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 2013, a total of 15,000 SRSU (31 December 2012: 139,000) had been granted to a selected group of eligible employees and a total of 121,700 SRSU (31 December 2012: 37,500) had been vested as at 31 December 2013.

The movements of SRSU granted and vested are as follows:

SRSU Granted

Grant date	Outstanding as at 1.1.2013 '000	Movements during the financial year			Outstanding as at 31.12.2013 '000
		Adjustment '000	Granted '000	Vested '000	
1.3.2011	209	(41)	-	(84)	84
3.10.2011	38	-	-	(38)	-
16.4.2012	15	-	-	-	15
7.5.2012	15	-	-	-	15
1.6.2012	39	-	-	-	39
2.7.2012	30	-	-	-	30
15.12.2012	20	-	-	-	20
30.10.2012	-	20	-	-	20
1.3.2013	-	-	15	-	15
	366	(21)	15	(122)	238

(d) CESOS Granted

During the financial year ended 31 December 2013, a third tranche amounting to 671,600 (31 December 2012: second tranche amounting to 394,800) CESOS under the CESOS First Grant had been granted to a selected group of eligible employees in overseas branches.

In addition to the above, the Bank had also granted a total of 1,262,800 (31 December 2012: 554,000) CESOS under the CESOS Second Grant and 654,700 (31 December 2012: Nil) CESOS under the CESOS Third Grant to the confirmed new recruits in overseas branches and selected key retention employees of PT Bank Internasional Indonesia Tbk.

The movements of CESOS granted are as follows:

CESOS First Grant

Grant date	Outstanding as at 1.1.2013 '000	Movements during the financial year				Outstanding as at 31.12.2013 '000
		Granted '000	Exercised '000	Forfeited '000	Expired '000	
23.6.2011	653	-	-	(77)	-	576
30.4.2012	373	-	-	(45)	-	328
30.4.2013	-	672	-	(51)	-	621
	1,026	672	-	(173)	-	1,525

CESOS Second Grant

Grant date	Outstanding as at 1.1.2013 '000	Movements during the financial year					Outstanding as at 31.12.2013 '000
		Adjustment '000	Granted '000	Exercised '000	Forfeited '000	Expired '000	
23.2.2012	430	590	-	-	(130)	-	890
30.4.2012	114	1	-	-	(18)	-	97
30.4.2013	-	-	1,263	-	(93)	-	1,170
	544	591	1,263	-	(241)	-	2,157

CESOS Third Grant

Grant date	Outstanding as at 1.1.2013 '000	Movements during the financial year				Outstanding as at 31.12.2013 '000
		Granted '000	Exercised '000	Forfeited '000	Expired '000	
30.4.2013	-	655	-	(39)	-	616

None of the above CESOS granted has been vested as at 31 December 2013.

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

(e) CRSU Granted

During the financial year ended 31 December 2013, a total of 185,000 (31 December 2012: 15,000) CRSU had been granted to eligible senior management of the Group and of the Bank. None of the CRSU granted has been vested as at 31 December 2013.

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 424,000 ordinary shares of RM1.00 each during the financial year ended 31 December 2013.

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 424,000 ordinary shares of RM1.00 each during the financial year ended 31 December 2013 are as follows:

	Number of share options from ESOS			
Name	Vested as at 1.1.2013 '000	Vested '000	Exercised '000	Vested as at 31.12.2013 '000
Datuk Abdul Farid bin Alias	325	250	-	575
Datuk Lim Hong Tat	325	250	-	575
John Chong Eng Chuan	325	250	-	575
Sim Sio Hoong	325	200	(325)	200
Normala @ Noraizah binti A. Manaf	300	200	-	500
Geoffrey Michael Stecyk	300	200	-	500
Dr John Lee Hin Hock	174	250	-	424
Dato' Sri Abdul Wahid bin Omar*	750	625	(1,375)	-
Dato' Khairussaleh bin Ramli*	325	250	(575)	-
Tengku Dato' Zafrul bin Tengku Abdul Aziz*	317	300	(617)	-

* Resigned during the financial year ended 31 December 2013.

ISSUE OF SHARE CAPITAL

During the current financial year ended 31 December 2013, the Bank increased its issued and paid-up share capital from RM8,440,046,735 to RM8,862,079,081 via:

(a) Issuance of 90,116,800 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 121,700 new ordinary shares of RM1.00 each arising from the Supplemental Restricted Share Unit ("SRSU"), as disclosed in Note 31(e)(v) to the financial statements;

(c) Issuance of 201,462,948 new ordinary shares (including 326,881 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 24.5 sen (net) in respect of the financial year ended 31 December 2012, as disclosed in Note 46(c)(i) to the financial statements;

(d) Issuance of 130,326,898 new ordinary shares (including 209,946 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 16.0 sen in respect of the financial year ended 31 December 2013, as disclosed in Note 46(c)(ii) to the financial statements; and

(e) Issuance of 4,000 new ordinary shares of RM1.00 each to be held in the ESOS Trust Fund ("ETF") Pool pursuant to the current ESS, as disclosed in Note 31(c)(v) to the financial statements.

The new ordinary shares issued during the current financial year ended 31 December 2013 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) (appointed on 2 August 2013)
Tan Sri Datuk Dr Hadenan bin A. Jalil
Dato' Seri Ismail bin Shahudin
Dato' Dr Tan Tat Wai
Encik Zainal Abidin bin Jamal
Dato' Johan bin Ariffin
Mr Cheah Teik Seng
Datuk Mohaiyani binti Shamsudin
Mr Erry Riyana Hardjapamekas
Dato' Sri Abdul Wahid bin Omar (resigned on 4 June 2013)
Mr Alister Maitland (retired on 28 March 2013)

DIRECTORS' REPORT

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit 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 40 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 he is a member, or with a company in which he has a substantial financial interest.

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			
	As at 1.1.2013	Acquired	Issued pursuant to DRP	As at 31.12.2013
Direct interest				
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	38,048	-	1,739	39,787
Dato' Mohd Salleh bin Hj Harun	322,651	-	14,748	337,399
Dato' Seri Ismail bin Shahudin	23,242	-	1,062	24,304
Dato' Johan bin Ariffin	160,473	50,595	38,858	249,926
Indirect interest				
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor*	28,175	-	1,287	29,462
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor**	33,484	-	1,530	35,014
Dato' Dr Tan Tat Wai*	5,467	-	152	5,619

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

	Number of share options from ESOS over ordinary shares of RM1.00 each					
	Exercise Price (RM)	Granted on 23.6.2011	Vested as at 1.1.2013	Vested	Exercised	Vested as at 31.12.2013
Datuk Abdul Farid bin Alias	8.82#	1,000,000^	325,000	250,000	-	575,000^
Dato' Sri Abdul Wahid bin Omar	8.82#	2,500,000	750,000	625,000	(1,375,000)	-

Revised to RM8.75 on 29 October 2012 based on the revision to ESOS First Grant's exercise price.
^ Share options from ESOS granted and vested prior to the appointment as Group President and Chief Executive Officer.

	Number of RSU of ordinary shares of RM1.00 each				
	Grant Date	Granted	Vested as at 1.1.2013	Vested	Vested as at 31.12.2013
Datuk Abdul Farid bin Alias	23.6.2011	75,000^^	-	-	-
	30.4.2012	75,000^^	-	-	-
	30.4.2013	75,000^^	-	-	-

^^ 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 2013. 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	20 November 2013	Outlook	Positive
		Bank Deposit - Foreign Currency	A3/P-2
		Bank Deposit - Local Currency	A1/P-1
		Long-term Local Currency Bank Deposit/Outlook	A1
		Bank Financial Strength Rating/Outlook	C/Positive
		Baseline Credit Assessment	(a3)
		Jr Subordinate	Baa2 (hybrid)

RATING BY EXTERNAL RATING AGENCIES (CONT'D.)

Details of the Bank's ratings are as follows (cont'd.):

Rating agency	Date	Rating classification	Rating received
Standard & Poor's ("S&P")	20 November 2013	Counterparty Credit Rating ASEAN Rating Scale Preferred Stock (1 Issue) Senior Unsecured (1 Issue) *Greater China Regional Scale* Senior Unsecured (2 Issues) Subordinated	A-/Stable/A-2 axAA/-- /axA-1 BBB- cnAA A-/A-2 BBB+
Fitch Ratings	27 December 2013	Foreign Currency Long-Term Issuer Default Rating Local Currency Long-Term Issuer Default Rating Viability Rating Support Rating Support Rating Floor Long-term deposits Senior notes USD and SGD Sub Debt SGD Tier 1 Capital Securities	A-/Negative A-/Negative a- 2 BBB A A- BBB+ BB+
RAM Ratings Services Berhad ("RAM")	23 December 2013	Long-Term Financial Institution Ratings Short-Term Financial Institution Ratings Subordinated Bonds Innovative Tier-1 Capital Securities Non-Innovative Tier-1 Capital Securities Tier-2 Capital Subordinated Note Programme Subordinated Note Programme Outlook (Long-Term)	AAA P1 AA1 AA2 AA2 AA1 AA1 Stable
Malaysian Rating Corporation Bhd	13 May 2013	Long-Term Financial Institution Ratings Short-Term Financial Institution Ratings Outlook	AAA MARC-1 Stable

BUSINESS OUTLOOK

The global economy is expected to grow by 3.5% in 2014 from an estimated 3.1% in 2013 as the major advanced economies – US, Europe and Japan – simultaneously expand for the first time since 2011. Amid continued sub-8% expansion in China, economic growth trends in ASEAN are expected to be mixed with Malaysia and Singapore experiencing favourable impact from a rebound in external demand while Thailand and the Philippines being affected by domestic macroeconomic turbulence, political uncertainty and a recovery period post natural disasters in 2013.

Malaysia's macroeconomic outlook appears more promising given the steady growth momentum (GDP 2014E: 5%; 2013: 4.7%), clarity and credibility in fiscal policy to address the budget deficit via spending and tax measures, and sustainable current account surplus. However, domestic consumer spending is vulnerable to inflationary pressures arising from the Government's actions to address the fiscal deficit through subsidy rationalisation and price adjustments. BNM is also expected to keep the benchmark Overnight Policy Rate unchanged at 3.00% to support domestic demand growth amid fiscal consolidation and lingering downside risk to global growth and hence external demand given current financial market volatility, especially the selloff in the emerging market.

In 2014, one of the Group's strategic priorities is to accelerate the pace of regionalisation. In line with this, an enhanced organisation structure was introduced on 1 January 2014, which was designed to improve synergies between banking and non-banking entities in the Maybank Group through the establishment of global/country business and functional roles. The enhanced responsibility framework within the new matrix structure will extend to other levels within the organisation to ensure that greater value and collaboration is achieved in the markets that we operate in. It will also be supported by greater alignment of information technology, operating policies and processes.

In Malaysia, loans growth in the country's banking system is forecast at 9%-10% on the back of an improved GDP outlook this year. In line with this, Maybank's operations are expected to perform ahead of the system supported by retail, SME, business banking and corporate lending activities across our extensive network.

In Singapore, GDP growth is forecasted to improve to 4.0% in 2014 from 3.6% in 2013, benefitting from a pick-up in external demand due to the recovery in global economic conditions. Industry loan growth is expected to moderate to 9-10% in 2014 due to slower housing loan growth at 4-6%, reflecting a slowing property market, but will be compensated by a reasonably strong business loan growth of 12-14%. The Group will continue to implement strategies to capture greater synergies across its Singapore-based entities to optimise business opportunities from its combined customer base. It will focus on enlarging domestic and regional client coverage, as well as roll out regional financial services and solutions, including wealth management, cash management and global markets.

In Indonesia, GDP growth momentum is expected to remain stable (2014E: 5.6%; 2013: 5.8%) as monetary policy remains tight, and investors and businesses await for greater certainty after the Parliament and Presidential elections in April and July 2014 respectively. PT Bank Internasional Indonesia Tbk ("BII") will continue to realise the opportunities from an expanded network and drive loan and deposit growth across all its business segments.

The deepening of Maybank's business portfolio in the region is another near-term priority for the Group in 2014. It will include improving client interface within the Global Banking business, providing cross-border banking solutions via the Maybank Islamic business and expansion of insurance and takaful services in other markets. Additionally, the Group will continue its focus on productivity and effectiveness, including reinforcing its strategic cost management programme, developing a high performance culture, and optimising the asset book, capital and pricing.

The Group will maintain a sound capital position, above the minimum capital requirement under BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012. With the continued conservation of capital from the Dividend Reinvestment Plan coupled with active capital management across the Group, Common Equity Tier 1 Capital ("CET1") ratio will be maintained well ahead of the minimum level of 7% (inclusive of capital conservation buffer) as required by 2019.

Maybank's dividend policy shall be retained with a payout ratio of between 40% to 60% of net profit in conjunction with the dividend reinvestment plan.

Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2014 to remain satisfactory. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") of 15.0% and Group Loans Growth of 13.0%.

DIRECTORS' REPORT

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 as disclosed in Note 55 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 27 February 2014.

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 24 to 208 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 2013 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 27 February 2014.

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 24 to 208 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Mohamed Rafique Merican
bin Mohd Wahiduddin Merican
at Kuala Lumpur in the Federal
Territory on 27 February 2014

Mohamed Rafique Merican bin Mohd Wahiduddin Merican

Before me,

COMMISSIONER FOR OATHS
No. W 530
TAN SEOK KETT
MALAYSIA

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYAN BANKING BERHAD
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malayan Banking Berhad, which comprise the statements of financial position as at 31 December 2013 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 24 to 207.

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 2013 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 58(a) 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 61 on page 208 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

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

Kuala Lumpur, Malaysia
27 February 2014

INDEX TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

Group	Note	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000	As at 1.1.2012 (Restated) RM'000
Assets				
Cash and short-term funds	5	**48,067,358**	40,018,633	49,387,882
Deposits and placements with financial institutions	6	**7,156,749**	11,949,150	7,161,651
Financial assets purchased under resale agreements	7(a)	**20,558**	798,180	1,397,235
Financial assets at fair value through profit or loss	8	**19,166,565**	29,156,692	18,393,752
Financial investments available-for-sale	9	**82,836,922**	60,792,374	63,585,045
Financial investments held-to-maturity	10	**5,668,174**	2,870,768	2,689,806
Loans, advances and financing	11	**355,617,527**	311,824,735	276,252,853
Derivative assets	12	**3,944,692**	2,880,492	1,987,502
Reinsurance/retakaful assets and other insurance receivables	13	**2,349,995**	2,555,727	2,173,794
Other assets	14	**8,505,918**	6,680,257	4,749,820
Investment properties	15	**583,257**	572,662	542,477
Statutory deposits with central banks	16	**13,742,874**	12,298,362	10,577,416
Interest in associates and joint ventures	18	**2,465,341**	2,235,233	2,406,462
Property, plant and equipment	19	**2,614,309**	2,402,821	2,217,483
Intangible assets	20	**6,041,056**	6,531,336	6,748,053
Deferred tax assets	27	**1,661,931**	1,343,541	1,361,045
Total assets		**560,443,226**	494,910,963	451,632,276
Liabilities				
Deposits from customers	21	**395,610,810**	347,155,510	314,692,245
Deposits and placements from financial institutions	22	**42,139,081**	33,887,376	36,760,978
Obligations on financial assets sold under repurchase agreements	7(b)	**4,300,055**	-	267,652
Bills and acceptances payable		**1,987,089**	2,269,513	4,472,872
Derivative liabilities	12	**3,937,380**	2,376,979	2,162,709
Insurance/takaful contract liabilities and other insurance payables	23	**21,800,139**	21,928,872	20,090,908
Other liabilities	24	**8,285,702**	9,783,613	6,571,587
Recourse obligation on loans and financing sold to Cagamas	25	**1,277,269**	1,592,974	2,214,873
Provision for taxation and zakat	26	**836,527**	1,051,798	382,562
Deferred tax liabilities	27	**639,285**	674,872	670,633
Borrowings	28	**13,321,805**	10,714,266	7,185,230
Subordinated obligations	29	**12,644,576**	13,510,041	14,160,553
Capital securities	30	**5,920,909**	6,150,351	6,113,761
Total liabilities		**512,700,627**	451,096,165	415,746,563
Equity attributable to equity holders of the Bank				
Share capital	31	**8,862,079**	8,440,046	7,639,437
Share premium		**19,030,227**	15,639,646	9,598,847
Shares held-in-trust	31(c)(v)	**(107,248)**	(102,405)	-
Retained profits	32(a)	**11,747,484**	11,104,837	10,382,374
Other reserves	33	**6,464,865**	7,013,234	6,716,005
		45,997,407	42,095,358	34,336,663
Non-controlling interests		**1,745,192**	1,719,440	1,549,050
		47,742,599	43,814,798	35,885,713
Total liabilities and shareholders' equity		**560,443,226**	494,910,963	451,632,276
Commitments and contingencies	47	**433,829,033**	379,695,035	369,791,836

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

Bank	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
Assets				
Cash and short-term funds	5	**29,320,984**	23,153,242	35,966,579
Deposits and placements with financial institutions	6	**15,723,864**	10,039,999	6,246,093
Financial assets purchased under resale agreements	7(a)	**20,558**	650,314	1,397,235
Financial assets at fair value through profit or loss	8	**5,546,091**	10,719,937	7,325,466
Financial investments available-for-sale	9	**64,532,797**	47,366,309	46,514,200
Financial investments held-to-maturity	10	**5,354,097**	2,556,849	2,115,933
Loans, advances and financing	11	**237,971,279**	214,852,046	194,174,085
Derivative assets	12	**3,760,133**	2,812,148	1,949,344
Other assets	14	**5,319,437**	2,713,063	2,240,433
Statutory deposits with central banks	16	**7,327,996**	6,888,916	6,095,129
Investment in subsidiaries	17	**19,505,514**	17,634,469	17,230,202
Interest in associates and joint ventures	18	**451,518**	456,512	456,512
Property, plant and equipment	19	**1,363,898**	1,205,788	1,083,279
Intangible assets	20	**527,268**	697,066	389,545
Deferred tax assets	27	**1,053,598**	810,015	815,573
Total assets		**397,779,032**	342,556,673	323,999,608
Liabilities				
Deposits from customers	21	**273,670,380**	237,402,079	222,895,293
Deposits and placements from financial institutions	22	**37,582,577**	29,198,776	35,555,592
Obligations on financial assets sold under repurchase agreements	7(b)	**4,300,055**	-	267,652
Bills and acceptances payable		**1,442,612**	1,553,312	3,610,141
Derivative liabilities	12	**3,632,464**	2,243,617	2,072,731
Other liabilities	24	**9,485,349**	8,645,423	6,351,178
Recourse obligation on loans and financing sold to Cagamas	25	**656,293**	687,793	715,603
Provision for taxation and zakat	26	**578,100**	758,446	-
Borrowings	28	**9,318,389**	7,382,719	4,208,282
Subordinated obligations	29	**10,404,418**	11,638,850	12,574,919
Capital securities	30	**6,208,623**	6,150,351	6,113,761
Total liabilities		**357,279,260**	305,661,366	294,365,152
Equity attributable to equity holders of the Bank				
Share capital	31	**8,862,079**	8,440,046	7,639,437
Share premium		**19,030,227**	15,639,646	9,598,847
Shares held-in-trust	31(c)(v)	**(107,248)**	(102,405)	-
Retained profits	32(b)	**3,478,214**	4,179,482	4,895,012
Other reserves	33	**9,236,500**	8,738,538	7,501,160
		40,499,772	36,895,307	29,634,456
Total liabilities and shareholders' equity		**397,779,032**	342,556,673	323,999,608
Commitments and contingencies	47	**399,786,232**	338,799,380	336,480,160

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

INCOME STATEMENTS

for the financial year ended 31 December 2013

	Note	Group 1.1.2013 to 31.12.2013 RM'000	Group 1.1.2012 to 31.12.2012 (Restated) RM'000	Bank 1.1.2013 to 31.12.2013 RM'000	Bank 1.1.2012 to 31.12.2012 RM'000
Operating revenue	34	**33,250,777**	31,227,230	**18,723,034**	17,079,461
Interest income	35	**16,306,471**	15,651,709	**11,744,776**	11,194,494
Interest expense	36	**(6,721,191)**	(6,355,024)	**(5,096,985)**	(4,959,002)
Net interest income		**9,585,280**	9,296,685	**6,647,791**	6,235,492
Income from Islamic Banking Scheme operations	57(b)	**2,810,182**	2,196,259	**-**	-
		12,395,462	11,492,944	**6,647,791**	6,235,492
Net income/(loss) from insurance/takaful business	37	**260,836**	(48,336)	**-**	-
		12,656,298	11,444,608	**6,647,791**	6,235,492
Dividends from subsidiaries and associates		**-**	-	**1,000,075**	856,049
Other operating income		**5,882,062**	5,328,710	**3,684,042**	3,076,166
Non-interest income	38	**5,882,062**	5,328,710	**4,684,117**	3,932,215
Net income		**18,538,360**	16,773,318	**11,331,908**	10,167,707
Overhead expenses	39	**(8,927,925)**	(8,232,419)	**(4,591,331)**	(4,403,790)
Operating profit before impairment losses		**9,610,435**	8,540,899	**6,740,577**	5,763,917
Allowances for impairment losses on loans, advances, financing and other debts, net	41	**(729,586)**	(679,247)	**(502,144)**	(268,844)
(Allowances for)/writeback of impairment losses on financial investments, net	42	**(150,522)**	(117,826)	**(111,493)**	3,085
Operating profit		**8,730,327**	7,743,826	**6,126,940**	5,498,158
Share of profits in associates and joint ventures	18	**139,267**	152,476	**-**	-
Profit before taxation and zakat		**8,869,594**	7,896,302	**6,126,940**	5,498,158
Taxation and zakat	43	**(2,098,261)**	(1,977,618)	**(1,241,324)**	(1,192,254)
Profit for the financial year		**6,771,333**	5,918,684	**4,885,616**	4,305,904
Attributable to:					
Equity holders of the Bank		**6,552,391**	5,745,920	**4,885,616**	4,305,904
Non-controlling interests		**218,942**	172,764	**-**	-
		6,771,333	5,918,684	**4,885,616**	4,305,904
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	45	**75.8**	72.7		
Diluted (sen)	45	**75.7**	72.7		
Net dividends per ordinary share held by equity holders of the Bank in respect of the financial year (sen)					
Paid - First interim	46			**22.50**	24.00
Paid - Final for financial period ended 31 December 2011	46			**-**	27.00
- Final for financial year ended 31 December 2012	46			**28.50**	-
Proposed - Final	46(a)			**31.00**	-
- Final				**-**	28.50

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

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2013

		Group		Bank	
	Note	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Profit for the financial year		**6,771,333**	5,918,684	**4,885,616**	4,305,904
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial gain/(loss)	24	**60,831**	(25,082)	**-**	-
Income tax effect	27	**(18,608)**	7,793	**-**	-
		42,223	(17,289)	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Net (loss)/gain on financial investments available-for-sale		**(1,800,978)**	52,715	**(1,395,968)**	(31,892)
Income tax effect	27	**461,600**	(2,522)	**348,992**	7,973
Foreign currency translation		**(861,523)**	(931,947)	**271,446**	85,996
Changes in other reserves		**3,568**	(547)	**-**	-
		(2,197,333)	(882,301)	**(775,530)**	62,077
Other comprehensive (loss)/income for the financial year, net of tax		**(2,155,110)**	(899,590)	**(775,530)**	62,077
Total comprehensive income for the financial year		**4,616,223**	5,019,094	**4,110,086**	4,367,981
Other comprehensive (loss)/income for the financial year, attributable to:					
Equity holders of the Bank		**(2,116,882)**	(912,212)	**(775,530)**	62,077
Non-controlling interests		**(38,228)**	12,622	**-**	-
		(2,155,110)	(899,590)	**(775,530)**	62,077
Total comprehensive income for the financial year, attributable to:					
Equity holders of the Bank		**4,435,509**	4,833,708	**4,110,086**	4,367,981
Non-controlling interests		**180,714**	185,386	**-**	-
		4,616,223	5,019,094	**4,110,086**	4,367,981

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2013

Group	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	Capital Reserve (Note 33(b)) RM'000	Unrealised Holding Reserve (Note 33) RM'000	Exchange Fluctuation Reserve (Note 33) RM'000	Revaluation Reserve (Note 33(c)) RM'000	ESS Reserve (Note 33) RM'000	Profit Equalisation Reserve (Note 33(d)) RM'000	Defined Benefit Reserve (Note 33) RM'000	*Retained Profits (Note 32) RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	<------ Attributable to equity holders of the Bank ------>														
		<------ Non-distributable ------>													
At 1 January 2013															
- as previously stated	**8,440,046**	**15,639,646**	**(102,405)**	**8,023,712**	**14,254**	**707,690**	**(1,877,640)**	**7,986**	**226,142**	**34,456**	**-**	**11,115,006**	**42,228,893**	**1,725,464**	**43,954,357**
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a))	**-**	**-**	**-**	**-**	**-**	**-**	**956**	**-**	**-**	**-**	**(124,322)**	**(10,169)**	**(133,535)**	**(6,024)**	**(139,559)**
At 1 January 2013, as restated	**8,440,046**	**15,639,646**	**(102,405)**	**8,023,712**	**14,254**	**707,690**	**(1,876,684)**	**7,986**	**226,142**	**34,456**	**(124,322)**	**11,104,837**	**42,095,358**	**1,719,440**	**43,814,798**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,552,391**	**6,552,391**	**218,942**	**6,771,333**
Other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**(1,311,802)**	**(851,109)**	**3,740**	**-**	**-**	**42,289**	**-**	**(2,116,882)**	**(38,228)**	**(2,155,110)**
Total comprehensive (loss)/ income for the financial year	**-**	**-**	**-**	**-**	**-**	**(1,311,802)**	**(851,109)**	**3,740**	**-**	**-**	**42,289**	**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 of corporate structure within the Group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(27,839)**	**(27,839)**	**(102,670)**	**(130,509)**
Effect of rights issue of a subsidiary (Note 55(g))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,159**	**8,159**
Transfer to statutory reserves	**-**	**-**	**-**	**1,516,424**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,516,424)**	**-**	**-**	**-**
Issue of shares pursuant to ESS (Notes 31(a)(i)&(ii))	**90,239**	**750,458**	**-**	**-**	**-**	**-**	**-**	**-**	**(52,079)**	**-**	**-**	**-**	**788,618**	**-**	**788,618**
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Notes 31(a)(iii)&(iv))	**331,790**	**2,640,092**	**(4,808)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,967,074**	**-**	**2,967,074**
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note 31(a)(v)&(c)(v))	**4**	**31**	**(35)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends (Note 46)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(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**	**14,254**	**(604,112)**	**(2,727,793)**	**11,726**	**278,231**	**34,456**	**(82,033)**	**11,747,484**	**45,997,407**	**1,745,192**	**47,742,599**
At 1 January 2012															
- as previously stated	7,639,437	9,598,847	-	6,926,383	15,250	681,351	(969,382)	8,817	127,317	34,456	-	10,393,767	34,456,243	1,554,320	36,010,563
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a))	-	-	-	-	-	-	-	-	-	-	(108,187)	(11,393)	(119,580)	(5,270)	(124,850)
At 1 January 2012, as restated	7,639,437	9,598,847	-	6,926,383	15,250	681,351	(969,382)	8,817	127,317	34,456	(108,187)	10,382,374	34,336,663	1,549,050	35,885,713
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	5,745,920	5,745,920	172,764	5,918,684
Other comprehensive (loss)/income	-	-	-	(445)	(673)	26,339	(920,467)	(831)	-	-	(16,135)	-	(912,212)	12,622	(899,590)
Total comprehensive (loss)/income for the financial year	-	-	-	(445)	(673)	26,339	(920,467)	(831)	-	-	(16,135)	5,745,920	4,833,708	185,386	5,019,094
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	-	-	99,763	-	-	-	99,763	-	99,763
Effects of changes in corporate structure within the Group	-	-	-	-	(323)	-	13,165	-	-	-	-	19,275	32,117	27,524	59,641
Transfer to statutory reserves	-	-	-	1,097,774	-	-	-	-	-	-	-	(1,097,774)	-	-	-
Issue of shares pursuant to ESS (Note 31)	1,156	9,659	-	-	-	-	-	-	(938)	-	-	-	9,877	-	9,877
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 31)	375,998	2,696,035	(2,405)	-	-	-	-	-	-	-	-	-	3,069,628	-	3,069,628
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note 31(c)(v))	11,455	88,545	(100,000)	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares pursuant to Private Placement	412,000	3,246,560	-	-	-	-	-	-	-	-	-	-	3,658,560	-	3,658,560
Dividends (Note 46)	-	-	-	-	-	-	-	-	-	-	-	(3,944,958)	(3,944,958)	(42,520)	(3,987,478)
Total transactions with shareholders	800,609	6,040,799	(102,405)	1,097,774	(323)	-	13,165	-	98,825	-	-	(5,023,457)	2,924,987	(14,996)	2,909,991
At 31 December 2012, as restated	8,440,046	15,639,646	(102,405)	8,023,712	14,254	707,690	(1,876,684)	7,986	226,142	34,456	(124,322)	11,104,837	42,095,358	1,719,440	43,814,798

* 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 2013

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	Unrealised Holding 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 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)
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	-	-	-	1,221,403	-	-	-	(1,221,403)	-
Issue of shares pursuant to ESS (Notes 31(a)(i)&(ii))	90,239	750,458	-	-	-	-	(52,079)	-	788,618
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Notes 31(a)(iii)&(iv))	331,790	2,640,092	(4,808)	-	-	-	-	-	2,967,074
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note 31(a)(v)&(c)(v))	4	31	(35)	-	-	-	-	-	-
Dividends (Note 46)	-	-	-	-	-	-	-	(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
At 1 January 2012	7,639,437	9,598,847	-	6,728,866	417,205	227,772	127,317	4,895,012	29,634,456
Profit for the financial year	-	-	-	-	-	-	-	4,305,904	4,305,904
Other comprehensive (loss)/income	-	-	-	-	(23,919)	85,996	-	-	62,077
Total comprehensive (loss)/income for the financial year	-	-	-	-	(23,919)	85,996	-	4,305,904	4,367,981
Share-based payment under Employees' Share Scheme ("ESS") (Note 31(c))	-	-	-	-	-	-	99,763	-	99,763
Transfer to statutory reserve	-	-	-	1,076,476	-	-	-	(1,076,476)	-
Issue of shares pursuant to ESS (Note 31)	1,156	9,659	-	-	-	-	(938)	-	9,877
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 31)	375,998	2,696,035	(2,405)	-	-	-	-	-	3,069,628
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note 31(c)(v))	11,455	88,545	(100,000)	-	-	-	-	-	-
Issue of shares pursuant to Private Placement	412,000	3,246,560	-	-	-	-	-	-	3,658,560
Dividends (Note 46)	-	-	-	-	-	-	-	(3,944,958)	(3,944,958)
Total transactions with shareholders	800,609	6,040,799	(102,405)	1,076,476	-	-	98,825	(5,021,434)	2,892,870
At 31 December 2012	8,440,046	15,639,646	(102,405)	7,805,342	393,286	313,768	226,142	4,179,482	36,895,307

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2013

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	**8,869,594**	7,896,302	**6,126,940**	5,498,158
Adjustments for:				
Share of profits of associates and joint ventures	**(139,267)**	(152,476)	**-**	-
Depreciation of property, plant and equipment (Note 39)	**268,692**	223,646	**142,546**	119,155
Amortisation of computer software (Note 39)	**142,740**	64,715	**100,210**	47,629
Amortisation of customer relationship (Note 39)	**24,308**	28,144	**-**	-
Amortisation of agency force (Note 39)	**11,067**	14,493	**-**	-
Amortisation of core deposit intangibles (Note 39)	**28,368**	38,869	**-**	-
Gain on disposal of property, plant and equipment (Note 38)	**(4,303)**	(7,638)	**(2,499)**	(4,928)
Gain on disposal of foreclosed properties (Note 38)	**(25,470)**	(2,747)	**-**	(85)
Loss/(gain) on disposal/liquidation of subsidiaries (Note 38)	**9,338**	(806)	**(1,184)**	(341)
Gain on disposal/liquidation of associates (Note 38)	**-**	(8,989)	**(24,667)**	-
Net gain on disposal of financial assets at fair value through profit or loss (Note 38)	**(281,508)**	(309,153)	**(137,636)**	(135,607)
Net gain on disposal of financial investments available-for-sale (Note 38)	**(917,780)**	(693,719)	**(306,577)**	(372,298)
Net loss on redemption of financial investments held-to-maturity (Note 38)	**1**	62	**1**	62
Amortisation of premiums less accretion of discounts, net (Note 35)	**76,471**	(120,675)	**67,241**	(128,423)
Unrealised loss/(gain) of financial assets held-for-trading and derivatives (Note 38)	**943,004**	(78,237)	**471,495**	(31,100)
Allowances for/(writeback of) impairment losses on financial investments, net (Note 42)	**150,522**	117,826	**111,493**	(3,085)
Allowances for impairment losses on loans, advances and financing, net (Note 41)	**1,550,151**	1,482,738	**1,092,746**	926,589
Allowances for impairment losses on other debts (Note 41)	**5,586**	48,231	**2,294**	2,646
Dividend income (Note 38)	**(101,790)**	(106,240)	**(1,008,594)**	(867,714)
ESS expenses (Note 39)	**105,584**	99,902	**79,458**	79,274
Property, plant and equipment written off (Note 39)	**810**	227	**644**	85
Intangible assets written off (Note 39)	**1,007**	-	**998**	-
Fair value adjustments on investment properties (Note 39)	**(2,553)**	(48,639)	**-**	-
Impairment of intangible assets (Note 39)	**1,422**	-	**-**	-
Impairment of property, plant and equipment (Note 39)	**222**	-	**-**	-
Operating profit before working capital changes	**10,716,216**	8,485,836	**6,714,909**	5,130,017
Change in financial assets purchased under resale agreements	**777,622**	599,055	**629,756**	746,921
Change in deposits and placements with financial institutions	**5,433,987**	(4,261,093)	**(5,055,669)**	(2,378,057)
Change in financial investments portfolio	**(16,143,229)**	(7,058,485)	**(15,938,134)**	(4,058,243)
Change in loans, advances and financing	**(45,342,944)**	(37,055,269)	**(24,211,981)**	(21,604,550)
Change in other assets	**(1,760,010)**	(2,521,038)	**(2,596,836)**	(1,227,250)
Change in statutory deposits with central banks	**(1,444,512)**	(1,720,946)	**(439,080)**	(793,787)
Change in deposits from customers	**48,455,300**	32,463,265	**36,268,301**	14,506,786
Change in deposits and placements from financial institutions	**8,251,705**	(2,873,602)	**8,383,801**	(6,356,816)
Change in obligations on financial assets sold under repurchase agreements	**4,300,055**	(267,652)	**4,300,055**	(267,652)
Change in bills and acceptances payable	**(282,424)**	(2,203,266)	**(110,700)**	(2,056,829)
Change in other liabilities	**(1,745,660)**	3,164,587	**834,668**	2,323,890
Change in reinsurance/retakaful assets and other insurance receivables	**205,732**	(381,933)	**-**	-
Change in insurance/takaful contract liabilities and other insurance payables	**(128,733)**	1,837,964	**-**	-
Exchange fluctuation	**(517,433)**	(296,032)	**(38,533)**	450,392
Cash generated from/(used in) operations	**10,775,672**	(12,088,609)	**8,740,557**	(15,585,178)
Taxes and zakat paid	**(2,218,263)**	(1,287,096)	**(1,316,085)**	(323,965)
Net cash generated from/(used in) operating activities	**8,557,409**	(13,375,705)	**7,424,472**	(15,909,143)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 19)	**(504,313)**	(439,635)	**(331,838)**	(247,028)
Purchase of intangible assets (Note 20)	**(394,314)**	(391,668)	**(343,641)**	(354,487)
Purchase of investment properties (Note 15)	**(2,042)**	-	**-**	-
Net effect arising from:				
- acquisition of subsidiaries (Note 17(e)/Note 17(l))	**(30,067)**	(47,676)	**-**	-
- disposal of subsidiaries (Note 17(h)&(i)/Note 17(m))	**(37,122)**	24,905	**-**	-
- transactions with non-controlling interests	**(111,251)**	67,834	**-**	-
Purchase of additional ordinary shares in new and existing subsidiaries	**-**	-	**(1,869,860)**	(403,926)
Redemption of non-convertible bonds and capital repayment in associates	**4,994**	-	**29,660**	-
Proceeds from disposal of property, plant and equipment	**8,138**	18,625	**3,055**	8,830
Dividends received from:				
- securities	**101,790**	106,240	**8,519**	11,665
- associates	**84,297**	75,683	**9,641**	7,106
- subsidiaries	**-**	-	**990,434**	848,943
Transfer of property, plant and equipment to a subsidiary (Note 19)	**-**	-	**42,424**	7,363
Transfer of intangible assets to a subsidiary (Note 20)	**-**	-	**414,096**	-
Net cash used in investing activities	**(879,890)**	(585,692)	**(1,047,510)**	(121,534)

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Cash flows from financing activities				
Proceeds from issuance of shares	**3,755,692**	6,738,065	**3,755,692**	6,738,065
Drawdown of borrowings, net	**2,024,382**	4,308,732	**1,489,144**	3,343,593
Issuance of subordinated obligations	**500,000**	4,832,966	**-**	4,551,634
Redemption of subordinated obligations	**(1,500,000)**	(5,517,550)	**(1,500,000)**	(5,517,550)
Recourse obligation on loans and financing sold to Cagamas, net	**(315,705)**	(621,899)	**(31,500)**	(27,810)
Rights issuance exercised by non-controlling interests	**8,159**	-	**-**	-
Dividends paid	**(4,365,481)**	(3,944,958)	**(4,365,481)**	(3,944,958)
Dividends paid to non-controlling interests	**(60,451)**	(42,520)	**-**	-
Net cash generated from/(used in) financing activities	**46,596**	5,752,836	**(652,145)**	5,142,974
Net increase/(decrease) in cash and cash equivalents	**7,724,115**	(8,208,561)	**5,724,817**	(10,887,703)
Cash and cash equivalents at 1 January 2013/2012 *	**43,146,218**	50,388,584	**26,705,536**	36,522,118
Cash and cash equivalents at 31 December	**50,870,333**	42,180,023	**32,430,353**	25,634,415
Cash and short-term funds (Note 5)	**48,067,358**	40,018,633	**29,320,984**	23,153,242
Deposits and placements with financial institutions maturing within one month (Note 48(e)(2))	**2,802,975**	2,161,390	**3,109,369**	2,481,173
	50,870,333	42,180,023	**32,430,353**	25,634,415
* Cash and cash equivalents at 1 January 2013/2012:				
- As previously reported	**42,180,023**	51,022,866	**25,634,415**	37,031,903
- Effects of foreign exchange rate changes	**966,195**	(634,282)	**1,071,121**	(509,785)
	43,146,218	50,388,584	**26,705,536**	36,522,118

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

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 are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stock broking, underwriting of general and life insurance, general and family takaful, trustee and nominee services and asset management. Further details of the subsidiaries are described in Note 58(a).

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 27 February 2014.

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 the 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 business and Islamic banking operations as disclosed in Notes 56 and 57, respectively. Insurance business are 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 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 consolidated financial statements provide comparative information in respect of the previous financial year. However, when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements in the current financial year, the Group presents an additional statement of financial position at the beginning of the earliest period presented. In the current financial year, an additional statement of financial position as at 1 January 2012 is presented in the consolidated financial statements due to the adoption of a revised accounting standard that resulted in changes in certain accounting policies which requires retrospective application. Further details are disclosed in Note 2.4(x).

To facilitate users of financial statements in understanding the financial implication as a result of the changes made during the financial year, the Group has voluntarily disclosed and presented the related notes to the opening statement of financial position as at 1 January 2012 (in Note 24, Note 27, Note 33 and Note 57).

In addition, the Bank has also voluntarily presented additional statement of financial position as at 1 January 2012 and the related notes to the opening statement of financial position as at 1 January 2012 (in Note 24 and Note 33) for consistency in presentation with the Group.

The financial statements are presented in Ringgit Malaysia ("RM") and 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 2013. Further details on the accounting policies for interest in associates and joint ventures are disclosed in Note 2.3(ii).

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:

- 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.

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.

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.

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 a deficit balance. Acquisition of NCI are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. 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;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- 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 MFRSs.

2. ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

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 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(xvi) 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.

(ii) Interest in associates and joint ventures

An associate is an entity over which the Group has 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 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 gains significant influence or joint control until the date the Group ceases 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 are included in the carrying amount of the investment and are neither amortised nor individually tested for impairment. Details of goodwill included in 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 outside operating profit. 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 an associate or joint venture 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 associate or joint venture.

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 its 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 profit of associates and joint ventures' on the face of 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(xvi). 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.

(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. 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 MFRSs. 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 over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in income statement. 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 value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

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

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of 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 include goodwill) are disclosed in Note 2.3(xvi).

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

(iv) Intangible assets

In addition to goodwill, intangible assets also include core deposit, 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. Following from the initial recognition, intangible assets are carried at cost less 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 infinite. Intangibles with infinite lives are not amortised but are tested for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortised over the useful economic life. 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 net disposal proceeds and the carrying amount of the assets and are recognised in income statements when the assets are derecognised.

Intangible assets are amortised over their estimated finite useful lives as follows:

Computer software	3 - 10 years
Core deposit	8 years
Customer relationship	3 - 11 years
Agency force	9 years

(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.

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.
- 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, debt securities, equities and short positions that have been acquired principally for the purpose of selling or repurchasing in the near term.

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 'non-interest 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.

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.)

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, losses arising from impairment and gain or loss arising from derecognition of such investments are recognised in the income statements.

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.

(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. Debt securities 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 equity (other comprehensive income) in the 'unrealised holding reserve/(deficit)', except for impairment losses, foreign exchange gains or losses on monetary financial assets and interest 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 gain or loss previously recognised in equity is recognised in the income statements in 'non-interest income'.

(c) Derecognition

A financial asset is derecognised when:

(1) The rights to receive cash flows from the financial asset have expired; and

(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 and have neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognised 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 exhibit indications of credit weaknesses, whether or not impairment loss has been provided for; or
- an impaired loans, advances and financing has 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 or three (3) months or longer.

Impairment process – individual assessment

The Group and the Bank assesses 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

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

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

Impairment process – written-off accounts

Where a loan, advance and financing is uncollectible, it is 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.

(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 impairment loss is recognised in the income statements.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

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 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. Where 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) is removed from equity and recognised in the 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.

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 a credit event occurring after the impairment loss was recognised in the income statements, the impairment loss is reversed through the income statements.

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 is recognised in the income statements and such impairment losses are not reversed subsequent to its recognition.

(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.

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.

(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 HFT include derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria.

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.

(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 mainly of subordinated notes, Innovative Tier I 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.

(vii) Derivative instruments and hedge accounting

(a) Derivative instruments

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

(vii) Derivative instruments and hedge accounting (cont'd.)

(a) Derivative instruments (cont'd.)

Derivative 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.

(1) Fair value hedge

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative 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.

If the hedging instrument expires, or is sold, terminated, exercised or when the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying amount of the hedged item on termination date and the face value is amortised over the remaining term of the original hedge using the effective interest rate. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statements.

(2) Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the cash flow hedge reserve. The 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 is recorded in 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 Bank did not apply cash flow hedge as at the financial year end.

(3) Hedge of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly 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. The 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 and the Bank did not apply hedge of net investments in foreign operations as at the financial year end.

(viii) 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.

(ix) Other financial assets and financial liabilities: 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.

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.

(x) 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. 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(x) Property, plant and equipment and depreciation (cont'd.)

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 4 to 904 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.

(xi) 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.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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(x) 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.

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 estimated value of future assets is based on the expected future income from the project, using risk-adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

(xii) Other assets

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

Included in other assets are physical gold held by 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 'non-interest income'.

(xiii) 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.

(xiv) Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at the lower of cost and fair value.

(xv) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise of cash and short-term funds and deposits and placements with financial institutions, with the remaining maturity of less than one month.

(xvi) 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. Where 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

(xvi) Impairment of non-financial assets (cont'd.)

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.

(xvii) Provisions for liabilities

Provisions for liabilities 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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. 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.

(xviii) Financial guarantees

In the ordinary course of business, the Group and the Bank give financial guarantees, consisting of letter of credit, guarantees and acceptances.

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.

Financial guarantees are initially recognised at their fair value, which is the premium received upon issuance. The received premium is subsequently 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.

(xix) Profit Equalisation Reserve ("PER")

Since 1 July 2012, the Group has adopted BNM's Revised Guidelines for PER ("the Revised Guideline"). In managing the displaced commercial risk, the Group will use its current profits to be transferred to depositors on the basis of hibah in the event that there is a shortfall in the actual return on Mudharabah deposits as compared to the published rate of return. The payment of hibah is recognised as cost in the income statements.

(xx) 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 retranslated at the spot rate of exchange ruling at the reporting date.

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 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 equity.

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 directly in equity.

(c) Foreign operations

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

- Assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each income statements are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; 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 are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(xxi) Income tax and zakat

(a) Income tax

Current tax assets and liabilities 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxi) Income tax and zakat (cont'd.)

(a) Income tax (cont'd.)

Current taxes are recognised in income statements except to the extent that the tax relates to items recognised outside income statements, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

(i) where 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, where 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) where 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 outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and 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.

(c) Zakat

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

(xxii) Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased item to the Group and the Bank. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

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

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

Assets acquired by way of hire purchase or 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 assets acquired, 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(x).

(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 term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxii) Leases (cont'd.)

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

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the 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.

(xxiii) Insurance

(a) Life funds

The life funds consist of long-term liabilities to policy holders, determined by an annual actuarial valuation, as well as accumulated surplus. Surplus is transferred to the shareholders and recognised in the income statements as determined by the Appointed Actuary as defined by the Financial Services Act, 2013 ("FSA") in Malaysia.

(b) Takaful funds

The Group's takaful funds operate under the Mudharabah and Wakalah models and are maintained in accordance with the requirements of the Islamic Financial Services Act, 2013 ("IFSA") and comply with the principles of Shariah.

(c) 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;
- 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.

(d) Family takaful fund

The family takaful fund consists of the amounts attributable to participants as determined by the annual actuarial valuation, the accumulated surplus attributable to participants and AFS reserves pertaining to investments of the family takaful fund. Any deficit in the family takaful fund will be made good by the shareholders' funds via a benevolent loan or Qardhul Hassan. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the takaful subsidiary.

(e) General takaful fund

The general takaful fund consists of unearned contribution reserves, the accumulated surplus attributable to participants and AFS reserves pertaining to investments of the general takaful fund. Any deficit in the general takaful fund will be made good by the shareholders' funds via a benevolent loan or Qardhul Hassan. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the takaful subsidiary.

(f) Claims liabilities and life insurance/family takaful contract 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.

All life insurance/family takaful liabilities are valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the policies/certificates discounted at the appropriate risk discount rate. This method is known as the gross premium/contribution valuation method which is also in accordance with BNM Risk-Based Capital ("RBC") Framework.

Family takaful certificates liabilities are recognised when certificates are in-forced and contributions are charged. The family takaful certificate liabilities are derecognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised family takaful contract liabilities are adequate through the performance of a liability adequacy test.

(xxiv) 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

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

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

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

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

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

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

The fair value of financial instruments, non-financial assets and liabilities are disclosed in Note 49.

(xxv) Recognition of interest, financing and profit income and expense

Interest income and expense for all financial instruments measured at amortised cost and interest/profit-bearing financial assets classified as 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' and 'interest expense' in the income statements using the effective interest 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.

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

(xxvi) 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 it provides 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) Insurance business income

Premium/contribution from general insurance/general takaful businesses are recognised as income in a financial year in respect of risks assumed during that particular financial year upon the 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. 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, following the individual risks' inception dates.

Premium/contribution from life insurance/family takaful businesses are recognised as soon as the amount of the premium/contribution can be reliably measured. Initial premium/contribution is 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.

Outward reinsurance premium/retakaful contributions are recognised in the same financial year as the original policies/certificates to which the reinsurance/retakaful relates.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxvi) Recognition of fee and other income (cont'd.)

(d) 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.

(xxvii) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense 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 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 when the absences occur.

(b) Defined contribution plans

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

(c) Share-based compensation

(1) 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 personnel 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 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") in place of ESOS and RSU 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 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 given in Note 31(f) & (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'.

(d) Defined benefit pension plans

The Group operates defined benefit pension plans in Indonesia, the Philippines and Thailand. The calculation of defined benefit obligations is performed annually by qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, 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 Group recognises restructuring-related costs.

Net interest 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.

(xxviii) Non-current assets held-for-sale and discontinued operations

Non-current assets 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxviii) Non-current assets held-for-sale and discontinued operations (cont'd.)

Immediately before classification as held-for-sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held-for-sale, non-current assets (other than the investment properties, deferred tax assets and financial assets) are measured in accordance with MFRS 5 *Non-current Assets Held-for-sale and Discontinued Operations* that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statements.

A component of the Bank is classified as a discontinued operation when the criteria to be classified as held-for-sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale.

(xxix) 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 liabillity and deducted from equity in the period in which all relevant approvals have been obtained. Dividends declared to ESOS Trust Fund ("ETF") Pool will be eliminated at the Group level.

(xxx) Contingent liabilities and contingent assets

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(xxxi) Earnings per share

The Group presents basic and diluted (where applicable) earnings per share ("EPS") data for its ordinary shares. 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 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, which has been adjusted for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

(xxxii) 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 the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

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

(xxxiii) 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 and Note 6.

2.4 Changes in accounting policies, additional disclosures and restatement of comparative information

On 1 January 2013, the Group and the Bank adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	Effective for annual periods beginning on or after
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - Government Loans (Amendments to MFRS 1)	1 January 2013
MFRS 3 *Business Combinations* (IFRS Business Combinations issued by International Accounting Standard Board ("IASB") March 2004)	1 January 2013
MFRS 7 *Financial Instruments: Disclosures* - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)	1 January 2013
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 101 *Presentation of Financial Statements* - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
MFRS 119 *Employee Benefits* (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 *Consolidated and Separate Financial Statements* (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)	1 January 2013
MFRS 127 *Separate Financial Statements* (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures* (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Bank except for those discussed below:

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

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

MFRS 10 replaces part of MFRS 127 *Consolidated and Separate Financial Statements* that deals with consolidated financial statements and IC Interpretation 112 *Consolidation - Special Purpose Entities*.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 *Consolidated and Separate Financial Statements*, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50% of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The Group has assessed that adoption of MFRS 10 did not have any significant impact to the financial statements of the Group.

(ii) MFRS 11 *Joint Arrangements*

MFRS 11 replaces MFRS 131 *Interests in Joint Ventures* and IC Interpretation 113 *Jointly-Controlled Entities - Non-monetary Contributions by Venturers*.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

MFRS 11 has been applied in accordance with the relevant transitional provisions set out in MFRS 11. The initial investment as at 1 January 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

The application of this new standard has been retrospectively and in accordance with the transitional provision of MFRS 11. The Group and the Bank have assessed that the adoption of MFRS 11 did not have any significant impact to the financial statements of the Group and of the Bank except for the re-designation of one of the associate to joint venture.

(iii) MFRS 12 *Disclosure of Interests in Other Entities*

MFRS 12 sets out all the disclosures requirements for interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in MFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. This standard affects disclosures only and has no impact on the Group's and the Bank's financial position or performance. The new disclosures are disclosed in Note 17 and Note 18.

(iv) MFRS 13 *Fair Value Measurement*

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 did not materially affect the fair value measurements of the Group and of the Bank. Additional disclosures where required, are disclosed in Note 49.

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

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income in statements of comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g. net gain or loss on financial investments AFS) have to be presented separately from items that will not be reclassified (e.g. revaluation of land and buildings). The amendments affected presentation only and had no impact on the Group's and the Bank's financial position or performance.

(vi) MFRS 119 *Employee Benefits* (Revised 2011)

The Group applied MFRS 119 (Revised 2011) retrospectively in the current year in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented is 1 January 2012 and the comparative information have been accordingly restated.

MFRS 119 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Some of the key changes that impacted the Group include the following:

- All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period.
- The interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a net-interest amount under MFRS 119 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

MFRS 119 (Revised 2011) also requires more extensive disclosures. These have been provided in Note 24(a).

MFRS 119 (Revised 2011) has been applied retrospectively, with following permitted exceptions:

- The carrying amounts of other assets have not been adjusted for changes in employee benefit costs that were included before 1 January 2012.
- Sensitivity disclosures for the defined benefit obligation for comparative period (year ended 31 December 2012) have not been provided.

The financial impact of the adoption of this amendment on the Group's financial statements are disclosed in Note 2.4(x).

(vii) MFRS 127 *Separate Financial Statements*

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

(viii) MFRS 128 *Investments in Associates and Joint Ventures*

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 *Investments in Associates and Joint Ventures*. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

(ix) Changes in Presentation of "Net income from insurance and takaful business" in the income statement of the Group

In prior years, the Group reported other income (mainly comprised of investment income, realised gains/losses and fair value gains/losses) and other expenses (mainly comprised of management expenses and other operating expenses) relating to insurance and takaful business in the "Net income from insurance and takaful business", a line item on the face of the income statement of the Group.

Upon adoption of the new standards such as MFRS 10 *Consolidated Financial Statements* and MFRS 12 *Disclosure of Interests in Other Entities*, the Group decided to improve the presentation of "Net income from insurance and takaful business" by reclassifying other income (RM3.36 billion) and other expenses (RM4.06 billion) that form part of "Net income from insurance and takaful business" to respective line items in the income statement of the Group for the financial year ended 31 December 2012. The effects of reclassification are disclosed in Note 2.4(x).

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(a) The following are reconciliations of statements of financial position of (i) the Group, and (ii) the operations of Islamic Banking Scheme ("IBS") as at 1 January 2012 and as at 31 December 2012:

(i) Group	31 December 2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	31 December 2012 (Restated) RM'000	1 January 2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	1 January 2012 (Restated) RM'000
Assets						
Cash and short-term funds	40,018,633	-	40,018,633	49,387,882	-	49,387,882
Deposits and placements with financial institutions	11,949,150	-	11,949,150	7,161,651	-	7,161,651
Financial assets purchased under resale agreements	798,180	-	798,180	1,397,235	-	1,397,235
Financial assets at fair value through profit or loss	29,156,692	-	29,156,692	18,393,752	-	18,393,752
Financial investments available-for-sale	60,792,374	-	60,792,374	63,585,045	-	63,585,045
Financial investments held-to-maturity	2,870,768	-	2,870,768	2,689,806	-	2,689,806
Loans, advances and financing	311,824,735	-	311,824,735	276,252,853	-	276,252,853
Derivative assets	2,880,492	-	2,880,492	1,987,502	-	1,987,502
Reinsurance/retakaful assets and other insurance receivables	2,555,727	-	2,555,727	2,173,794	-	2,173,794
Other assets	6,680,257	-	6,680,257	4,749,820	-	4,749,820
Investment properties	572,662	-	572,662	542,477	-	542,477
Statutory deposits with central banks	12,298,362	-	12,298,362	10,577,416	-	10,577,416
Interest in associates and joint ventures	2,235,233	-	2,235,233	2,406,462	-	2,406,462
Property, plant and equipment	2,402,821	-	2,402,821	2,217,483	-	2,217,483
Intangible assets	6,531,336	-	6,531,336	6,748,053	-	6,748,053
Deferred tax assets	1,298,871	44,670	1,343,541	1,323,606	37,439	1,361,045
Total assets	494,866,293	44,670	494,910,963	451,594,837	37,439	451,632,276
Liabilities						
Deposits from customers	347,155,510	-	347,155,510	314,692,245	-	314,692,245
Deposits and placements from financial institutions	33,887,376	-	33,887,376	36,760,978	-	36,760,978
Obligations on financial assets sold under repurchase agreements	-	-	-	267,652	-	267,652
Bills and acceptances payable	2,269,513	-	2,269,513	4,472,872	-	4,472,872
Derivative liabilities	2,376,979	-	2,376,979	2,162,709	-	2,162,709
Insurance/takaful contract liabilities and other insurance payables	21,928,872	-	21,928,872	20,090,908	-	20,090,908
Other liabilities	9,597,742	185,871	9,783,613	6,407,906	163,681	6,571,587
Recourse obligation on loans and financing sold to Cagamas	1,592,974	-	1,592,974	2,214,873	-	2,214,873
Provision for taxation and zakat	1,051,798	-	1,051,798	382,562	-	382,562
Deferred tax liabilities	676,514	(1,642)	674,872	672,025	(1,392)	670,633
Borrowings	10,714,266	-	10,714,266	7,185,230	-	7,185,230
Subordinated obligations	13,510,041	-	13,510,041	14,160,553	-	14,160,553
Capital securities	6,150,351	-	6,150,351	6,113,761	-	6,113,761
Total liabilities	450,911,936	184,229	451,096,165	415,584,274	162,289	415,746,563
Equity attributable to equity holders of the Bank						
Share capital	8,440,046	-	8,440,046	7,639,437	-	7,639,437
Share premium	15,639,646	-	15,639,646	9,598,847	-	9,598,847
Shares held-in-trust	(102,405)	-	(102,405)	-	-	-
Retained profits	11,115,006	(10,169)	11,104,837	10,393,767	(11,393)	10,382,374
Other reserves	7,136,600	(123,366)	7,013,234	6,824,192	(108,187)	6,716,005
	42,228,893	(133,535)	42,095,358	34,456,243	(119,580)	34,336,663
Non-controlling interests	1,725,464	(6,024)	1,719,440	1,554,320	(5,270)	1,549,050
	43,954,357	(139,559)	43,814,798	36,010,563	(124,850)	35,885,713
Total liabilities and shareholders' equity	494,866,293	44,670	494,910,963	451,594,837	37,439	451,632,276

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(a) The following are reconciliations of statements of financial position of (i) the Group, and (ii) the operations of Islamic Banking Scheme ("IBS") as at 1 January 2012 and as at 31 December 2012 (cont'd.):

(ii) The operations of IBS (Note 57) (Group)	31 December 2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	31 December 2012 (Restated) RM'000	1 January 2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	1 January 2012 (Restated) RM'000
Assets						
Cash and short-term funds	13,026,886	-	13,026,886	8,971,617	-	8,971,617
Deposits and placements with financial institutions	293,552	-	293,552	429,910	-	429,910
Financial assets at fair value through profit or loss	4,098,406	-	4,098,406	2,360,877	-	2,360,877
Financial investments available-for-sale	5,579,110	-	5,579,110	6,232,746	-	6,232,746
Financial investments held-to-maturity	132,982	-	132,982	50,424	-	50,424
Financing and advances	62,230,793	-	62,230,793	52,425,274	-	52,425,274
Derivative assets	48,227	-	48,227	28,198	-	28,198
Other assets	4,891,200	-	4,891,200	4,492,748	-	4,492,748
Statutory deposits with central banks	2,399,000	-	2,399,000	1,834,800	-	1,834,800
Property, plant and equipment	1,808	-	1,808	2,551	-	2,551
Intangible assets	3,117	-	3,117	3,701	-	3,701
Deferred tax assets	199,408	67	199,475	177,369	129	177,498
Total assets	92,904,489	67	92,904,556	77,010,215	129	77,010,344
Liabilities						
Deposits from customers	71,319,635	-	71,319,635	59,090,400	-	59,090,400
Deposits and placements from financial institutions	13,206,242	-	13,206,242	9,449,458	-	9,449,458
Bills and acceptances payable	419,749	-	419,749	504,237	-	504,237
Recourse obligation on financing sold to Cagamas	905,181	-	905,181	1,499,270	-	1,499,270
Derivative liabilities	113,980	-	113,980	96,179	-	96,179
Other liabilities	281,481	268	281,749	193,515	518	194,033
Provision for taxation and zakat	162,043	-	162,043	109,256	-	109,256
Subordinated sukuk	1,010,782	-	1,010,782	1,010,723	-	1,010,723
Total liabilities	87,419,093	268	87,419,361	71,953,038	518	71,953,556
Islamic Banking Capital Funds						
Islamic Banking Funds	863,719	-	863,719	943,296	-	943,296
Share premium	2,687,480	-	2,687,480	2,488,400	-	2,488,400
Retained profits	1,714,988	(11)	1,714,977	1,383,544	(24)	1,383,520
Other reserves	219,209	(190)	219,019	241,937	(365)	241,572
	5,485,396	(201)	5,485,195	5,057,177	(389)	5,056,788
Total liabilities and Islamic Banking Capital Funds	92,904,489	67	92,904,556	77,010,215	129	77,010,344

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(b) The following are reconciliations of income statements of (i) the Group, and (ii) the operations of Islamic Banking Scheme ("IBS") for the financial year ended 31 December 2012:

(i) Group	1.1.2012 to 31.12.2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	Note 2.4(ix) RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Interest income	14,847,018	-	804,691	15,651,709
Interest expense	(6,366,301)	-	11,277	(6,355,024)
Net interest income	8,480,717	-	815,968	9,296,685
Income from Islamic Banking Scheme operations	2,196,259	-	-	2,196,259
	10,676,976	-	815,968	11,492,944
Net income/(loss) from insurance/takaful business	652,445	-	(700,781)	(48,336)
	11,329,421	-	115,187	11,444,608
Non-interest income	5,273,749	-	54,961	5,328,710
Net income	16,603,170	-	170,148	16,773,318
Overhead expenses	(8,158,120)	1,703	(76,002)	(8,232,419)
Operating profit before impairment losses	8,445,050	1,703	94,146	8,540,899
Allowances for impairment losses on loans, advances, financing and other debts, net	(642,711)	-	(36,536)	(679,247)
Allowances for impairment losses on financial investments, net	(60,216)	-	(57,610)	(117,826)
Operating profit	7,742,123	1,703	-	7,743,826
Share of profits in associates and joint ventures	152,476	-	-	152,476
Profit before taxation and zakat	7,894,599	1,703	-	7,896,302
Taxation and zakat	(1,977,306)	(312)	-	(1,977,618)
Profit for the financial year	5,917,293	1,391	-	5,918,684
Attributable to:				
Equity holders of the Bank	5,744,696	1,224	-	5,745,920
Non-controlling interests	172,597	167	-	172,764
	5,917,293	1,391	-	5,918,684

(ii) The operations of IBS (Note 57) (Group)	1.1.2012 to 31.12.2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Income derived from investment of depositors' funds	3,557,278	-	3,557,278
Expenses directly attributable to depositors and Islamic Banking Funds	(69,876)	-	(69,876)
Gross attributable income	3,487,402	-	3,487,402
Writeback of impairment losses on financing and advances	33,701	-	33,701
Total attributable income	3,521,103	-	3,521,103
Income attributable to the depositors	(1,757,225)	-	(1,757,225)
Income attributable to the Group	1,763,878	-	1,763,878
Income derived from investment of Islamic Banking Funds	310,838	-	310,838
	2,074,716	-	2,074,716
Finance cost	(41,913)	-	(41,913)
Overhead expenses	(710,799)	17	(710,782)
Profit before taxation and zakat	1,322,004	17	1,322,021
Taxation	(315,846)	(4)	(315,850)
Zakat	(16,613)	-	(16,613)
Profit for the financial year	989,545	13	989,558

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(c) The following are reconciliations of statements of comprehensive income of (i) the Group, and (ii) the operations of Islamic Banking Scheme ("IBS") for the financial year ended 31 December 2012:

(i) Group	1.1.2012 to 31.12.2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Profit for the financial year	5,917,293	1,391	5,918,684
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial loss	-	(25,082)	(25,082)
Income tax effect	-	7,793	7,793
	-	(17,289)	(17,289)
Items that may be reclassified subsequently to profit or loss			
Net gain on financial investments available-for-sale	52,715	-	52,715
Foreign currency translation	(933,136)	1,189	(931,947)
Income tax effect	(2,522)	-	(2,522)
Changes in other reserves	(547)	-	(547)
	(883,490)	1,189	(882,301)
Other comprehensive loss for the financial year, net of tax	(883,490)	(16,100)	(899,590)
Total comprehensive income for the financial year	5,033,803	(14,709)	5,019,094
Other comprehensive loss for the financial year, attributable to:			
Equity holders of the Bank	(897,033)	(15,179)	(912,212)
Non-controlling interests	13,543	(921)	12,622
	(883,490)	(16,100)	(899,590)
Total comprehensive income for the financial year attributable to:			
Equity holders of the Bank	4,847,663	(13,955)	4,833,708
Non-controlling interests	186,140	(754)	185,386
	5,033,803	(14,709)	5,019,094

(ii) The operations of IBS (Note 57) (Group)	1.1.2012 to 31.12.2012 (As previously stated) RM'000	Note 2.4(vi) RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Profit for the financial year	989,545	13	989,558
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial gain	-	233	233
Income tax effect	-	(58)	(58)
	-	175	175
Items that may be reclassified subsequently to profit or loss			
Net loss on financial investments available-for-sale	(27,049)	-	(27,049)
Foreign currency translation	(33,499)	-	(33,499)
Income tax effect	6,148	-	6,148
	(54,400)	-	(54,400)
Other comprehensive loss for the financial year, net of tax	(54,400)	175	(54,225)
Total comprehensive income for the financial year	935,145	188	935,333

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Significant changes in regulatory requirements

(i) New policy documents on Financial Reporting issued by Bank Negara Malaysia ("BNM")

The Financial Services Act 2013 ("FSA") and the Islamic Financial Services Act 2013 ("IFSA") came into force on 30 June 2013. The FSA and IFSA amalgamate several separate laws to govern the financial sector under a single legislative framework for the conventional and Islamic financial sectors respectively, namely, the Banking and Financial Institutions Act 1989, Islamic Banking Act 1983, Insurance Act 1996, Takaful Act 1984, Payment Systems Act 2003 and Exchange Control Act 1953 which are repealed on 30 June 2013.

Pursuant to the FSA and IFSA, BNM has issued new policy documents on Financial Reporting which set out the financial reporting requirements for both banking institutions (includes conventional and Islamic), insurers and takaful operators. Banking institutions are required to comply with the new policy documents effective on 30 June 2013. While for insurers and takaful operators, the effective date to apply the new policy document is for financial year beginning on and after 30 June 2013, which is for the financial year beginning on 1 January 2014 for Maybank Group insurance and takaful business entities.

The main changes introduced and additional disclosures to be made under the new policy documents are:

- Statement of financial position and statement of comprehensive income for insurance and takaful businesses are required to be disclosed in interim reports and annual reports of banking institutions with insurance and takaful businesses, separately by the life business, family takaful business, general business and general takaful business;
- Presentation for Islamic financing and deposits from customer are required to be broken down by Shariah contracts; and
- Shariah non-compliance reporting is required to be included in the annual report of Islamic banking institutions.

The impact to the Group's and the Bank's financial statements as a result of these new policy documents is mainly additional disclosures which do not have any financial effects to the Group's and the Bank's financial results or financial position for the current financial year. The additional disclosures on insurance and takaful businesses-related information and operations of Islamic Banking Scheme are disclosed in Note 56 and Note 57 respectively.

(ii) *Capital Adequacy Framework (Capital Components)* and *Capital Adequacy Framework for Islamic Banks (Capital Components)* - updated as of 28 November 2012

BNM has released the updated guidelines for *Capital Adequacy Framework (Capital Components)* and *Capital Adequacy Framework for Islamic Banks (Capital Components)* ("the Guidelines") on the computation of capital and capital adequacy ratios for conventional banks and Islamic banks respectively. All banking institutions are required to comply with the Guidelines effective from 1 January 2013 and subject to transitional arrangements, of which the details are disclosed in Note 51.

The Group and the Bank have computed the new capital adequacy ratios for the current financial year in accordance with the Guidelines as disclosed in Note 53. The Group and the Bank are not required to restate their comparative capital adequacy ratios. However, for comparative purposes, the Group and the Bank have disclosed in Note 53(f) the effects on the captial adequacy ratios of the Group and of the Bank for the financial year ended 31 December 2012 had they been computed in accordance with the Guidelines.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, 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 judgments are based on management's best knowledge of current events and actions, actual results may differ. The most significant uses of judgments 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 8, 9, 10 and 42)

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

In carrying out the impairment review, the following management's judgments 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 issuer 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 judgment 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)

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

3.4 Impairment losses on loans, advances and financing (Notes 11 and 41)

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 judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions 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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

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

3.4 Impairment losses on loans, advances and financing (Notes 11 and 41) (cont'd.)

objective evidence but whose effects of which are not yet evident. The collective assessment takes account of data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and judgments on the 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 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 of the investment and the investment's estimated recoverable amounts.

Judgments 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, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

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

<u>Sensitivity to changes in assumptions</u>

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)-(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 judgment which includes analysing the circumstances, the industry and market practice.

3.9 Deferred tax (Note 27) and income taxes (Note 43)

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax 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. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

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.

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

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

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

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

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

(b) General insurance and general takaful businesses

The principal uncertainty in the general insurance and general takaful business arises 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(xxiii).

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 they vary from the projections.

3.11 Defined benefit pension plans

The cost of the defined benefit pension plan and other post employment medical 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.

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

3.11 Defined benefit pension plans (cont'd.)

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).

4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following are standards and interpretations issued by Malaysian Accounting Standard 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 interpretations, 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 November 2009)	To be announced by MASB
MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in October 2010)	To be announced by MASB
MFRS 9 *Financial Instruments* Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)	To be announced by MASB
MFRS 9 *Financial Instruments* (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	To be announced by MASB
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 119 *Employee Benefits* - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)	1 July 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
Annual Improvements to MFRS 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRS 2011 - 2013 Cycle	1 July 2014

MFRS 9 *Financial Instruments*

MFRS 9 reflects the work on the replacement of MFRS 139 and the first phase applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The first phase of the standard was initially effective for annual periods beginning on or after 1 January 2013 but Amendments to MFRS 9: *Mandatory Effective Date of MFRS 9 and Transitional Disclosures*, issued in March 2012, moved the mandatory effective date to 1 January 2015 (see below for the latest amendment on the mandatory effective date). The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have impact on classification and measurement of the Group's financial liabilities.

The new hedge accounting model under phase three of the standard, together with corresponding disclosures about risk management activity under MFRS 7 were developed in response to concerns raised by preparers of financial statements about the difficulty of appropriately reflecting their risk management activities. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The MFRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

As part of the Amendments issued in February 2014, an entity is now allowed to change the accounting for liabilities that it has to measure at fair value, before applying any of the other requirements in MFRS 9. This change in accounting would mean that gains or losses caused by a change in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The Group and the Bank currently do not have any financial liabilities measured at fair value, other than derivatives.

The Amendments in February 2014 also remove the mandatory effective date from MFRS 9. The IASB has decided that a mandatory date of 1 January 2015 would not allow sufficient time for entities to prepare and to apply the new standard because the second phase of the standard, i.e. the impairment methodology phase of IFRS 9 has not yet been completed. On 24 July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9 and that the mandatory effective date should be left open pending finalisation of the impairment and classification and measurement requirements. Nevertheless, IFRS 9 would still be available for early adoption.

The Group and the Bank will assess the financial implications of the new standard when the final standard including all phases are issued.

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 are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of this amendment as the Bank would not be qualified as an investment entity under amendments to MFRS 10.

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

The amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans. 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. However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis). The amendments are effective for annual periods beginning on or after 1 July 2014 with earlier application is permitted. The Group is currently assessing the impact of adopting these amendments.

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". It will be necessary to assess the impact to the Group and the Bank by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

The amendments also clarify the application of the MFRS 132 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Offsetting on the grounds of simultaneous settlement is particularly relevant for the Group and the Bank as to where it engages in large numbers of sale and repurchase transactions. Currently, transactions settled through clearing systems are, in most cases, deemed to achieve simultaneous settlement. While many settlement systems are expected to meet the new criteria, some may not. Any changes in offsetting are expected to impact leverage ratios, regulatory capital requirements, etc. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of these amendments.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

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

The amendments address the unintended consequences of MFRS 13 on the disclosures required under 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. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided MFRS 13 is also applied. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments, except for the additional disclosure requirements.

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. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current financial year. However, the amendments will be considered for future novations, if any.

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. The Group and the Bank do not expect that the interpretation will have material financial impact in future financial statements.

Annual Improvements to MFRS

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

<u>Annual Improvements to MFRS 2010 - 2012 Cycle</u>

(i) MFRS 2 *Share-based Payment*

The amendment to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

(ii) MFRS 3 *Business Combinations*

The amendment to MFRS 3 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 shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in the income statements.

(iii) MFRS 8 *Operating Segments*

The amendment to MFRS 8 requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendment also clarifies that reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

(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 clarify the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as 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 extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

<u>Annual Improvements to MFRS 2011 - 2013 Cycle</u>

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

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 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 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangement for their interests in the joint arrangement.

(iii) MFRS 13 *Fair Value Measurement*

The amendment to MFRS 13 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 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.

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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Cash balances and deposits with financial institutions	**45,573,428**	39,339,075	**29,320,984**	23,153,242
Money at call	**2,493,930**	679,558	**-**	-
	48,067,358	40,018,633	**29,320,984**	23,153,242

The Group's monies held-in-trust for clients as at the reporting date are approximately RM2,224,742,000 (31 December 2012: RM1,567,119,000). These amounts are excluded from the cash and short-term funds of the Group in accordance with FRSIC Consensus 18.

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

		Group		Bank	
	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Licensed banks		**6,175,957**	10,639,290	**15,165,861**	9,230,995
Bank Negara Malaysia		**289,421**	446,215	**244,919**	303,179
Other financial institutions	(a)	**691,371**	863,645	**313,084**	505,825
		7,156,749	11,949,150	**15,723,864**	10,039,999

(a) Included in deposits and placements with other financial institutions which are not available for use by the Group and the Bank due to capital equivalency deposit requirements are as follows:

(i) USD10.0 million (31 December 2012: USD8.0 million) or Ringgit Malaysia equivalent of RM32.8 million (31 December 2012: RM24.5 million) pledged with the New York State Banking Department; and

(ii) USD5.0 million (31 December 2012: USD5.0 million) or Ringgit Malaysia equivalent of RM16.4 million (31 December 2012: RM15.3 million) placed with the National Bank of Cambodia.

The Group's monies held-in-trust for clients as at the reporting date are RM Nil (31 December 2012: RM36,228,000). These amounts are excluded from the deposits and placements with financial institutions of the Group in accordance with FRSIC Consensus 18.

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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Foreign Government Bonds	**20,558**	400,452	**20,558**	400,452
Foreign Government Treasury Bills	**-**	249,862	**-**	249,862
Foreign Government Securities	**-**	147,866	**-**	-
	20,558	798,180	**20,558**	650,314

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

		Group		Bank	
	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Financial assets HFT	8(b)	**81,287**	-	**81,287**	-
Financial investments AFS	9(a)	**4,218,768**	-	**4,218,768**	-
		4,300,055	-	**4,300,055**	-

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

		Group		Bank	
	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Designated upon initial recognition	(a)	**11,177,612**	12,436,881	**-**	-
Held-for-trading	(b)	**7,988,953**	16,719,811	**5,546,091**	10,719,937
		19,166,565	29,156,692	**5,546,091**	10,719,937

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	**284,447**	383,210	**-**	-
Malaysian Government Investment Issues	**1,048,283**	1,015,317	**-**	-
Negotiable Islamic Certificates of Deposits	**237,013**	409,798	**-**	-
	1,569,743	1,808,325	**-**	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**-**	33,024	**-**	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	**-**	57,783	**-**	-
	-	90,807	**-**	-
Unquoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**-**	53,683	**-**	-
Private and Islamic debt securities	**9,375,999**	10,309,201	**-**	-
Structured deposits	**231,870**	174,865	**-**	-
	9,607,869	10,537,749	**-**	-
Total financial assets designated upon initial recognition	**11,177,612**	12,436,881	**-**	-

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	**545,022**	273,752	**545,022**	273,752
Malaysian Government Treasury Bills	**9,701**	-	**9,701**	-
Malaysian Government Investment Issues	**233,270**	86,256	**20,292**	10,098
Bank Negara Malaysia Bills and Notes	**2,096,486**	5,945,044	**2,096,486**	5,945,044
Khazanah Bonds	**44,950**	50,399	**44,950**	50,399
Bank Negara Malaysia Monetary Notes	**1,121,248**	6,945,597	**797,797**	2,897,212
Foreign Government Treasury Bills	**1,127**	-	**1,127**	-
Foreign Government Securities	**418,568**	196,235	**261,875**	-
Foreign Certificates of Deposits	**-**	132,982	**-**	-
Cagamas Bonds	**10,128**	43,781	**10,128**	43,781
Negotiable instruments of deposits	**15,238**	15,389	**-**	-
	4,495,738	13,689,435	**3,787,378**	9,220,286
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**476,290**	412,620	**-**	4,269
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	**158,774**	165,125	**-**	-
	635,064	577,745	**-**	4,269
At fair value				
Unquoted securities:				
Foreign private debt securities	**661,092**	696,590	**487,645**	539,532
Foreign Government Bonds	**204,295**	-	**204,295**	-
Malaysian Government Bonds	**-**	3,235	**-**	3,235
Private and Islamic debt securities in Malaysia	**1,416,190**	1,474,973	**1,066,773**	952,615
Credit linked notes	**386,954**	261,960	**-**	-
Equity linked notes	**-**	7,731	**-**	-
Mutual funds	**-**	8,142	**-**	-
Structured deposits	**189,620**	-	**-**	-
	2,858,151	2,452,631	**1,758,713**	1,495,382
Total financial assets held-for-trading	**7,988,953**	16,719,811	**5,546,091**	10,719,937

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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Private debt securities (Note 7(b))	**81,287**	-	**81,287**	-

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	**5,376,329**	5,121,448	**5,334,570**	5,095,673
Sukuk Bank Negara Malaysia Ijarah	**-**	7,013	**-**	7,013
Cagamas Bonds	**335,958**	323,934	**335,958**	293,349
Foreign Government Securities	**7,123,882**	8,294,004	**4,198,384**	5,602,205
Malaysian Government Treasury Bills	**28,153**	65,113	**28,153**	65,113
Malaysian Government Investment Issues	**12,873,722**	3,783,570	**7,304,355**	1,453,972
Foreign Government Treasury Bills	**8,464,589**	5,170,641	**8,464,589**	4,735,477
Negotiable instruments of deposits	**2,973,885**	1,441,463	**3,991,945**	4,557,768
Bankers' acceptances and Islamic accepted bills	**1,782,763**	1,930,357	**1,756,523**	1,409,568
Khazanah Bonds	**1,764,019**	1,710,195	**1,664,091**	1,530,073
Foreign Certificates of Deposits	**32,292**	69,762	**32,292**	69,762
Bank Negara Malaysia Monetary Notes	-	771,005	**-**	503,994
	40,755,592	28,688,505	**33,110,860**	25,323,967
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**2,605,959**	2,470,261	**85,400**	77,318
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	**271,424**	267,440	**8,112**	15,045
	2,877,383	2,737,701	**93,512**	92,363
At fair value, or at cost for certain unquoted equity instruments, less impairment losses				
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	**696,820**	636,886	**379,536**	382,884
Shares, trust units and loan stocks outside Malaysia	**8,247**	15,703	**6,026**	5,711
Private and Islamic debt securities in Malaysia	**15,826,042**	14,216,359	**9,945,610**	8,343,202
Malaysian Government Bonds	**1,049,980**	387,805	**857,172**	202,172
Foreign Government Bonds	**5,526,754**	1,263,050	**5,442,869**	1,181,207
Foreign private and Islamic debt securities	**16,038,018**	12,818,785	**14,697,212**	11,834,803
Structured deposits	**58,086**	27,580	**-**	-
	39,203,947	29,366,168	**31,328,425**	21,949,979
Total financial investments available-for-sale	**82,836,922**	60,792,374	**64,532,797**	47,366,309

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Private debt securities (Note 7(b))	**4,218,768**	-	**4,218,768**	-

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within one year	**16,115,140**	10,338,873	**14,248,311**	10,748,690
One year to three years	**4,948,077**	5,286,828	**2,596,147**	5,365,690
Three years to five years	**2,396,680**	3,452,308	**3,619,369**	2,704,568
After five years	**17,295,695**	9,610,496	**12,647,033**	6,505,019
	40,755,592	28,688,505	**33,110,860**	25,323,967

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At amortised cost less impairment losses				
Money market instruments:				
Malaysian Government Securities	**337,658**	101,423	**337,551**	101,314
Foreign Government Securities	**376,652**	303,894	**-**	-
Foreign Government Treasury Bills	**468,262**	-	**-**	-
Malaysian Government Investment Issues	**1,362,378**	40,907	**1,362,378**	40,907
Foreign Certificates of Deposits	**91,260**	-	**-**	-
Khazanah Bonds	**813,573**	784,033	**813,573**	784,033
	3,449,783	1,230,257	**2,513,502**	926,254
At amortised cost less impairment losses				
Unquoted securities:				
Private and Islamic debt securities in Malaysia	**2,113,241**	1,578,372	**2,795,425**	1,578,338
Foreign Government Bonds	**122,425**	70,246	**62,220**	69,993
Foreign private and Islamic debt securities	**16,500**	22,954	**-**	-
Others	**2,044**	2,044	**2,044**	2,044
	2,254,210	1,673,616	**2,859,689**	1,650,375
Accumulated impairment losses	**(35,819)**	(33,105)	**(19,094)**	(19,780)
Total financial investments held-to-maturity	**5,668,174**	2,870,768	**5,354,097**	2,556,849

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Money market instruments:				
Malaysian Government Securities	**334,936**	100,231	**334,936**	100,120
Foreign Government Securities	**362,654**	293,782	**-**	-
Foreign Government Treasury Bills	**468,210**	-	**-**	-
Malaysian Government Investment Issues	**1,336,873**	40,564	**1,336,770**	40,564
Foreign Certificates of Deposits	**91,260**	-	**-**	-
Khazanah Bonds	**808,025**	789,183	**808,025**	789,183
Unquoted securities:				
Private and Islamic debt securities in Malaysia	**2,089,136**	1,566,887	**2,771,319**	1,566,854
Foreign Government Bonds	**122,426**	70,246	**62,220**	69,992
Foreign private and Islamic debt securities	**13,773**	22,954	**-**	-
Others	**2,044**	2,044	**2,044**	2,044

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within one year	**768,180**	405,208	**40,676**	101,314
One year to three years	**311,689**	40,907	**180,266**	40,907
Three years to five years	**544,941**	174,037	**544,941**	174,037
After five years	**1,824,973**	610,105	**1,747,619**	609,996
	3,449,783	1,230,257	**2,513,502**	926,254

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Overdrafts/cashline	**17,765,336**	16,805,906	**10,935,875**	10,846,799
Term loans:				
- Housing loans/financing	**88,740,412**	67,536,750	**40,332,480**	36,797,266
- Syndicated loans/financing	**25,671,242**	23,784,574	**22,323,927**	20,055,951
- Hire purchase receivables*	**52,431,837**	52,768,286	**22,830,752**	26,773,064
- Lease receivables	**20,929**	18,952	**3,272**	3,272
- Other loans/financing	**181,341,680**	140,635,475	**94,617,421**	86,136,841
Credit card receivables	**6,509,680**	6,141,586	**5,514,077**	5,193,373
Bills receivables	**5,216,010**	5,239,068	**5,135,423**	5,123,928
Trust receipts	**3,835,055**	3,025,183	**2,986,724**	2,457,392
Claims on customers under acceptance credits	**11,310,833**	11,591,582	**6,890,688**	7,885,049
Loans/financing to financial institutions (Note 11(x))	**4,337,601**	3,498,525	**12,105,137**	3,137,467
Revolving credits	**32,981,166**	27,321,888	**20,172,891**	16,902,982
Staff loans	**2,777,136**	2,504,766	**1,078,108**	1,173,765
	432,938,917	360,872,541	**244,926,775**	222,487,149
Loans to:				
- Executive directors of subsidiaries	**4,495**	3,633	**346**	89
Others	**2,673,826**	2,384,062	**-**	-
	435,617,238	363,260,236	**244,927,121**	222,487,238
Unearned interest and income	**(74,237,088)**	(45,461,972)	**(2,568,362)**	(3,188,888)
Gross loans, advances and financing	**361,380,150**	317,798,264	**242,358,759**	219,298,350
Allowances for impaired loans, advances and financing:				
- Individual allowance	**(1,939,320)**	(2,228,535)	**(1,502,010)**	(1,719,455)
- Collective allowance	**(3,823,303)**	(3,744,994)	**(2,885,470)**	(2,726,849)
Net loans, advances and financing	**355,617,527**	311,824,735	**237,971,279**	214,852,046

* The hire purchase receivables of a subsidiary of RM957,994,000 (31 December 2012: RM986,037,000) 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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Domestic banking institutions	**1,912**	32,783	**7,320,684**	32,783
Domestic non-banking financial institutions:				
- Stockbroking companies	**364**	328	**364**	328
- Others	**16,199,389**	13,945,361	**14,354,628**	11,984,198
Domestic business enterprises:				
- Small and medium enterprises	**67,988,292**	58,977,824	**50,143,013**	44,736,984
- Others	**75,691,335**	71,497,651	**52,282,888**	50,738,758
Government and statutory bodies	**8,745,359**	6,127,317	**2,433,691**	2,541,100
Individuals	**159,668,593**	140,187,914	**90,745,812**	89,603,634
Other domestic entities	**3,553,363**	2,693,646	**348,604**	240,043
Foreign entities	**29,531,543**	24,335,440	**24,729,075**	19,420,522
Gross loans, advances and financing	**361,380,150**	317,798,264	**242,358,759**	219,298,350

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Malaysia	**224,392,074**	201,304,578	**145,129,943**	139,271,620
Singapore	**81,162,326**	68,857,389	**80,410,679**	68,234,190
Indonesia	**28,576,749**	26,319,888	**-**	-
Labuan Offshore	**6,799,926**	5,157,739	**1,551,035**	-
Hong Kong SAR	**9,310,531**	7,130,389	**9,126,352**	7,039,787
United States of America	**954,907**	1,014,176	**954,445**	1,013,744
People's Republic of China	**2,796,912**	1,448,137	**2,796,912**	1,448,137
Vietnam	**388,768**	409,880	**340,355**	379,544
United Kingdom	**1,397,833**	1,315,839	**1,397,754**	1,315,781
Brunei	**318,179**	288,102	**318,179**	288,102
Cambodia	**895,358**	732,966	**-**	-
Bahrain	**287,965**	307,445	**287,965**	307,445
Philippines	**2,781,552**	2,396,795	**-**	-
Papua New Guinea	**167,495**	152,330	**-**	-
Thailand	**1,072,617**	934,561	**-**	-
Laos	**45,140**	-	**45,140**	-
Others	**31,818**	28,050	**-**	-
Gross loans, advances and financing	**361,380,150**	317,798,264	**242,358,759**	219,298,350

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Fixed rate:				
- Housing loans/financing	**13,906,768**	11,752,382	**11,221,554**	8,777,190
- Hire purchase receivables	**46,181,266**	43,062,478	**21,015,764**	23,746,588
- Other fixed rate loans/financing	**56,572,652**	50,705,753	**41,692,920**	34,011,928
Variable rate:				
- Base lending rate plus	**129,042,645**	113,308,022	**89,281,956**	87,141,642
- Cost plus	**48,681,566**	42,241,585	**43,204,043**	37,316,635
- Other variable rates	**66,995,253**	56,728,044	**35,942,522**	28,304,367
Gross loans, advances and financing	**361,380,150**	317,798,264	**242,358,759**	219,298,350

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Purchase of securities	**31,545,546**	25,836,241	**12,824,405**	13,308,681
Purchase of transport vehicles	**47,901,056**	44,540,248	**20,865,446**	23,287,778
Purchase of landed properties:				
- Residential	**65,773,530**	57,851,502	**48,640,714**	44,803,229
- Non-residential	**29,271,455**	23,967,059	**24,169,305**	20,748,526
Purchase of fixed assets (excluding landed properties)	**4,692,156**	4,350,342	**4,609,831**	4,298,286
Personal use	**8,137,882**	7,786,900	**6,285,258**	6,334,909
Credit card	**6,717,193**	6,433,326	**5,726,412**	5,450,367
Purchase of consumer durables	**452,606**	316,948	**451,881**	316,338
Constructions	**13,206,415**	13,913,607	**9,526,319**	10,878,595
Mergers and acquisitions	**3,922,495**	3,989,396	**3,922,495**	3,989,396
Working capital	**126,731,269**	111,828,565	**90,334,005**	75,121,156
Others	**23,028,547**	16,984,130	**15,002,688**	10,761,089
Gross loans, advances and financing	**361,380,150**	317,798,264	**242,358,759**	219,298,350

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within one year	**103,617,415**	87,158,292	**77,819,709**	66,393,924
One year to three years	**48,189,831**	44,301,625	**36,423,888**	32,875,684
Three years to five years	**50,776,490**	44,782,443	**35,223,650**	28,706,237
After five years	**158,796,414**	141,555,904	**92,891,512**	91,322,505
Gross loans, advances and financing	**361,380,150**	317,798,264	**242,358,759**	219,298,350

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

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Gross impaired loans at 1 January	**5,654,352**	8,036,844	**4,162,301**	6,245,836
Newly impaired	**4,485,865**	4,154,947	**2,687,492**	2,651,324
Reclassified as non-impaired	**(1,260,300)**	(2,144,303)	**(661,304)**	(1,509,585)
Amount recovered	**(1,840,674)**	(2,106,649)	**(1,270,299)**	(1,691,603)
Amount written off	**(1,579,965)**	(2,291,938)	**(1,105,782)**	(1,533,675)
Converted to financial investments available-for-sale	**(152,544)**	(13,792)	**(152,544)**	(13,792)
Exchange differences and expenses debited	**54,169**	21,457	**116,967**	53,289
Disposal of subsidiaries	**-**	(2,214)	**-**	-
Transferred to a subsidiary	**-**	-	**-**	(39,493)
Gross impaired loans at 31 December	**5,360,903**	5,654,352	**3,776,831**	4,162,301
Less: Individual allowance	**(1,939,320)**	(2,228,535)	**(1,502,010)**	(1,719,455)
Net impaired loans, advances and financing at 31 December	**3,421,583**	3,425,817	**2,274,821**	2,442,846
Calculation of ratio of net impaired loans:				
Gross loans, advances and financing	**361,380,150**	317,798,264	**242,358,759**	219,298,350
Less: Individual allowance	**(1,939,320)**	(2,228,535)	**(1,502,010)**	(1,719,455)
Net loans, advances and financing	**359,440,830**	315,569,729	**240,856,749**	217,578,895
Ratio of net impaired loans	**0.95%**	1.09%	**0.94%**	1.12%

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Purchase of securities	**66,448**	69,999	**31,499**	39,201
Purchase of transport vehicles	**227,798**	228,932	**96,811**	88,835
Purchase of landed properties:				
- Residential	**454,877**	566,412	**343,461**	464,062
- Non-residential	**119,014**	139,013	**95,277**	86,285
Purchase of fixed assets (excluding landed properties)	**346**	-	**-**	-
Personal use	**120,696**	121,789	**49,749**	76,925
Credit card	**76,022**	77,528	**49,433**	58,058
Purchase of consumer durables	**8**	232	**6**	230
Constructions	**197,055**	227,472	**153,846**	136,180
Working capital	**3,542,034**	3,504,561	**2,549,415**	2,697,689
Others	**556,605**	718,414	**407,334**	514,836
	5,360,903	5,654,352	**3,776,831**	4,162,301

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Malaysia	**3,795,548**	4,007,515	**3,258,707**	3,469,194
Singapore	**243,157**	363,344	**229,187**	289,364
Indonesia	**797,355**	572,768	**-**	-
Labuan Offshore	**46,349**	138,160	**-**	-
Hong Kong SAR	**17,601**	16,367	**16,706**	15,531
United States of America	**462**	431	**-**	-
People's Republic of China	**1,598**	-	**1,598**	-
Vietnam	**15,437**	19,051	**15,437**	19,051
United Kingdom	**241,583**	277,477	**241,583**	277,477
Brunei	**6,567**	2,107	**6,567**	2,107
Cambodia	**52,689**	31,653	**-**	-
Bahrain	**7,046**	89,577	**7,046**	89,577
The Philippines	**80,933**	83,971	**-**	-
Papua New Guinea	**754**	-	**-**	-
Thailand	**25,478**	25,486	**-**	-
Others	**28,346**	26,445	**-**	-
	5,360,903	5,654,352	**3,776,831**	4,162,301

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Individual allowance				
At 1 January	**2,228,535**	2,813,107	**1,719,455**	2,102,421
Allowance made (Note 41)	**920,763**	1,172,015	**722,580**	985,402
Amount written back (Note 41)	**(324,954)**	(437,932)	**(270,734)**	(368,351)
Amount written off	**(872,595)**	(1,222,716)	**(678,686)**	(904,764)
Transferred to collective allowance	**(13,663)**	(60,216)	**(12,001)**	(57,882)
Disposal of subsidiaries	**-**	(2,720)	**-**	-
Transferred to a subsidiary	**-**	-	**-**	(36,822)
Exchange differences	**1,234**	(33,003)	**21,396**	(549)
At 31 December	**1,939,320**	2,228,535	**1,502,010**	1,719,455
Collective allowance				
At 1 January	**3,744,994**	4,169,974	**2,726,849**	3,097,366
Allowance made (Note 41)	**845,532**	628,222	**550,371**	205,091
Amount written back (Note 41)	**(37,769)**	-	**-**	-
Amount written off	**(707,370)**	(1,069,222)	**(427,096)**	(628,911)
Transferred from individual allowance	**13,663**	60,216	**12,001**	57,882
Transferred to a subsidiary	**-**	-	**-**	(5,488)
Exchange differences	**(35,747)**	(44,196)	**23,345**	909
At 31 December	**3,823,303**	3,744,994	**2,885,470**	2,726,849
As a percentage of total loans, less individual allowance	**1.06%**	1.19%	**1.20%**	1.25%
As a percentage of total risk-weighted assets for credit risk	**1.42%**	1.52%	**1.44%**	1.50%

(x) Included in the Bank's loans/financing to financial institutions are the financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM8,336.3 million (31 December 2012: RM685.0 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.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Bank		
	Principal	<---------Fair Values--------->		Principal	<---------Fair Values--------->	
As at 31.12.2013	Amount RM'000	Assets RM'000	Liabilities RM'000	Amount RM'000	Assets RM'000	Liabilities 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)
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)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

	Group			Bank		
	Principal	<---------Fair Values--------->		Principal	<---------Fair Values--------->	
As at 31.12.2013 (cont'd.)	Amount RM'000	Assets RM'000	Liabilities RM'000	Amount RM'000	Assets RM'000	Liabilities RM'000
Hedging derivatives						
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)**
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)**
Total	**263,286,666**	**3,944,692**	**(3,937,380)**	**258,724,676**	**3,760,133**	**(3,632,464)**

	Group			Bank		
	Principal	<---------Fair Values--------->		Principal	<---------Fair Values--------->	
As at 31.12.2012	Amount RM'000	Assets RM'000	Liabilities RM'000	Amount RM'000	Assets RM'000	Liabilities 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)
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)

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

As at 31.12.2012 (cont'd.)	Group Principal Amount RM'000	Group Fair Values Assets RM'000	Group Fair Values Liabilities RM'000	Bank Principal Amount RM'000	Bank Fair Values Assets RM'000	Bank Fair Values Liabilities RM'000
Trading derivatives (cont'd.)						
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)	-	-	-
Hedging derivatives						
Interest rate related contracts						
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)
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)
Total	216,301,379	2,880,492	(2,376,979)	203,311,252	2,812,148	(2,243,617)

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 Principal Amount RM'000	Group Fair Values Assets RM'000	Group Fair Values Liabilities RM'000	Bank Principal Amount RM'000	Bank Fair Values Assets RM'000	Bank Fair Values Liabilities RM'000
As at 31.12.2013						
Interest rate swaps	**1,438,173**	**-**	**(47,830)**	**1,438,173**	**-**	**(47,830)**
As at 31.12.2012						
Interest rate swaps	1,569,011	-	(102,114)	1,569,011	-	(102,114)

Fair value hedges

Fair value hedges are used by the Group and the Bank to protect them 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 2013, the Group and the Bank:

(i) recognised a net gain of RM55,853,000 (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 RM48,359,000 (1 January 2012 to 31 December 2012: RM32,279,000); and

(ii) derecognised fair value of hedging instruments of RM4,253,000 (31 December 2012: RM1,846,000) due to the derecognition of the hedged items.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

13. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES

Group	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Reinsurance/retakaful assets (Note 23)	(i)	**1,931,810**	1,983,432
Other insurance receivables	(ii)	**418,185**	572,295
		2,349,995	2,555,727

(i) Reinsurance/retakaful assets

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Reinsurers' share of:	**1,710,694**	1,691,546
Life insurance contract liabilities	**27,648**	33,813
General insurance contract liabilities	**1,683,046**	1,657,733
Retakaful operators' share of:	**221,116**	291,886
Family takaful certificate liabilities	**15,818**	18,521
General takaful certificate liabilities	**205,298**	273,365
	1,931,810	1,983,432

(ii) Other insurance receivables

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Due premium including agents/brokers and co-insurers balances	**404,982**	399,170
Due from reinsurers and cedants/retakaful operators	**115,108**	281,395
	520,090	680,565
Allowance for impairment losses	**(101,905)**	(108,270)
	418,185	572,295

14. OTHER ASSETS

	Note	Group		Bank	
		As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Other debtors	(a)	**5,989,578**	4,038,562	**4,862,054**	2,528,814
Amount due from brokers and clients		**1,536,260**	2,001,113	**-**	-
Development properties for sale	(b)	**75,251**	60,287	**-**	-
Prepayments and deposits		**787,472**	469,615	**421,354**	148,248
Tax recoverable		**27,253**	1,070	**-**	-
Foreclosed properties		**90,104**	109,610	36,029	36,001
		8,505,918	6,680,257	**5,319,437**	2,713,063

(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 RM812,108,000 (31 December 2012: RM720,134,000).

(b) Development properties for sale

Group As at 31.12.2013	Freehold Land RM'000	Cumulative Property Development Costs RM'000	Total RM'000
At costs			
At 1 January 2013	**60,287**	**-**	**60,287**
Cost of real estate sold	**16,230**	**-**	**16,230**
Reversal of completed projects	**(710)**	**-**	**(710)**
Exchange differences	**(556)**	**-**	**(556)**
At 31 December 2013	**75,251**	**-**	**75,251**

14. OTHER ASSETS (CONT'D.)

(b) Development properties for sale (cont'd.)

Group As at 31.12.2012	Freehold Land RM'000	Cumulative Property Development Costs RM'000	Total RM'000
At costs			
At 1 January 2012	220,110	227,905	448,015
Cost incurred during the financial year	-	26,136	26,136
Cost of real estate sold	(3,323)	-	(3,323)
Reversal of completed projects	(162,022)	(259,381)	(421,403)
Exchange differences	5,522	5,340	10,862
At 31 December 2012	60,287	-	60,287

(i) No borrowing costs were capitalised during the current financial year ended 31 December 2013. In prior financial year ended 31 December 2012, borrowing costs of approximately RM1,225,000 arising from financing specifically entered into for the development of properties for sale were capitalised and included in the development properties for sale, representing a capitalisation rate of 2.27% per annum.

(ii) Details of development properties are as follows:

	Tenure of land	Expected completion date	Site area/ gross floor area (sq metres)	Group's effective interest in the property
Tribeca Private Residences comprising of 15 Towers	Freehold	2028	97,504/150,000	24%
Beacon Heights A residential development comprising 212 units of condominium apartments in Singapore	Freehold	Note (a)	5,903/19,164	Nil

Note (a): Beacon Heights condominium obtained temporary occupation permit in May 2012.

15. INVESTMENT PROPERTIES

Group At fair value	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January	**572,662**	542,477
Addition	**2,042**	-
Fair value adjustments (Note 39)	**2,553**	48,639
Transferred from/(to) property, plant and equipment (Note 19)	**6,000**	(2,528)
Disposal of subsidiaries	**-**	(17,004)
Disposal	**-**	(281)
Exchange differences	**-**	1,359
At 31 December	**583,257**	572,662

The following investment properties are held under lease terms:

Group At fair value	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Leasehold land	**55,500**	92,900
Buildings	**53,071**	56,118
	108,571	149,018

The Group has no restrictions on the realisability of its investment properties and 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 has been determined based on valuation that reflects market conditions at the end of the reporting period. Valuations were performed by an accredited independent valuer. The valuations were mainly based on comparison method that makes reference to comparable properties which have been sold or being offered for sale.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

16. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Note	Group As at 31.12.2013 RM'000	Group As at 31.12.2012 RM'000	Bank As at 31.12.2013 RM'000	Bank As at 31.12.2012 RM'000
With Bank Negara Malaysia	(a)	**7,870,205**	7,109,205	**4,786,100**	4,710,100
With other central banks	(b)	**5,872,669**	5,189,157	**2,541,896**	2,178,816
		13,742,874	12,298,362	**7,327,996**	6,888,916

(a) The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with paragraph 100(r) 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 31.12.2013 RM'000	As at 31.12.2012 RM'000
Unquoted shares, at cost		
- In Malaysia	**21,098,436**	19,532,692
- Outside Malaysia	**1,522,880**	1,217,579
	22,621,316	20,750,271
Less: Accumulated impairment losses	**(3,115,802)**	(3,115,802)
	19,505,514	17,634,469

(a) **Disposal of Maybank Private Equity Sdn. Bhd. (formerly known as Maybank Ventures Sdn. Bhd.) ("MPE") to Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad) ("MAMG")**

On 2 January 2013, Maybank and Maybank Investment Bank Berhad, a wholly-owned subsidiary of the Bank, completed the disposal of MPE to MAMG. The transaction comprised of the sale of 14,000,000 ordinary shares in MPE, representing 100% of the issued and paid-up capital of MPE for a total cash consideration of RM15.7 million.

(b) **Capital injection into Maybank Philippines, Incorporated ("MPI")**

On 4 January 2013, the Bank injected additional capital of USD100.0 million (or equivalent amount of approximately RM305.3 million) to support MPI's expansion plan.

(c) **Subscription of MAMG's rights issue**

The details of subscription of rights issue are as follows:

(i) On 19 March 2013, the Bank subscribed to the first stage of rights issue of 10,001 new ordinary shares of RM1.00 each, issued by MAMG, at an issue price of RM4,099.59 per ordinary share for a total cash consideration of RM41.0 million.

(ii) On 21 August 2013, the Bank subscribed to the second stage of rights issue of 10,001 new ordinary shares of RM1.00 each, issued by MAMG, at an issue price of RM3,029.70 per ordinary share for a total cash consideration of RM30.3 million.

The purpose of subscription of rights issue is to support MAMG's acquisition activities and incorporation of a new entity, as part of the realignment and restructuring exercise of the Asset Management Group, to meet regulatory requirement and for working capital purposes.

(d) **Establishment of Maybank Shared Services Sdn. Bhd. ("MSS")**

On 21 May 2013, the Bank completed the establishment of MSS, a wholly-owned subsidiary of the Bank. On 1 July 2013, the Bank injected equity capital of RM5,000,000 via the subscription of 5,000,000 new ordinary shares of RM1.00 each.

The objective of establishing MSS is to provide IT shared services to Maybank Group. MSS will act as a vehicle to develop, maintain and standardise the Maybank Group's IT systems across the region.

(e) **Acquisition of PT Maybank GMT Asset Management (formerly known as PT GMT Aset Manajemen) ("Maybank GMT")**

On 26 August 2013, Maybank Asset Management Sdn. Bhd. ("MAM"), an indirect wholly-owned subsidiary of the Bank through 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 ("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.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(e) Acquisition of PT Maybank GMT Asset Management (formerly known as PT GMT Aset Manajemen) ("Maybank GMT") (cont'd.)

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

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. The results of the valuation have not been received as at the reporting date.

Fair values upon consolidation of Maybank GMT will be subject to further review during the 12 months period from 26 August 2013, being the effective date of consolidation.

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

On 30 August 2013, the Bank injected additional capital of RM454.8 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 55(g).

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

(i) On 27 September 2013, the Bank subscribed to rights issue of 13,272,000 new ordinary shares of RM1.00 each issued by MIB, at an issue price of RM9.40 per ordinary share for a total consideration of RM124.8 million.

(ii) On 29 November 2013, the Bank subscribed to rights issue of 72,996,000 new ordinary shares of RM1.00 each issued by MIB, at an issue price of RM13.70 per ordinary share for a total consideration of RM1.0 billion.

Details of the rights issue are disclosed in Note 55(i).

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

As part of an internal restructuring exercise within the Maybank Kim Eng Holdings Limited ("MKEH") group of companies, all assets and liabilities as at 25 October 2013 (the "Closing Date") 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 include 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 Philippines Peso ("Php") 3.3298 per share. As a consequence of the foregoing, the current businesses of Maybank ATRKE Financial have 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	38	(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)

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

On 18 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 Kim Eng 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 Kim Eng Asset Management, Inc. ("ATRAM").

ATRKE AMG and ATRAM cease to be indirect subsidiaries of Maybank, although MATRKECP continues 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	38	(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

(j) Placement of 500,000 new ordinary shares in Dourado Tora Holdings Sdn. Bhd. ("DTSB")

On 22 November 2013, the Bank undertook a placement of 500,000 new ordinary shares of RM1.00 each in DTSB, a subsidiary of the Bank, at an issue price of RM91.41 per ordinary share for a total cash consideration of RM45.7 million.

(k) Disposal of Non-Redeemable Preference Shares ("NRPS") held in Maybank Ageas Holdings Berhad ("MAHB") to Etiqa International Holdings Sdn. Bhd. ("EIHSB")

On 31 December 2013, the Bank transferred 8,682,815 of RM1.00 each NRPS to EIHSB, a wholly-owned subsidiary of the Bank for a total consideration of RM126.0 million.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(l) In the previous financial year ended 31 December 2012, MKEH, a wholly-owned subsidiary of Maybank IB Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Bank, acquired a call option over 15,435,000 ordinary and paid-up shares of par value Vietnam Dong ("VND") 10,000 each in KEVS ("Call Option"), representing approximately 51.45% of the charter capital of KEVS ("Option Shares") from the local founding shareholders of KEVS for a total cash consideration of VND308.7 billion (or approximately RM45.38 million based on the prevailing exchange rate of RM1:VND6,803 as at 10 May 2012).

The Group has accounted for the acquisition of KEVS on a provisional basis as the purchase price allocation ("PPA") exercise and the valuation for the identifiable assets and liabilities owned by KEVS was still on-going as of 31 December 2012.

During the financial year ended 31 December 2013, the PPA exercise has been completed and there were no changes between the provisional PPA amounts as compared to the finalised PPA amounts as shown below:

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

	Note	Recognised acquisition values RM'000
Assets		
Cash and short-term funds		1,360
Financial assets at fair value through profit or loss		3
Financial investments available-for-sale		337
Trade and other receivables		191,097
Property, plant and equipment	19	2,120
Deferred tax assets	27	335
		195,252
Liabilities		
Trade and other payables		(124,889)
Provision for taxation		(268)
Borrowings		(19,689)
		(144,846)
Net identifiable assets		50,406
Gain on disposal of associates	38	(8,989)
Transferred from shareholders' equity		
- Foreign currency translation		(10,156)
- Net loss of financial investments available-for-sale		(149)
- Other reserves		562
Interest in associates		(25,031)
		(43,763)
Goodwill on acquisition	20	42,393
Cash and short-term funds paid on acquisition		49,036
Less: Cash of subsidiary acquired		(1,360)
Net cash outflow on acquisition		47,676

(m) In the previous financial year ended 31 December 2012, the Bank announced that AsianLife & General Assurance Corporation ("ALGA"), an indirect subsidiary of the Bank, had entered into a share purchase agreement with STI Investments, Inc. for the disposal of 12,249,999,986 fully paid common shares of ALGA, representing approximately 70% of the total outstanding common shares of ALGA for a total consideration of Php428.4 million (or approximately RM31.0 million based on the prevailing exchange rate of RM1:Php13.81 as at 17 May 2012), which is approximately 1.5 times the book value of ALGA as at 31 December 2011.

The disposal had the following effects on the statement of financial position of the Group as at 31 December 2012:

	Note	Effects of disposal RM'000
Total assets (including goodwill)		121,691
Total liabilities		(81,033)
Identifiable net assets		40,658
Less: Non-controlling interests		(7,397)
Identifiable net assets disposed		33,261
Gain on disposal of subsidiary	38	806
Transferred from shareholders' equity		
- Foreign currency translation		11
Cash proceeds from disposal		34,078
Less: Cash and short-term funds of subsidiary disposed		(9,173)
Net cash inflow on disposal		24,905

(n) 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 58(a).

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(n) Details and financial information of subsidiaries that have material non-controlling interests are as follows (cont'd.):

The summarised financial information of EIH and MKEH are disclosed as follows (cont'd):

Summarised income statements:	EIH 1.1.2013 to 31.12.2013 RM'000	EIH 1.1.2012 to 31.12.2012 RM'000	MKEH 1.1.2013 to 31.12.2013 RM'000	MKEH 1.1.2012 to 31.12.2012 RM'000
Interest income	**937,468**	869,968	**174,097**	132,471
Interest expense	**(10,184)**	-	**(58,713)**	(36,981)
Net interest income	**927,284**	869,968	**115,384**	95,490
Net income/(loss) from insurance/takaful business	**146,913**	(164,630)	**23,884**	39,213
Non-interest income	**291,032**	591,443	**832,319**	632,852
Net income	**1,365,229**	1,296,781	**971,587**	767,555
Overhead expenses	**(601,344)**	(548,763)	**(706,162)**	(628,613)
Operating profit before impairment losses	**763,885**	748,018	**265,425**	138,942
(Allowances for)/write back of impairment losses on loans, advances, financing and other debts, net	**7,521**	(29,683)	**(21,412)**	(11,430)
Allowances for impairment losses on financial investments, net	**(13,366)**	(63,171)	**-**	-
Operating profit	**758,040**	655,164	**244,013**	127,512
Share of profits in associates	**864**	517	**738**	1,683
Profit before taxation and zakat	**758,904**	655,681	**244,751**	129,195
Taxation and zakat	**(165,375)**	(179,938)	**(56,377)**	(39,400)
Profit for the financial year	**593,529**	475,743	**188,374**	89,795
Attributable to:				
Equity holders of the Bank	**409,832**	325,406	**163,482**	71,612
Non-controlling interests	**183,697**	150,337	**24,892**	18,183
	593,529	475,743	**188,374**	89,795

Summarised statements of financial position:	EIH As at 31.12.2013 RM'000	EIH As at 31.12.2012 RM'000	MKEH As at 31.12.2013 RM'000	MKEH As at 31.12.2012 RM'000
Total assets	**28,335,614**	27,545,938	**5,272,817**	5,381,862
Total liabilities	**(23,887,472)**	(23,340,948)	**(3,133,508)**	(2,899,934)
Total equity	**4,448,142**	4,204,990	**2,139,309**	2,481,928
Attributable to:				
Equity holders of the Bank	**3,076,456**	2,858,564	**2,029,481**	2,284,108
Non-controlling interests	**1,371,686**	1,346,426	**109,828**	197,820
	4,448,142	4,204,990	**2,139,309**	2,481,928

Summarised cash flow statements:	EIH 1.1.2013 to 31.12.2013 RM'000	EIH 1.1.2012 to 31.12.2012 RM'000	MKEH 1.1.2013 to 31.12.2013 RM'000	MKEH 1.1.2012 to 31.12.2012 RM'000
Operating activities	**(201,761)**	96,636	**94,691**	(85,189)
Investing activities	**(34,237)**	7,121	**68,459**	3,302
Financing activities	**349,856**	(100,001)	**(99,670)**	119,421
Net increase in cash and cash equivalents	**113,858**	3,756	**63,480**	37,534

(o) Details of subsidiaries of the Bank are disclosed in Note 58(a).

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

18. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Equity interest				
Unquoted shares, at cost	**532,641**	479,073	**476,851**	475,100
Quoted shares, at cost	**2,864,864**	2,864,864	**-**	-
Unquoted foreign mandatory convertible private debt securities	**-**	19,038	**-**	19,038
Exchange differences	**(1,041,851)**	(1,040,729)	**-**	-
	2,355,654	2,322,246	**476,851**	494,138
Share of post-acquisition reserves	**470,693**	253,950	**-**	-
	2,826,347	2,576,196	**476,851**	494,138
Less: Accumulated impairment losses	**(361,006)**	(353,337)	**(25,333)**	(50,000)
	2,465,341	2,222,859	**451,518**	444,138
Other interest in associates				
Unquoted foreign private debt securities	**-**	12,374	**-**	12,374
	2,465,341	2,235,233	**451,518**	456,512
Market value of quoted shares	**1,769,595**	1,112,093	**-**	-

(a) The carrying amount of interest in joint ventures of the Group amounting to approximately RM11,762,000 (31 December 2012: RM1,216,000) 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	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
1.1.2013 to 31.12.2013				
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**
Net income from insurance business	**-**	**-**	**3,279**	**3,279**
	1,176,285	**179,199**	**15,590**	**1,371,074**
Non-interest income	**354,347**	**39,583**	**27,567**	**421,497**
Net 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**
Write back of/(allowances for) impairment losses on loans, advances and financing	**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**

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	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
1.1.2012 to 31.12.2012				
Interest income	2,274,392	689,068	12,950	2,976,410
Interest expense	(902,565)	(444,038)	(3,762)	(1,350,365)
Net interest income	1,371,827	245,030	9,188	1,626,045
Net income from insurance business	-	-	6,084	6,084
	1,371,827	245,030	15,272	1,632,129
Non-interest income	318,103	20,368	30,270	368,741
Net income	1,689,930	265,398	45,542	2,000,870
Overhead expenses	(661,131)	(149,883)	(26,486)	(837,500)
Operating profit before impairment losses	1,028,799	115,515	19,056	1,163,370
Allowances for impairment losses on loans, advances and financing	(18,207)	(19,161)	(271)	(37,639)
Operating profit	1,010,592	96,354	18,785	1,125,731
Share of profits in associates	10,828	-	-	10,828
Profit before taxation	1,021,420	96,354	18,785	1,136,559
Taxation	(357,497)	(24,088)	(777)	(382,362)
Profit for the financial year	663,923	72,266	18,008	754,197
Group's share of profits for the financial year	132,785	14,453	5,238	152,476

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 31.12.2013				
Current assets	**2,894,108**	**3,532,134**	**180,401**	**6,606,643**
Non-current assets	**22,584,580**	**5,255,029**	**66,324**	**27,905,933**
Current liabilities	**(19,602,882)**	**(7,330,437)**	**(41,767)**	**(26,975,086)**
Non-current liabilities	**(1,013,631)**	**(547,458)**	**(59,275)**	**(1,620,364)**
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**
As at 31.12.2012				
Current assets	3,545,541	2,046,407	340,668	5,932,616
Non-current assets	20,030,694	3,649,215	17,080	23,696,989
Current liabilities	(18,161,476)	(4,699,892)	(195,349)	(23,056,717)
Non-current liabilities	(1,518,278)	(88,972)	(30,120)	(1,637,370)
Total equity	3,896,481	906,758	132,279	4,935,518
Proportion of Group's ownership	779,296	181,352	66,806	1,027,454
Goodwill	1,042,072	165,707	-	1,207,779
Carrying amount of the investment	1,821,368	347,059	66,806	2,235,233

(c) Details of the associates of the Group and of the Bank and joint ventures of the Group are disclosed in Note 58(b) and Note 58(c) 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 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January	**1,207,779**	1,270,360
Exchange differences	**41,109**	(62,581)
At 31 December	**1,248,888**	1,207,779

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

19. PROPERTY, PLANT AND EQUIPMENT

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(i))	(146)	(2,690)	(1,170)	(1)	(249)	-	(4,256)
Disposals	(1,726)	(8,124)	(5,963)	-	(8,194)	(373)	(24,380)
Write-offs (Note 39)	(189)	(28,290)	(525,299)	(4,325)	(276)	-	(558,379)
Transferred between category	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 39)	42,479	115,840	91,177	9,357	9,839	-	268,692
Impairment losses for the financial year (Note 39)	222	-	-	-	-	-	222
Disposal of a subsidiary (Note 17(i))	(43)	(2,261)	(1,371)	(1)	(233)	-	(3,909)
Disposals	(970)	(7,354)	(5,785)	-	(6,436)	-	(20,545)
Write-offs (Note 39)	(90)	(28,043)	(525,072)	(4,304)	(60)	-	(557,569)
Transferred between category	-	(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 31.12.2012	*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 2012	2,133,823	891,068	1,305,241	181,334	49,717	101,079	4,662,262
Acquisition of subsidiaries (Note 17(l))	-	3,867	3,215	-	452	-	7,534
Additions	35,835	121,923	127,289	7,543	16,928	130,117	439,635
Disposal of subsidiaries (Note 17(m))	-	(1,246)	(3,072)	-	(107)	-	(4,425)
Disposals	(5,176)	(83,400)	(102,436)	(13,304)	(9,467)	(2,072)	(215,855)
Write-offs (Note 39)	-	(70,453)	(58,724)	(1,005)	(1,918)	-	(132,100)
Transferred between category	5,237	97,236	1,929	14,977	175	(119,554)	-
Transferred to intangible assets (Note 20)	-	-	(3,642)	-	-	(5,176)	(8,818)
Transferred from investment properties (Note 15)	2,670	-	-	-	-	-	2,670
Exchange differences	(2,812)	(20,282)	(12,241)	351	(1,641)	(176)	(36,801)
At 31 December 2012	2,169,577	938,713	1,257,559	189,896	54,139	104,218	4,714,102
Accumulated depreciation and impairment losses							
At 1 January 2012	467,965	645,518	1,148,725	153,425	29,146	-	2,444,779
Acquisition of subsidiaries (Note 17(l))	-	2,898	2,273	-	243	-	5,414
Depreciation charge for the financial year (Note 39)	41,113	92,015	74,728	6,788	9,002	-	223,646
Disposal of subsidiaries (Note 17(m))	-	(1,164)	(2,055)	-	(50)	-	(3,269)
Disposals	(1,623)	(81,543)	(102,355)	(12,603)	(6,744)	-	(204,868)
Write-offs (Note 39)	-	(70,272)	(58,709)	(974)	(1,918)	-	(131,873)
Transferred between category	-	(1,161)	793	192	176	-	-
Transferred to intangible assets (Note 20)	-	-	(3,642)	-	-	-	(3,642)
Transferred from investment properties (Note 15)	142	-	-	-	-	-	142
Exchange differences	753	(10,583)	(8,735)	518	(1,001)	-	(19,048)
At 31 December 2012	508,350	575,708	1,051,023	147,346	28,854	-	2,311,281
Analysed as:							
Accumulated depreciation	501,023	575,704	1,051,023	147,346	28,854	-	2,303,950
Accumulated impairment losses	7,327	4	-	-	-	-	7,331
	508,350	575,708	1,051,023	147,346	28,854	-	2,311,281
Net carrying amount							
At 31 December 2012	1,661,227	363,005	206,536	42,550	25,285	104,218	2,402,821

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

Group * Properties consist of:	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	Buildings on Leasehold Land 50 Years or More RM'000	Leasehold Land Less Than 50 Years RM'000	Leasehold Land 50 Years or More RM'000	Total RM'000
As at 31.12.2013							
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(i))	**-**	**(146)**	**-**	**-**	**-**	**-**	**(146)**
Disposals	**(342)**	**(361)**	**-**	**(1,023)**	**-**	**-**	**(1,726)**
Write-offs	**-**	**-**	**(189)**	**-**	**-**	**-**	**(189)**
Transferred between category	**-**	**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**
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(i))	**-**	**(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**
As at 31.12.2012							
Cost							
At 1 January 2012	110,785	477,964	365,646	649,564	168,477	361,387	2,133,823
Additions	-	212	1,851	21,987	587	11,198	35,835
Disposals	(470)	(2,495)	(1,592)	-	(81)	(538)	(5,176)
Transferred between category	(496)	4,470	610	157	(3,199)	3,695	5,237
Transferred from investment properties (Note 15)	-	2,670	-	-	-	-	2,670
Exchange differences	170	280	(9,050)	12,868	(10,474)	3,394	(2,812)
At 31 December 2012	109,989	483,101	357,465	684,576	155,310	379,136	2,169,577
Accumulated depreciation and impairment losses							
At 1 January 2012	-	184,165	118,420	128,294	5,088	31,998	467,965
Depreciation charge for the financial year	-	10,683	12,153	12,906	1,552	3,819	41,113
Disposals	-	(898)	(576)	-	(13)	(136)	(1,623)
Transferred between category	-	(288)	185	103	(4)	4	-
Transferred from investment properties (Note 15)	-	142	-	-	-	-	142
Exchange differences	-	183	(3,318)	3,349	37	502	753
At 31 December 2012	-	193,987	126,864	144,652	6,660	36,187	508,350
Analysed as:							
Accumulated depreciation	-	187,954	126,542	143,680	6,660	36,187	501,023
Accumulated impairment losses	-	6,033	322	972	-	-	7,327
	-	193,987	126,864	144,652	6,660	36,187	508,350
Net carrying amount							
At 31 December 2012	109,989	289,114	230,601	539,924	148,650	342,949	1,661,227

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

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
As at 31.12.2013							
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 39)	**-**	**(28,082)**	**(524,809)**	**(4,325)**	**(276)**	**-**	**(557,492)**
Transferred between category	**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 39)	**21,774**	**62,001**	**50,308**	**6,852**	**1,611**	**-**	**142,546**
Disposals	**(970)**	**(560)**	**(996)**	**-**	**(130)**	**-**	**(2,656)**
Write-offs (Note 39)	**-**	**(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**
As at 31.12.2012							
Cost							
At 1 January 2012	1,135,488	562,693	913,092	133,546	11,180	90,882	2,846,881
Additions	1,477	47,327	72,494	1,754	4,050	119,926	247,028
Disposals	(5,176)	(663)	(1,403)	(58)	(486)	-	(7,786)
Write-offs (Note 39)	-	(50,045)	(39,558)	(1,005)	(1,653)	-	(92,261)
Transferred between category	5,035	96,722	107	14,977	-	(116,841)	-
Transferred to a newly incorporated subsidiary	-	(10,110)	(3,224)	(453)	(845)	-	(14,632)
Exchange differences	8,120	1,027	142	182	(39)	48	9,480
At 31 December 2012	1,144,944	646,951	941,650	148,943	12,207	94,015	2,988,710
Accumulated depreciation							
At 1 January 2012	344,734	460,876	836,238	113,258	8,496	-	1,763,602
Depreciation charge for the financial year (Note 39)	21,644	47,605	42,711	5,608	1,587	-	119,155
Disposals	(1,623)	(377)	(1,341)	(57)	(486)	-	(3,884)
Write-offs (Note 39)	-	(50,006)	(39,543)	(974)	(1,653)	-	(92,176)
Transferred between category	-	(220)	29	191	-	-	-
Transferred to a newly incorporated subsidiary	-	(4,727)	(1,876)	(202)	(464)	-	(7,269)
Exchange differences	2,063	1,048	281	121	(19)	-	3,494
At 31 December 2012	366,818	454,199	836,499	117,945	7,461	-	1,782,922
Net carrying amount							
At 31 December 2012	778,126	192,752	105,151	30,998	4,746	94,015	1,205,788

The carrying value of property, plant and equipment of the Group and of the Bank held under finance leases as at 31 December 2013 was RM94,646,000 (31 December 2012: RM Nil). Additions of the Group and of the Bank during the current financial year include RM99,051,000 of property, plant and equipment under finance leases (31 December 2012: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

Bank *Properties consist of:	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land: Less Than 50 Years RM'000	Buildings on Leasehold Land: 50 Years or More RM'000	Leasehold Land: Less Than 50 Years RM'000	Leasehold Land: 50 Years or More RM'000	Total RM'000
As at 31.12.2013							
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 category	**-**	**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**
As at 31.12.2012							
Cost							
At 1 January 2012	102,643	406,270	284,886	251,040	14,323	76,326	1,135,488
Additions	-	212	1,241	24	-	-	1,477
Disposals	(470)	(2,495)	(1,592)	-	(81)	(538)	(5,176)
Transferred between category	(496)	4,470	610	(45)	(3,199)	3,695	5,035
Exchange differences	281	425	688	6,218	-	508	8,120
At 31 December 2012	101,958	408,882	285,833	257,237	11,043	79,991	1,144,944
Accumulated depreciation							
At 1 January 2012	-	164,900	102,930	56,929	4,201	15,774	344,734
Depreciation charge for the financial year	-	8,305	6,711	5,609	215	804	21,644
Disposals	-	(898)	(576)	-	(13)	(136)	(1,623)
Transferred between category	-	-	-	-	(4)	4	-
Exchange differences	-	63	498	1,345	-	157	2,063
At 31 December 2012	-	172,370	109,563	63,883	4,399	16,603	366,818
Net carrying amount							
At 31 December 2012	101,958	236,512	176,270	193,354	6,644	63,388	778,126

20. INTANGIBLE ASSETS

Group	Goodwill RM'000	Core Deposit Intangibles RM'000	Agency Force RM'000	Customer Relationship RM'000	Computer Software RM'000	Software-In-Development RM'000	Total RM'000
As at 31.12.2013							
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(h)&(i))	(300)	-	-	-	-	-	(300)
Write-offs (Note 39)	-	-	-	-	(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 39)	-	28,368	11,067	24,308	142,740	-	206,483
Disposals	-	-	-	-	(4,272)	-	(4,272)
Write-offs (Note 39)	-	-	-	-	(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 39)	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
As at 31.12.2012							
Cost							
At 1 January 2012	7,650,919	373,100	82,742	149,996	611,143	217,796	9,085,696
Acquisition of subsidiaries (Note 17(l))	42,393	-	-	-	-	-	42,393
Additions	-	-	-	-	69,339	322,329	391,668
Disposals	-	-	-	-	(46,393)	-	(46,393)
Disposal of subsidiaries	(6,615)	-	-	(1,376)	-	-	(7,991)
Write-offs (Note 39)	-	-	-	-	(2,392)	-	(2,392)
Transferred between category	-	-	-	-	186,118	(186,118)	-
Transferred from property, plant and equipment (Note 19)	-	-	-	-	8,818	-	8,818
Exchange differences	(478,626)	(35,178)	-	1,399	(4,982)	136	(517,251)
At 31 December 2012	7,208,071	337,922	82,742	150,019	821,651	354,143	8,954,548
Accumulated amortisation							
At 1 January 2012	-	241,709	9,805	16,125	450,486	-	718,125
Amortisation charge for the financial year (Note 39)	-	38,869	14,493	28,144	64,715	-	146,221
Disposals	-	-	-	-	(45,963)	-	(45,963)
Write-offs (Note 39)	-	-	-	-	(2,392)	-	(2,392)
Transferred from property, plant and equipment (Note 19)	-	-	-	-	3,642	-	3,642
Exchange differences	-	(24,331)	406	720	7,266	-	(15,939)
At 31 December 2012	-	256,247	24,704	44,989	477,754	-	803,694
Accumulated impairment losses							
At 1 January 2012/ 31 December 2012	1,619,518	-	-	-	-	-	1,619,518
Net carrying amount							
At 31 December 2012	5,588,553	81,675	58,038	105,030	343,897	354,143	6,531,336

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

20. INTANGIBLE ASSETS (CONT'D.)

Bank	Goodwill RM'000	Computer Software RM'000	Software-In-Development RM'000	Total RM'000
As at 31.12.2013				
Cost				
At 1 January 2013	**81,015**	**631,050**	**353,553**	**1,065,618**
Additions	**-**	**18,856**	**324,785**	**343,641**
Write-offs (Note 39)	**-**	**(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 39)	**-**	**100,210**	**-**	**100,210**
Write-offs (Note 39)	**-**	**(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**
As at 31.12.2012				
Cost				
At 1 January 2012	81,015	413,387	215,612	710,014
Additions	-	32,248	322,239	354,487
Transferred between category	-	184,671	(184,671)	-
Transferred to a newly incorporated subsidiary	-	(433)	-	(433)
Exchange differences	-	1,177	373	1,550
At 31 December 2012	81,015	631,050	353,553	1,065,618
Accumulated amortisation				
At 1 January 2012	-	320,469	-	320,469
Amortisation charge for the financial year (Note 39)	-	47,629	-	47,629
Transferred to a newly incorporated subsidiary	-	(395)	-	(395)
Exchange differences	-	849	-	849
At 31 December 2012	-	368,552	-	368,552
Net carrying amount				
At 31 December 2012	81,015	262,498	353,553	697,066

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 31.12.2013 RM'000	As at 31.12.2012 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)	**1,931,763**	1,931,763
Acquisition of PT Maybank GMT Asset Management ("Maybank GMT") (Note 17(e))		**20,162**	-
Acquisition of subsidiaries in MKEH Group		**77,066**	77,066
Disposal of subsidiaries		**(6,915)**	(6,615)
Impairment losses		**(1,422)**	-
		88,891	70,451
Less: Exchange differences		**(1,364,574)**	(682,243)
		4,924,662	5,588,553

Bank	Note	As at 31.12.2013 RM'000	As at 31.12.2012 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.

(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 equivalent to the current industry growth rate of 17.0% 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 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 9-year period. The compounded annual growth rate ("CAGR") of BII's FCFE projections is 17.4%.

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 13.6% per annum; and

(c) Terminal value whereby cash flow growth rate of 5.7%, which is consistent with the Gross Domestic Product rates 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 42.1%.

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; 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 11.43% or the discount rate increased by approximately 22.6%, the recoverable amount would be reduced to its carrying amount of the CGU.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

20. INTANGIBLE ASSETS (CONT'D.)

(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.

21. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	**220,782,166**	196,782,059	**142,237,799**	125,296,329
- More than one year	**14,760,420**	8,647,667	**14,075,299**	7,880,567
	235,542,586	205,429,726	**156,313,098**	133,176,896
Money market deposits	**14,177,439**	16,650,666	**14,177,439**	16,650,666
Savings deposits	**56,735,219**	50,360,812	**39,300,089**	35,261,690
Demand deposits	**86,001,254**	71,743,387	**61,212,708**	49,689,559
Structured deposits*	**3,154,312**	2,970,919	**2,667,046**	2,623,268
	395,610,810	347,155,510	**273,670,380**	237,402,079

* 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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within six months	**176,430,070**	164,637,372	**111,663,342**	100,671,865
Six months to one year	**44,352,096**	32,144,687	**30,574,457**	24,624,463
One year to three years	**14,272,102**	8,111,389	**13,954,438**	7,733,734
Three years to five years	**488,318**	536,278	**120,861**	146,834
	235,542,586	205,429,726	**156,313,098**	133,176,896

The deposits are sourced from the following types of customers:

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Business enterprises	**183,775,722**	157,471,152	**128,843,008**	106,585,963
Individuals	**162,631,813**	151,607,808	**125,901,762**	114,881,786
Government and statutory bodies	**17,908,268**	15,575,973	**5,464,782**	5,596,117
Others	**31,295,007**	22,500,577	**13,460,828**	10,338,213
	395,610,810	347,155,510	**273,670,380**	237,402,079

22. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Licensed banks	**38,230,867**	30,144,507	**34,285,883**	26,106,904
Licensed finance companies	**405,180**	383,162	**239,360**	337,539
Licensed investment banks	**66,778**	236,162	**66,778**	218,162
Other financial institutions	**3,436,256**	3,123,545	**2,990,556**	2,536,171
	42,139,081	33,887,376	**37,582,577**	29,198,776

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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
One year or less	**39,547,359**	32,037,435	**35,105,495**	27,524,525
More than one year	**2,591,722**	1,849,941	**2,477,082**	1,674,251
	42,139,081	33,887,376	**37,582,577**	29,198,776

23. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Insurance/takaful contract liabilities	(i)	**21,386,433**	21,393,755
Other insurance payables	(ii)	**413,706**	535,117
		21,800,139	21,928,872

(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 31.12.2013				
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**
As at 31.12.2012				
Life insurance/family takaful	(a)	17,446,289	(52,334)	17,393,955
General insurance/general takaful	(b)	3,947,466	(1,931,098)	2,016,368
		21,393,755	(1,983,432)	19,410,323

(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 31.12.2013			
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**
Unrealised holding reserves	**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**
As at 31.12.2012			
Claims liabilities	186,897	(2,698)	184,199
Actuarial liabilities	13,258,884	(49,636)	13,209,248
Unallocated surplus	2,276,830	-	2,276,830
Unrealised holding reserves	272,431	-	272,431
Qard	36,684	-	36,684
Net asset value ("NAV") attributable to unitholders	1,414,563	-	1,414,563
	17,446,289	(52,334)	17,393,955

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

	<------ Gross contract liabilities ------>								
Group	Claims liabilities RM'000	Actuarial liabilities RM'000	Unallocated surplus RM'000	Unrealised holding reserves 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 31.12.2013									
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 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 unrealised holding reserves	**-**	**-**	**-**	**(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**
As at 31.12.2012									
At 1 January 2012	182,387	12,517,373	1,806,456	261,263	36,684	1,392,886	16,197,049	(55,790)	16,141,259
Net earned premiums	-	-	2,519,831	-	-	599,884	3,119,715	(32,748)	3,086,967
Other revenue	-	-	1,080,533	-	-	77,086	1,157,619	9,527	1,167,146
Experience/benefit variation	2,394	(2,394)	-	-	-	-	-	8,485	8,485
Benefits and claims	2,116	(637,332)	(1,852,246)	-	-	(648,212)	(3,135,674)	14,724	(3,120,950)
Other expenses	-	-	(671,692)	-	-	(738)	(672,430)	-	(672,430)
Adjustments due to changes in:									
- Discounting	-	186,394	(139,136)	-	-	-	47,258	(250)	47,008
- Assumptions	-	24,486	(24,486)	-	-	-	-	(518)	(518)
- Policy movements	-	1,170,399	(316,827)	-	-	-	853,572	4,236	857,808
Exchange differences	-	(42)	126	-	-	(179)	(95)	-	(95)
Changes in unrealised holding reserves	-	-	-	11,622	-	-	11,622	-	11,622
Taxation	-	-	(15,086)	(454)	-	(6,164)	(21,704)	-	(21,704)
Transfer to shareholders' fund	-	-	(133,161)	-	-	-	(133,161)	-	(133,161)
Hibah paid to participants	-	-	22,518	-	-	-	22,518	-	22,518
At 31 December 2012	186,897	13,258,884	2,276,830	272,431	36,684	1,414,563	17,446,289	(52,334)	17,393,955

(b) General insurance/general takaful

Group	Note	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
As at 31.12.2013				
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**
Unrealised holding reserves		**(26,007)**	**-**	**(26,007)**
		3,932,375	**(1,888,345)**	**2,044,030**
As at 31.12.2012				
Claims liabilities	(A)	2,688,762	(1,626,678)	1,062,084
Premiums/contribution liabilities	(B)	1,137,476	(304,420)	833,056
Unallocated surplus of general takaful fund		88,978	-	88,978
Unrealised holding reserves		32,250	-	32,250
		3,947,466	(1,931,098)	2,016,368

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.)

(A) Claims liabilities

Group	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
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**
As at 31.12.2012			
At 1 January 2012	2,219,463	(1,326,194)	893,269
Claims incurred in the current accident year	1,199,391	(396,696)	802,695
Other movements in claims incurred in prior accident year	70,622	(88,472)	(17,850)
Claims paid during the financial year	(907,562)	244,460	(663,102)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	(20,942)	20,811	(131)
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	127,790	(80,587)	47,203
At 31 December 2012	2,688,762	(1,626,678)	1,062,084

(B) Premiums/contribution liabilities

Group	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
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**
As at 31.12.2012			
At 1 January 2012	1,128,050	(352,376)	775,674
Premiums/contributions written in the financial year	2,262,991	(864,753)	1,398,238
Premiums/contributions earned during the financial year	(2,253,565)	912,709	(1,340,856)
At 31 December 2012	1,137,476	(304,420)	833,056

(ii) Other insurance payables

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Due to agents and intermediaries	**131,295**	119,110
Due to reinsurers and cedants	**233,566**	363,167
Due to retakaful operators	**48,845**	52,840
	413,706	535,117

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

24. OTHER LIABILITIES

Group	Note	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000	As at 1.1.2012 (Restated) RM'000
Due to brokers and clients		**1,459,900**	1,841,282	1,216,056
Deposits, other creditors and accruals		**6,289,871**	7,330,193	4,808,852
Defined benefit pension plans	(a)	**356,842**	451,737	378,749
Provisions for commitments and contingencies	(b)	**76,421**	100,549	108,078
Profit equalisation reserves (IBS operations)	57(s)	**16,977**	59,852	59,852
Finance lease liabilities	(c)	**85,691**	-	-
		8,285,702	9,783,613	6,571,587

Bank	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
Deposits, other creditors and accruals		**9,326,572**	8,545,055	6,243,291
Provisions for commitments and contingencies	(b)	**73,086**	100,368	107,887
Finance lease liabilities	(c)	**85,691**	-	-
		9,485,349	8,645,423	6,351,178

(a) Defined benefit pension plans

Certain subsidiaries of the Bank have obligations in respect of the severance payments which must be paid to employees upon retirement under labour laws of respective countries. The subsidiaries treat these severance payment obligation 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 subsidiaries to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

(i) Funding to defined benefit plans

The defined benefit plans are fully funded by the subsidiaries. The subsidiaries' employees are not required to contribute to the plans. The funding requirements are based on the pension funds actuarial measurement framework set out in the funding policies of the plans.

The following payments are expected contributions to be made by the subsidiaries to the defined benefit plans in the future years:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within the next 12 months (next annual reporting)	**6,249**	5,980
Between 2 and 5 years	**70,150**	55,467
Between 5 and 10 years	**266,502**	280,769
Beyond 10 years	**2,897,645**	2,887,196
Total expected payments	**3,240,546**	3,229,412

24. OTHER LIABILITIES (CONT'D.)

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

(ii) Movement in net defined benefit liabilities

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

Group	Defined benefit obligation RM'000	Fair value of plan assets RM'000	Net defined benefit liabilities RM'000
As at 31.12.2013			
At 1 January 2013	**474,299**	**(22,562)**	**451,737**
Included in income statements:			
Current service cost	**40,160**	**-**	**40,160**
Past service (credit)/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**
As at 31.12.2012			
At 1 January 2012	405,937	(27,188)	378,749
Included in income statements:			
Current service cost	65,105	-	65,105
Past service cost	164	-	164
Interest cost/(income)	26,095	(1,698)	24,397
Actuarial loss on other long-term employee benefits plans	2,331	-	2,331
	93,695	(1,698)	91,997
Included in statements of comprehensive income:			
Remeasurement (gain)/loss:			
- Actuarial (gain)/loss arising from:			
- Demographic assumptions	(908)	-	(908)
- Financial assumptions	19,986	-	19,986
- Experience adjustments	5,517	-	5,517
- Return on plan assets (excluding interest income)	-	487	487
	24,595	487	25,082
Others			
Contributions paid by the employers	39	(3,619)	(3,580)
Benefits paid	(24,026)	10,006	(14,020)
Disposal of subsidiaries	(1,642)	-	(1,642)
Exchange differences	(24,299)	(550)	(24,849)
	(49,928)	5,837	(44,091)
At 31 December 2012	474,299	(22,562)	451,737

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

24. OTHER LIABILITIES (CONT'D.)

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

(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 31.12.2013 RM'000	As at 31.12.2012 RM'000
Cash and cash equivalents	**10,148**	12,909
Quoted investments in active markets:		
Equity securities:		
- Consumer markets	**1,067**	1,045
- Oil and gas	**403**	402
Bonds issued by foreign governments	**11,025**	6,013
Unquoted investments:		
Debt instruments	**540**	916
Equity securities	**1,475**	694
Other receivables	**1,675**	763
Other payables	**(4,147)**	(180)
	22,186	22,562

(iv) Defined benefit obligations

(A) Actuarial assumptions

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

Group	As at 31.12.2013 %	As at 31.12.2012 %
Discount rate	**4.0 - 9.0**	4.0 - 6.5
Future salary growth	**4.0 - 8.0**	4.0 - 11.0

Group	As at 31.12.2013 Years	As at 31.12.2012 Years
Life expectancy for individual retiring at age of 55 - 60:		
- Male	**21.0 - 22.7**	20.0 - 22.7
- Female	**20.0 - 26.7**	20.0 - 26.7

The duration of the defined benefit plans obligation at the end of the financial year is shown below:

Group	As at 31.12.2013 Years	As at 31.12.2012 Years
Duration of defined benefits plans obligation	**9.0 - 29.5**	7.8 - 28.0

(B) Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 December 2013 is as shown below:

	Defined benefit obligations	
	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	299,591	(380,923)
Future salary growth (1% movement)	363,989	(300,678)
Future mortality (1% movement)	7,965	(7,989)

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

24. OTHER LIABILITIES (CONT'D.)

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

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January	**100,549**	108,078	**100,368**	107,887
Provisions written back during the financial year	**(24,128)**	(7,529)	**(27,282)**	(7,519)
At 31 December	**76,421**	100,549	**73,086**	100,368

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

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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January	**1,592,974**	2,214,873	**687,793**	715,603
Repayment forwarded	**(315,705)**	(621,899)	**(31,500)**	(27,810)
At 31 December	**1,277,269**	1,592,974	**656,293**	687,793

Recourse obligation on loans and financing sold to Cagamas represents those acquired from the originators and sold to Cagamas Berhad with recourse. Under 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.

Included in the Group level are the hire purchase financing sold directly to Cagamas Berhad with a recourse to Maybank Islamic Berhad, a wholly-owned subisidiary of the Bank.

26. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Taxation	**794,814**	1,022,977	**578,100**	758,446
Zakat	**41,713**	28,821	**-**	-
	836,527	1,051,798	**578,100**	758,446

27. DEFERRED TAX

Group	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000
At 1 January		
- as previously stated	**(622,357)**	(651,581)
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(i))	**(46,312)**	(38,831)
At 1 January, as restated	**(668,669)**	(690,412)
Acquisition of subsidiaries (Note 17(e))	**(27)**	(335)
Recognised in income statements, net (Note 43)	**95,345**	10,979
Recognised in statements of comprehensive income, net	**(442,992)**	(5,271)
Disposal of subsidiaries	**798**	1,485
Exchange differences	**(7,101)**	14,885
At 31 December	**(1,022,646)**	(668,669)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

27. DEFERRED TAX (CONT'D.)

Group	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(1,661,931)**	(1,343,541)
Deferred tax liabilities	**639,285**	674,872
	(1,022,646)	(668,669)

Bank	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January	**(810,015)**	(815,573)
Recognised in income statements, net (Note 43)	**105,585**	12,506
Recognised in statements of comprehensive income, net	**(348,992)**	(7,973)
Exchange differences	**(176)**	1,025
At 31 December	**(1,053,598)**	(810,015)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(1,053,598)**	(810,015)
Deferred tax liabilities	**-**	-
	(1,053,598)	(810,015)

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:

	Loan loss and allowances RM'000	Unrealised holding 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 31.12.2013					
At 1 January 2013					
- as previously stated	**(647,054)**	**160,479**	**(537,831)**	**(274,465)**	**(1,298,871)**
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(i))	**-**	**-**	**(44,670)**	**-**	**(44,670)**
At 1 January 2013, as restated	**(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 statements of 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)**
As at 31.12.2012					
At 1 January 2012					
- as previously stated	(671,675)	107,569	(435,906)	(323,594)	(1,323,606)
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(i))	-	-	(37,439)	-	(37,439)
At 1 January 2012, as restated	(671,675)	107,569	(473,345)	(323,594)	(1,361,045)
Acquisition of subsidiaries	-	(125)	-	(210)	(335)
Recognised in income statements	25,088	(11,039)	(108,716)	42,750	(51,917)
Recognised in statements of comprehensive income	-	62,495	(7,512)	-	54,983
Disposal of subsidiaries	-	-	-	1,485	1,485
Exchange differences	(467)	1,579	7,072	5,104	13,288
At 31 December 2012	(647,054)	160,479	(582,501)	(274,465)	(1,343,541)

27. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM'000	Unrealised holding 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 31.12.2013						
At 1 January 2013						
- as previously stated	**100,450**	**21,949**	**-**	**336,845**	**217,270**	**676,514**
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(i))	**-**	**-**	**(1,642)**	**-**	**-**	**(1,642)**
At 1 January 2013, as restated	**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 statements of 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**
As at 31.12.2012						
At 1 January 2012						
- as previously stated	40,538	83,090	-	328,480	219,917	672,025
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(i))	-	-	(1,392)	-	-	(1,392)
At 1 January 2012, as restated	40,538	83,090	(1,392)	328,480	219,917	670,633
Recognised in income statements	59,912	(1,189)	31	8,365	(4,223)	62,896
Recognised in statements of comprehensive income	-	(59,973)	(281)	-	-	(60,254)
Exchange differences	-	21	-	-	1,576	1,597
At 31 December 2012	100,450	21,949	(1,642)	336,845	217,270	674,872

Deferred tax assets of the Bank:

	Loan loss and allowances RM'000	Unrealised holding 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 31.12.2013					
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 statements of 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)**
As at 31.12.2012					
At 1 January 2012	(458,025)	(28,257)	(357,525)	(145,491)	(989,298)
Recognised in income statements	-	-	(72,593)	24,288	(48,305)
Exchange differences	-	-	-	1,025	1,025
At 31 December 2012	(458,025)	(28,257)	(430,118)	(120,178)	(1,036,578)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

27. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Bank:

	Accelerated capital allowance RM'000	Unrealised holding reserve RM'000	Total RM'000
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 statements of comprehensive income	**-**	**(131,095)**	**(131,095)**
At 31 December 2013	**99,100**	**-**	**99,100**
As at 31.12.2012			
At 1 January 2012	34,657	139,068	173,725
Recognised in income statements	60,811	-	60,811
Recognised in statements of comprehensive income	-	(7,973)	(7,973)
At 31 December 2012	95,468	131,095	226,563

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

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
Unutilised tax losses	**78,339**	14,342	50,499
Unabsorbed capital allowances	**992**	992	992
Loan loss, allowances and interest suspended	**57,228**	57,228	55,692
Unutilised investment tax allowances	**110,776**	-	-
Others	**86,784**	86,784	84,454
	334,119	159,346	191,637

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

		Group		Bank	
	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Secured:	(a)				
- Less than one year					
Denominated in:					
- SGD		**-**	146,856	**-**	-
- THB		**259,138**	-	**-**	-
- PHP		**3,530**	7,058	**-**	-
- IDR		**292,697**	286,822	**-**	-
- VND		**1,631**	-	**-**	-
		556,996	440,736	**-**	-
- More than one year					
Denominated in:					
- SGD		**383,087**	-	**-**	-
- PHP		**914**	-	**-**	-
- IDR		**1,025,832**	879,005	**-**	-
		1,409,833	879,005	**-**	-
Total secured borrowings		**1,966,829**	1,319,741	**-**	-

28. BORROWINGS (CONT'D.)

	Note	Group As at 31.12.2013 RM'000	Group As at 31.12.2012 RM'000	Bank As at 31.12.2013 RM'000	Bank As at 31.12.2012 RM'000
Unsecured:	(b)				
(i) Borrowings					
- Less than one year					
Denominated in:					
- USD		**325,810**	266,013	**226,884**	162,140
- CNY		**215,632**	-	**215,632**	-
- SGD		**220,550**	100,958	**-**	-
- THB		**294,834**	217,551	**-**	-
- HKD		**-**	4,732	**-**	-
- IDR		**217,052**	-	**-**	-
- VND		**-**	4,998	**-**	-
- PHP		**21,626**	-	**-**	-
		1,295,504	594,252	**442,516**	162,140
- More than one year					
Denominated in:					
- USD		**3,337,900**	3,303,925	**3,337,900**	3,187,397
- SGD		**-**	87,563	**-**	-
- IDR		**792,754**	999,653	**-**	-
- PHP		**-**	680	**-**	-
		4,130,654	4,391,821	**3,337,900**	3,187,397
(ii) Medium Term Notes					
- Less than one year					
Denominated in:					
- USD		**1,641,750**	-	**1,641,750**	-
- SGD		**390,845**	375,270	**-**	-
		2,032,595	375,270	**1,641,750**	-
- More than one year					
Denominated in:					
- USD		**1,970,100**	2,752,475	**1,970,100**	2,752,475
- HKD		**1,456,623**	747,264	**1,456,623**	747,264
- JPY		**469,500**	533,443	**469,500**	533,443
		3,896,223	4,033,182	**3,896,223**	4,033,182
Total unsecured borrowings		**11,354,976**	9,394,525	**9,318,389**	7,382,719
Total borrowings		**13,321,805**	10,714,266	**9,318,389**	7,382,719

(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 2012: 1.0% to 12.0%) per annum and these borrowings have maturities ranging from 1 month to 48 months (31 December 2012: 2 months to 54 months).

(b) Unsecured borrowings

(i) The unsecured borrowings are term loans and overdrafts denominated in USD, CNY, IDR, SGD, PHP and THB. The borrowings are unsecured and bear interest rates ranging from 0.8% to 8.8% (31 December 2012: 0.8% to 15.0%) per annum.

(ii) Multicurrency Medium Term Notes ("MTN")

<u>SGD800.0 million MTN Programme</u>

In November 2006, 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 million with effect from 18 June 2010. Under this MTN Programme, the 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.

As at 31 December 2013, the borrowings bear interest rates ranging from 1.0% to 1.4% (31 December 2012: 1.7%) per annum and have maturities ranging from 1 month to 12 months (31 December 2012: 7 months).

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

28. BORROWINGS (CONT'D.)

(b) Unsecured borrowings (cont'd.)

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

USD2.0 billion MTN Programme

On 18 April 2011, the Bank established a USD2.0 billion MTN Programme. The MTN Programme will enable the Bank to issue from time to time, senior and/or subordinated notes in currencies other than Ringgit Malaysia at any time, provided that the aggregate amount of the outstanding Notes shall not at any time exceed USD2.0 billion (or its equivalent in other currencies) in nominal value.

On 7 December 2011 and 22 December 2011, the Bank issued HKD572.0 million and JPY10.0 billion Senior Notes due in 2016 and 2026 respectively under this MTN Programme. The HKD Senior Notes and JPY Senior Notes bear fixed interest rates of 2.7% per annum and 2.5% per annum respectively.

On 10 February 2012, the Bank issued USD400.0 million Senior Notes due in 2017 under this MTN Programme. The borrowings bear fixed interest rates of 3.0% per annum.

On 1 March 2012, the Bank issued HKD700.0 million Senior Notes due in 2017 under this MTN Programme. The borrowings bear fixed interest rates of 2.85% per annum.

On 8 May 2012, the Bank issued USD500.0 million Senior Notes due in 2014 under this MTN Programme. The borrowings bear fixed interest rates of 2.0% per annum.

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.

29. SUBORDINATED OBLIGATIONS

	Note	Group As at 31.12.2013 RM'000	Group As at 31.12.2012 RM'000	Bank As at 31.12.2013 RM'000	Bank As at 31.12.2012 RM'000
RM1,500 million subordinated Islamic bonds due in 2018	(i)	**-**	1,509,738	**-**	1,509,738
SGD1,000 million capital subordinated notes due in 2021	(ii)	**2,611,684**	2,517,605	**2,611,684**	2,517,605
RM1,000 million subordinated sukuk due in 2021	(iii)	**1,010,782**	1,010,782	**-**	-
IDR1.5 trillion BII subordinated bond due in 2018	(iv)	**325,393**	380,864	**-**	-
RM2,000 million subordinated notes due in 2021	(v)	**2,030,110**	2,029,987	**2,030,110**	2,029,987
IDR500 billion BII subordinated bond due in 2018	(vi)	**135,374**	158,841	**-**	-
RM750 million subordinated notes due in 2021	(vii)	**750,141**	750,301	**750,141**	750,301
RM250 million subordinated notes due in 2023	(viii)	**245,120**	250,105	**250,048**	250,105
RM2,100 million subordinated notes due in 2024	(ix)	**2,102,765**	2,112,226	**2,112,715**	2,112,226
USD800 million subordinated notes due in 2022	(x)	**2,649,720**	2,468,888	**2,649,720**	2,468,888
IDR1.0 trillion BII subordinated bond due in 2019	(xi)	**273,303**	320,704	**-**	-
RM500 million subordinated notes due in 2023	(xii)	**510,184**	-	**-**	-
		12,644,576	13,510,041	**10,404,418**	11,638,850

(i) On 15 May 2006, the Bank issued RM1.5 billion nominal value Islamic Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil with a profit rate of 5.00% per annum. The Bonds are under a 12 non-callable 7 basis feature, payable semi-annually in arrears in May and November each year and are due in May 2018. Under the 12 non-callable 7 basis feature, the Bank has the option to redeem the Bonds on the seventh (7th) anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to a permissible step-up profit rate ranging from zero (0) to seventy (70) basis points from the beginning of the eighth (8th) year to the final maturity date. The Islamic Subordinated Bonds were fully redeemed on 15 March 2013.

(ii) 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.

(iii) 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.

(iv) 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 have been approved by Bank Indonesia through its letter dated 23 June 2011 to be qualified as Tier 2 Capital of BII.

29. SUBORDINATED OBLIGATIONS (CONT'D.)

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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 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.

(x) 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.

(xi) 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.

(xii) 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.

The interest/profit rates for all the subordinated instruments above ranging between 3.25% and 10.75% (31 December 2012: 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

		Group		Bank	
	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
RM3,500 million 6.85% Stapled Capital Securities ("NCPCS")		**3,503,284**	3,503,284	**3,503,284**	3,503,284
Less: Transaction costs		**(2,686)**	(2,686)	**(2,686)**	(2,686)
Add: Accumulated amortisation of transaction costs		**1,263**	998	**1,263**	998
	(a)	**3,501,861**	3,501,596	**3,501,861**	3,501,596
SGD600.0 million 6.00% Innovative Tier 1 Capital Securities ("SGD600.0 million IT1CS")		**1,593,160**	1,536,119	**1,593,160**	1,536,119
Less: Transaction costs		**(8,514)**	(8,514)	**(8,514)**	(8,514)
Add: Accumulated amortisation of transaction costs		**4,091**	3,228	**4,091**	3,228
	(b)	**1,588,737**	1,530,833	**1,588,737**	1,530,833
RM1,100.0 million 6.30% Innovative Tier 1 Capital Securities ("RM1.1 billion IT1CS")		**830,893**	1,118,607	**1,118,607**	1,118,607
Less: Transaction costs		**(1,063)**	(1,063)	**(1,063)**	(1,063)
Add: Accumulated amortisation of transaction costs		**481**	378	**481**	378
	(c)	**830,311**	1,117,922	**1,118,025**	1,117,922
		5,920,909	6,150,351	**6,208,623**	6,150,351

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

30. CAPITAL SECURITIES (CONT'D.)

(a) NCPCS

On 27 June 2008, the Bank issued RM3,500 million 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

(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.

(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 SGD 600.0 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.

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

Group and Bank	Number of ordinary shares of RM 1.00 each		Amount	
	As at 31.12.2013 '000	As at 31.12.2012 '000	As at 31.12.2013 RM'000	As at 31.12.2012 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	**8,440,046**	7,639,437	**8,440,046**	7,639,437
Shares issued under the:				
- Dividend Reinvestment Plan ("DRP") issued on:				
- 25 October 2013	**130,327**	-	**130,327**	-
- 29 May 2013	**201,463**	-	**201,463**	-
- 29 October 2012	**-**	173,144	**-**	173,144
- 5 June 2012	**-**	202,854	**-**	202,854
- Maybank Group Employees' Share Scheme: -				
- Employee Share Option Scheme ("ESOS")	**90,117**	1,119	**90,117**	1,119
- Supplemental Restricted Share Unit ("SRSU")	**122**	37	**122**	37
- ESOS Trust Fund ("ETF")	**4**	11,455	**4**	11,455
- Private Placement	**-**	412,000	**-**	412,000
At 31 December	**8,862,079**	8,440,046	**8,862,079**	8,440,046

(a) Increase in issued and paid-up capital

During the financial year ended 31 December 2013, the Bank increased its issued and paid-up capital from RM8,440,046,735 to RM8,862,079,081 via:

(i) Issuance of 90,116,800 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 121,700 new ordinary shares of RM1.00 each arising from the Supplemental Restricted Share Unit ("SRSU"), as disclosed in Note 31(e)(v);

(iii) Issuance of 201,462,948 new ordinary shares (including 326,881 new ordinary shares issued to ESOS Transfer Fund ("ETF") Pool) of RM1.00 each arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 24.5 sen (net) in respect of the financial year ended 31 December 2012, as disclosed in Note 46(c)(i);

(iv) Issuance of 130,326,898 new ordinary shares (including 209,946 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 16.0 sen in respect of the financial year ended 31 December 2013, as disclosed in Note 46(c)(ii); and

(v) Issuance of 4,000 new ordinary shares of RM1.00 each to be held in the ESOS Trust Fund ("ETF") Pool pursuant to the current ESS, as disclosed in Note 31(c)(v).

(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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

(c) Maybank Group Employees' Share Scheme ("ESS") and Cash-settled Performance-based Employees' Share Scheme ("CESS") (cont'd.)

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

(i) The employees eligible to participate in the ESS must be employed on a full time basis and on the payroll of the Participating Maybank Group and is confirmed in service.

Participating Maybank Group includes the Bank and its overseas branches and subsidiaries which include PT Bank 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.

(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, 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, 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, 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.
- The 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 of 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.

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 2013 and 31 December 2012 are as follows:

Group and Bank	Number of ordinary shares of RM1.00 each	Amount RM'000
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**

Group and Bank	Number of ordinary shares of RM1.00 each	Amount RM'000
As at 31.12.2012		
At 1 January 2012	-	-
Issuance of new ordinary shares under ETF mechanism	11,454,700	100,000
Exercise of ESOS options by eligible employees	(825,800)	(7,230)
	10,628,900	92,770
Replenishment of shares held-in-trust	825,800	7,230
	11,454,700	100,000
Additional shares issued under ETF mechanism due to election under DRP	286,367	2,405
At 31 December 2012	11,741,067	102,405

(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 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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%. The actual allocation of share options to Chief Executive Officer and senior management is 16.3% as at 31 December 2013 (31 December 2012: 15.2%).

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 price following the issuance of new ordinary shares of RM1.00 each pursuant to the implementation of DRP. The revisions to the exercise price 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 - 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 1.1.2013 '000	Movements during the financial year Adjustment** '000	Vested '000	Exercised^ '000	Forfeited '000	Expired '000	Outstanding as at 31.12.2013 '000	Exercisable as at 31.12.2013 '000
30.6.2011	76,983	95	-	(39,890)	(731)	-	36,457	36,457
30.4.2012	41,283	176	-	(18,819)	(393)	-	22,247	22,247
30.4.2013	-	-	78,885	(24,573)	(217)	-	54,095	54,095
Total	118,266	271	78,885	(83,282)	(1,341)	-	112,799	112,799
WAEP (RM)	8.75	8.75	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 2013.

^ 382,800 of the share options exercised during the financial year ended 31 December 2013 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2013.

ESOS Second Grant (Vested)

Vesting date	Outstanding as at 1.1.2013 '000	Movements during the financial year Adjustment*** '000	Vested '000	Exercised^^ '000	Forfeited '000	Expired '000	Outstanding as at 31.12.2013 '000	Exercisable as at 31.12.2013 '000
7.5.2012	5,961	289	-	(2,703)	(167)	-	3,380	3,380
30.4.2013	-	-	12,871	(3,958)	(123)	-	8,790	8,790
Total	5,961	289	12,871	(6,661)	(290)	-	12,170	12,170
WAEP (RM)	8.82	8.82	8.82	8.82	-	-	8.82	8.82

*** Adjustment relates to ESOS allocated in prior year but accepted during the financial year ended 31 December 2013.

^^ 26,000 of the share options exercised during the financial year ended 31 December 2013 were only issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2013.

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

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

(i) Details of share options granted (cont'd.):

ESOS Third Grant (Vested)

Vesting date	Outstanding as at 1.1.2013 '000	Movements during the financial year Vested '000	Exercised '000	Forfeited '000	Expired '000	Outstanding as at 31.12.2013 '000	Exercisable as at 31.12.2013 '000
21.5.2013	-	9,200	(576)	(249)	-	8,375	8,375
WAEP (RM)	-	9.61	9.59	-	-	9.58[#]	9.58[#]

[#] Revised from RM9.61 to RM9.58 during the financial year ended 31 December 2013 as disclosed above.

Total share options granted to the directors of the Bank as at 31 December 2013 were disclosed under the directors' interests section in the directors' report.

(ii) Share options exercised during the financial year

The options exercised under ESOS First Grant, ESOS Second Grant and ESOS Third Grant during the financial year, are as disclosed above.

Options exercised under ESOS First Grant have resulted in the issuance of approximately 82,905,600 (31 December 2012: 1,118,200) new ordinary shares as at 31 December 2013, at WAEP of RM8.75 (31 December 2012: RM8.76) each. There were 382,800 options exercised during this financial year ended 31 December 2013 and the corresponding ordinary shares will only be issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2013. The related weighted average share price of ESOS First Grant at the date of exercise was RM10.16 (31 December 2012: RM9.12) per share.

Options exercised under the ESOS Second Grant have resulted in the issuance of approximately 6,635,200 (31 December 2012: 8,000) new ordinary shares as at 31 December 2013, at WAEP of RM8.82 (31 December 2012: RM8.82) each. There were 26,000 options exercised during this financial year ended 31 December 2013 and the corresponding ordinary shares will only be issued and quoted in the Main Market of Bursa Malaysia Securities Berhad subsequent to 31 December 2013. The related weighted average share price of ESOS Second Grant at the date of exercise was RM10.22 (31 December 2012: RM9.07) per share.

Options exercised under the ESOS Third Grant have resulted in the issuance of approximately 576,000 (31 December 2012: Nil) new ordinary shares as at 31 December 2013, at WAEP of RM9.59 (31 December 2012: Nil) each. The related weighted average share price of ESOS Third Grant at the date of exercise was RM10.27 (31 December 2012: Nil) per share.

(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	0.074
- tranche 4 to 5: not yet vested (RM)	0.752 - 0.769	0.760 - 0.776
Weighted average exercise price (RM)	8.82	8.75
Expected volatility (%)	14.59	14.24
Expected life (years)	3 - 5	3 - 5
Risk free rate (%)	3.24 - 3.64	3.13 - 3.21
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 to 5: not yet vested (RM)	0.502 - 0.529	0.505 - 0.526
Weighted average exercise price (RM)	8.83	8.82
Expected volatility (%)	14.11	14.24
Expected life (years)	2 - 5	2 - 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

(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 to 5: not yet vested (RM)	0.558 - 0.619	0.598 - 0.628
Weighted average exercise price (RM)	9.61	9.58
Expected volatility (%)	13.96	14.28
Expected life (years)	1 - 4	1 - 4
Risk free rate (%)	2.96 - 3.18	3.22 - 3.61
Expected dividend yield (%)	5.35	5.40

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
30.4.2012 - RSU Second Grant	4,355	6.902	from the grant date and
30.4.2013 - RSU Third Grant	4,820	7.732	performance metrics.

None of the above RSU granted has been vested as at 31 December 2013.

(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.

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

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

(v) Details of SRSU granted

During the financial year ended 31 December 2013, the Bank granted 15,000 SRSU to a selected group of eligible employees (31 December 2012: 139,000). A total of 121,700 (31 December 2012: 37,500) SRSU had been vested as at 31 December 2013.

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

SRSU Granted

Grant date	Fair value of SRSU (RM)	Outstanding as at 1.1.2013 '000	Movements during the financial year Adjustment '000	Granted '000	Vested '000	Outstanding as at 31.12.2013 '000
1.3.2011	7.513*	209	(41)	-	(84)	84
3.10.2011	7.104*	38	-	-	(38)	-
16.4.2012	7.972	15	-	-	-	15
7.5.2012	7.840	15	-	-	-	15
1.6.2012	7.825	39	-	-	-	39
2.7.2012	7.848	30	-	-	-	30
15.12.2012	8.125	20	-	-	-	20
30.10.2012	8.145	-	20	-	-	20
1.3.2013	8.209	-	-	15	-	15
		366	(21)	15	(122)	238

* Aggregate fair value of SRSU

Total RSU granted to the directors of the Bank as at 31 December 2013 was presented under directors' interests in the directors' report.

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 and grant date and the assumptions were as follows:

Description	2011	2012	2013
Fair value of SRSU (RM)	7.104 - 7.513*	7.825 - 8.145	8.209
Closing share price at grant date (RM)	7.91 - 8.67	8.69 - 9.04	9.10
Expected volatility (%)	15.03 - 16.12	14.12 - 14.92	13.85
Vesting period (years)	2 - 3	2	2
Risk free rate (%)	2.94 - 3.35	2.88 - 3.10	2.98
Expected dividend yield (%)	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. In addition to the above, the Bank had also granted third tranche of CESOS under CESOS First Grant amounting to 671,600.

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 1,262,800 has been granted on 30 April 2013.

On 30 April 2013, the Bank granted first tranche of CESOS under CESOS Third Grant amounting to 654,700 to selected employees in overseas branches and selected key retention employees of PT Bank Internasional Indonesia Tbk.

The following tables illustrate the number of, and movements in, CESOS under CESOS First Grant, CESOS Second Grant and CESOS Third Grant during the financial year:

CESOS First Grant

Grant date	Outstanding as at 1.1.2013 '000	Movements during the financial year Granted '000	Exercised '000	Forfeited '000	Expired '000	Outstanding as at 31.12.2013 '000
23.6.2011	653	-	-	(77)	-	576
30.4.2012	373	-	-	(45)	-	328
30.4.2013	-	672	-	(51)	-	621
	1,026	672	-	(173)	-	1,525

CESOS Second Grant

Grant date	Outstanding as at 1.1.2013 '000	Movements during the financial year Adjustment '000	Granted '000	Exercised '000	Forfeited '000	Expired '000	Outstanding as at 31.12.2013 '000
23.2.2012	430	590	-	-	(130)	-	890
30.4.2012	114	1	-	-	(18)	-	97
30.4.2013	-	-	1,263	-	(93)	-	1,170
	544	591	1,263	-	(241)	-	2,157

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

(f) Details of CESOS (cont'd.)

CESOS Third Grant

Grant date	Outstanding as at 1.1.2013 '000	Movements during the financial year Granted '000	Exercised '000	Forfeited '000	Expired '000	Outstanding as at 31.12.2013 '000
30.4.2013	-	655	-	(39)	-	616

None of the above CESOS granted has been vested as at 31 December 2013.

(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
30.4.2012 - CRSU First Grant	15	7.732	Based on 3-year cliff vesting from the grant date and performance metrics.
30.4.2013 - CRSU Second Grant	185	6.902	

None of the above CRSU granted has been vested as at 31 December 2013.

(ii) Fair value of CRSU granted on 30 April 2012 and 30 April 2013

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

	Grant date	
	As at 30.4.2013	**As at 30.4.2012**
Fair value of CRSU (RM)	**7.732**	6.902
Closing share price at grant date (RM)	**9.62**	8.63
Expected volatility (%)	**13.96**	14.11
Vesting period (years)	**3**	3
Risk free rate (%)	**3.03**	3.19
Expected dividend yield (%)	**5.35**	5.49

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	*Non-Distributable* Non-DPF Unallocated Surplus RM'000	*Distributable* Retained Profits RM'000	Total Retained Profits RM'000
As at 31.12.2013			
At 1 January 2013			
- as previously stated	**698,114**	**10,416,892**	**11,115,006**
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(i))	**-**	**(10,169)**	**(10,169)**
At 1 January 2013, as restated	**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 reserves	**-**	**(1,516,424)**	**(1,516,424)**
Dividends (Note 46)	**-**	**(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**

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	*Non-Distributable* Non-DPF Unallocated Surplus RM'000	*Distributable* Retained Profits RM'000	Total Retained Profits RM'000
As at 31.12.2012			
At 1 January 2012			
- as previously stated	680,446	9,713,321	10,393,767
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(i))	-	(11,393)	(11,393)
At 1 January 2012, as restated	680,446	9,701,928	10,382,374
Profit for the financial year	136,779	5,609,141	5,745,920
Total comprehensive income for the financial year	136,779	5,609,141	5,745,920
Transfer from Non-DPF unallocated surplus upon recommendation by Appointed Actuary	(119,111)	119,111	-
Effects of changes in corporate structure within the Group	-	19,275	19,275
Transfer to statutory reserves	-	(1,097,774)	(1,097,774)
Dividends (Note 46)	-	(3,944,958)	(3,944,958)
Total transactions with shareholders	(119,111)	(4,904,346)	(5,023,457)
At 31 December 2012	698,114	10,406,723	11,104,837

(b) The Bank's retained profits

(i) The retained profits of the Bank as at 31 December 2013, 31 December 2012 and 1 January 2012 are distributable profits.

(ii) Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single-tier system"). However, there was a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single-tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Bank did not elect for the irrevocable option to disregard the Section 108 balance for years of assessment 2008 to 2012. Accordingly, during the transitional period, the Bank has utilised the credit in the Section 108 balance to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. The Bank had on 29 May 2013 elected to move to the single-tier system. The balance of the entire retained profits as at 31 December 2013 may be distributed as dividends under the single-tier system.

33. OTHER RESERVES

Group	Note	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000	As at 1.1.2012 (Restated) RM'000
Non-distributable:				
Statutory reserve	(a)	**9,540,136**	8,023,712	6,926,383
Capital reserve	(b)	**14,254**	14,254	15,250
Revaluation reserve	(c)	**11,726**	7,986	8,817
Profit equalisation reserve	(d)	**34,456**	34,456	34,456
Unrealised holding reserve	2.3(v)(b)(4)	**(604,112)**	707,690	681,351
Exchange fluctuation reserve	2.3(xx)(c)	**(2,727,793)**	(1,876,684)	(969,382)
ESS reserve	2.3(xxvii)(c)	**278,231**	226,142	127,317
Defined benefit reserve	2.3(xxvii)(d)	**(82,033)**	(124,322)	(108,187)
		6,464,865	7,013,234	6,716,005

Bank	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
Non-distributable:				
Statutory reserve	(a)	**9,026,745**	7,805,342	6,728,866
Unrealised holding reserve	2.3(v)(b)(4)	**(653,690)**	393,286	417,205
Exchange fluctuation reserve	2.3(xx)(c)	**585,214**	313,768	227,772
ESS reserve	2.3(xxvii)(c)	**278,231**	226,142	127,317
		9,236,500	8,738,538	7,501,160

(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) The capital reserve of the Group arose from the capitalisation of bonus issuance undertaken by certain subsidiaries in previous years.

(c) Revaluation reserve relates to the transfer of self-occupied properties to investment properties subsequent to the change on occupation intention.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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), stock broking, 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.

The operating revenue comprises of the following:

	Note	Group		Bank	
		1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Interest income	35	**16,306,471**	15,651,709	**11,744,776**	11,194,494
Gross attributable income from the operations of IBS	57(b)	**4,489,860**	3,487,402	**-**	-
Income derived from investment of Islamic Banking Funds	57(b)	**318,017**	310,838	**-**	-
Net earned premiums	37	**3,941,346**	4,517,969	**-**	-
Interest income on derivatives*		**2,393,878**	2,032,103	**2,376,508**	2,022,762
Non-interest income	38	**5,882,062**	5,328,710	**4,684,117**	3,932,215
Excluding non-operating revenue which comprises the following items:					
- Loss/(gain) on disposal/liquidation of subsidiaries	38	**9,338**	(806)	**(1,184)**	(341
- Gain on disposal/liquidation associates	38	**-**	(8,989)	**(24,667)**	-
- Rental income	38	**(38,153)**	(42,930)	**(23,175)**	(23,067)
- Gain on disposal of property, plant and equipment	38	**(4,303)**	(7,638)	**(2,499)**	(4,928)
- Other non-operating income	38	**(47,739)**	(41,138)	**(30,842)**	(41,674)
		5,801,205	5,227,209	**4,601,750**	3,862,205
Operating revenue		**33,250,777**	31,227,230	**18,723,034**	17,079,461

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

35. INTEREST INCOME

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Loans, advances and financing	**12,913,228**	12,338,824	**9,189,785**	8,888,091
Money at call and deposits and placements with financial institutions	**606,921**	573,167	**739,917**	540,712
Financial assets purchased under resale agreements	**10,958**	3,835	**1,809**	1,508
Financial assets at FVTPL	**675,163**	684,174	**71,890**	89,337
Financial investments AFS	**2,072,035**	1,636,381	**1,706,857**	1,305,724
Financial investments HTM	**104,637**	294,653	**101,759**	240,699
	16,382,942	15,531,034	**11,812,017**	11,066,071
(Amortisation of premiums)/accretion of discounts, net	**(76,471)**	120,675	**(67,241)**	128,423
	16,306,471	15,651,709	**11,744,776**	11,194,494

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM149,347,000 (1 January 2012 to 31 December 2012: RM145,373,000) for the Group and RM117,375,000 (1 January 2012 to 31 December 2012: RM111,339,000) for the Bank.

36. INTEREST EXPENSE

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Deposits and placements from financial institutions	**280,692**	511,490	**301,250**	505,239
Deposits from customers	**5,158,190**	4,537,757	**3,872,671**	3,494,521
Floating rate certificates of deposits	**22,645**	9,477	**22,645**	9,477
Borrowings	**432,379**	389,155	**152,333**	134,435
Subordinated notes	**482,643**	429,075	**391,887**	355,246
Subordinated bonds	**35,955**	91,374	**27,762**	91,374
Capital securities	**384,562**	401,286	**402,101**	401,286
Net interest on derivatives	**(75,875)**	(14,590)	**(73,664)**	(32,576)
	6,721,191	6,355,024	**5,096,985**	4,959,002

37. NET INCOME/(LOSS) FROM INSURANCE/TAKAFUL BUSINESS

Net income/(loss) from insurance/takaful business comprises the following items:

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Gross earned premiums	**4,927,794**	5,472,743
Premium ceded to reinsurers	**(986,448)**	(954,774)
Net earned premiums	**3,941,346**	4,517,969
Gross benefits and claims paid	**(3,409,164)**	(2,906,725)
Claims ceded to reinsurers	**347,217**	259,179
Gross change to contract liabilities	**(183,857)**	(2,009,116)
Change in contract liabilities ceded to reinsurers	**(59,954)**	572,957
Net benefits and claims	**(3,305,758)**	(4,083,705)
Net fee and commission expenses	**(284,639)**	(354,231)
Change in expense liabilities	**(51,615)**	(84,155)
Taxation of life and takaful fund	**(38,498)**	(44,214)
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(374,752)	**(482,600)**
Net income/(loss) from insurance/takaful business	**260,836**	(48,336)

38. NON-INTEREST INCOME

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Fee income:				
Commission	**941,806**	815,654	**820,187**	717,311
Service charges and fees	**1,365,211**	1,272,984	**986,170**	990,463
Underwriting fees	**125,120**	90,642	**60,344**	50,105
Brokerage income	**762,630**	539,826	**109**	1,725
Fees on loans, advances and financing	**349,140**	453,465	**150,718**	182,084
	3,543,907	3,172,571	**2,017,528**	1,941,688
Investment income:				
Net gain on disposal of financial assets at FVTPL	**281,508**	309,153	**137,636**	135,607
Net gain on disposal of financial investments AFS	**917,780**	693,719	**306,577**	372,298
Net loss on redemption of financial investments HTM	**(1)**	(62)	**(1)**	(62)
(Loss)/Gain on disposal/liquidation of subsidiaries	**(9,338)**	806	**1,184**	341
Gain on disposal/liquidation of associates	**-**	8,989	**24,667**	-
	1,189,949	1,012,605	**470,063**	508,184
Gross dividends from:				
Financial investments AFS				
- Quoted outside Malaysia	**2,485**	7,278	**-**	-
- Quoted in Malaysia	**73,840**	73,023	**422**	2,110
- Unquoted outside Malaysia	**-**	432	**-**	132
- Unquoted in Malaysia	**12,390**	13,713	**8,097**	9,423
	88,715	94,446	**8,519**	11,665
Financial assets at FVTPL				
- Quoted in Malaysia	**13,075**	11,794	**-**	-
Subsidiaries	**-**	-	**990,434**	848,943
Associates	**-**	-	**9,641**	7,106
	101,790	106,240	**1,008,594**	867,714

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

38. NON-INTEREST INCOME (CONT'D.)

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Unrealised (loss)/gain of:				
Financial assets at FVTPL	**(490,859)**	50,479	**(17,755)**	21,794
Derivatives	**(452,145)**	27,758	**(453,740)**	9,306
	(943,004)	78,237	**(471,495)**	31,100
Other income:				
Foreign exchange gain, net	**1,732,308**	579,288	**1,587,217**	445,441
Rental income	**38,153**	42,930	**23,175**	23,067
Gain on disposal of property, plant and equipment	**4,303**	7,638	**2,499**	4,928
Gain on disposal of foreclosed properties	**25,470**	2,747	**-**	85
Sale of development properties	**3,287**	20,347	**-**	-
Other operating income	**138,160**	264,969	**15,694**	68,334
Other non-operating income	**47,739**	41,138	**30,842**	41,674
	1,989,420	959,057	**1,659,427**	583,529
Total non-interest income	**5,882,062**	5,328,710	**4,684,117**	3,932,215

39. OVERHEAD EXPENSES

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Personnel expenses				
Salaries, allowances and bonuses	**3,712,214**	3,548,526	**2,248,921**	2,237,359
Social security cost	**30,456**	16,703	**14,341**	14,249
Pension costs - defined contribution plan	**420,441**	399,760	**318,527**	322,647
ESS expenses*	**105,584**	99,902	**79,458**	79,274
Other staff related expenses	**675,189**	643,997	**352,007**	341,135
	4,943,884	4,708,888	**3,013,254**	2,994,664
Establishment costs				
Depreciation of property, plant and equipment (Note 19)	**268,692**	223,646	**142,546**	119,155
Amortisation of core deposit intangibles (Note 20)	**28,368**	38,869	**-**	-
Amortisation of agency force (Note 20)	**11,067**	14,493	**-**	-
Amortisation of customer relationship (Note 20)	**24,308**	28,144	**-**	-
Amortisation of computer software (Note 20)	**142,740**	64,715	**100,210**	47,629
Rental of leasehold land and premises	**253,988**	249,529	**113,406**	104,742
Repairs and maintenance of property, plant and equipment	**145,294**	140,792	**70,481**	68,714
Information technology expenses	**633,896**	574,434	**615,457**	453,575
Fair value adjustments on investment properties (Note 15)	**(2,553)**	(48,639)	**-**	-
Others	**40,838**	24,836	**5,881**	6,152
	1,546,638	1,310,819	**1,047,981**	799,967
Marketing costs				
Advertisement and publicity	**505,362**	432,469	**246,052**	222,810
Others	**205,271**	196,471	**170,854**	168,990
	710,633	628,940	**416,906**	391,800

* ESS expenses arising from equity-settled share-based payment transactions for the Group and the Bank are approximately RM104.2 million and RM78.6 million (1 January 2012 to 31 December 2012: RM99.8 million and RM79.2 million) respectively.

39. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Administration and general expenses				
Fees and brokerage	**664,026**	544,362	**469,001**	436,067
Administrative expenses	**637,987**	522,571	**256,313**	244,838
General expenses	**386,662**	514,375	**151,453**	126,386
Cost of development property	**2,145**	13,924	**-**	-
Others	**35,950**	(11,460)	**23,372**	1,505
	1,726,770	1,583,772	**900,139**	808,796
Overhead expenses allocated to subsidiaries	**-**	-	**(786,949)**	(591,437)
Total overhead expenses	**8,927,925**	8,232,419	**4,591,331**	4,403,790
Cost to income ratio#	**47.8%**	48.6%	**40.5%**	43.3%
Included in overhead expenses are:				
Directors' fees and remuneration (Note 40)	**52,879**	45,901	**9,512**	10,307
Rental of equipment	**50,285**	13,871	**20,971**	11,824
Direct operating expenses of investment properties	**2,109**	238	**-**	-
Auditors' remuneration:				
Statutory audit:	**12,953**	11,662	**6,691**	5,725
- Ernst & Young Malaysia	**6,324**	5,607	**4,125**	3,485
- Other member firms of Ernst & Young Global	**6,158**	5,600	**2,277**	2,138
- Other auditors*	**471**	455	**289**	102
Non-audit services:	**5,324**	6,094	**3,235**	3,885
- Reporting accountants, review engagements and regulatory-related services	**2,637**	2,689	**1,451**	1,692
- Other services	**2,687**	3,405	**1,784**	2,193
Employee benefit expenses (Note 24(a)(ii))	**58,637**	91,997	**-**	-
Property, plant and equipment written off (Note 19)	**810**	227	**644**	85
Intangible assets written off (Note 20)	**1,007**	-	**998**	-
Impairment of property, plant and equipment (Note 19)	**222**	-	**-**	-
Impairment of intangible assets (Note 20)	**1,422**	-	**-**	-

\# Cost to income ratio is computed using total cost over the net income and after incorporating the effect of changes in presentation of "Net income from insurance/takaful business" adopted in the income statements during the current financial year. 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 RM28,368,000 and RM35,375,000 (1 January 2012 to 31 December 2012: RM38,869,000 and RM42,637,000) respectively. Income is the net income amount, as stated on the face of income statements.

* Relates to fees paid and payable to accounting firms other than Ernst & Young.

40. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Directors of the Bank:				
Executive directors:				
Salary	**1,364**	1,632	**1,364**	1,632
Bonus	**2,387**	2,380	**2,387**	2,380
Pension cost - defined contribution plan	**625**	645	**625**	645
ESS expenses	**309**	1,354	**309**	1,354
Other remuneration	**437**	210	**437**	210
Estimated monetary value of benefits-in-kind	**22**	42	**22**	42
Retirement gratuity	**587**	-	**587**	-
	5,731	6,263	**5,731**	6,263

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Non-executive directors:				
Fees	**5,501**	5,589	**2,795**	2,956
Other remuneration	**1,443**	1,350	**1,008**	1,130
Estimated monetary value of benefits-in-kind	**86**	85	**86**	85
	7,030	7,024	**3,889**	4,171
Sub-total for directors of the Bank	**12,761**	13,287	**9,620**	10,434
Directors of the subsidiaries:				
Executive directors:				
Salary and other remuneration, including meeting allowance	**14,253**	11,370	**-**	-
Bonus	**10,953**	5,807	**-**	-
Pension cost - defined contribution plan	**406**	231	**-**	-
ESS expenses	**56**	522	**-**	-
Estimated monetary value of benefits-in-kind	**101**	100	**-**	-
	25,769	18,030	**-**	-
Non-executive directors:				
Fees	**7,574**	10,373	**-**	-
Other remuneration	**4,663**	3,521	**-**	-
ESS expenses	**2,321**	917	**-**	-
	14,558	14,811	**-**	-
Sub-total for directors of the subsidiaries	**40,327**	32,841	**-**	-
Total (including benefits-in-kind) (Note 44(c))	**53,088**	46,128	**9,620**	10,434
Total (excluding benefits-in-kind) (Note 39)	**52,879**	45,901	**9,512**	10,307

The remuneration attributable to the Group President and Chief Executive Officer of the Bank including benefits-in-kind during the financial year amounted to RM5,731,000 (1 January 2012 to 31 December 2012: RM6,263,000).

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

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

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

1.1.2012 to 31.12.2012	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	Bank total RM'000	Fees RM'000	Other emoluments RM'000	Subsidiaries total RM'000	Group total RM'000
Executive director:												
Dato' Sri Abdul Wahid bin Omar	1,632	-	2,380	645	210	1,354	42	6,263	-	-	-	6,263
Non-executive directors:												
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	-	300	-	-	577	-	40	917	815	12	827	1,744
Dato' Mohd Salleh bin Hj Harun	-	375	-	-	41	-	34	450	453	18	471	921
Tan Sri Datuk Dr Hadenan bin A. Jalil	-	295	-	-	52	-	3	350	75	10	85	435
Dato' Seri Ismail bin Shahudin	-	235	-	-	57	-	-	292	113	9	122	414
Dato' Dr Tan Tat Wai	-	295	-	-	53	-	-	348	71	7	78	426
Encik Zainal Abidin bin Jamal	-	280	-	-	80	-	2	362	349	36	385	747
Dato' Johan bin Ariffin	-	250	-	-	75	-	3	328	303	31	334	662
Mr Cheah Teik Seng	-	250	-	-	50	-	3	303	222	42	264	567
Mr Alister Maitland	-	280	-	-	49	-	-	329	-	25	25	354
Datuk Mohaiyani binti Shamsudin	-	220	-	-	63	-	-	283	212	29	241	524
Mr Erry Riyana Hardjapameka[4]	-	114	-	-	22	-	-	136	-	-	-	136
Dato' Sreesanthan Eliathamby[5]	-	62	-	-	11	-	-	73	20	1	21	94
	-	2,956	-	-	1,130	-	85	4,171	2,633	220	2,853	7,024
Total directors' remuneration	1,632	2,956	2,380	645	1,340	1,354	127	10,434	2,633	220	2,853	13,287

* Includes duty allowances, social allowances, leave passage, staff mess and retention sum.
[4] Appointed on 25 June 2012
[5] Retired on 29 March 2012

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

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Allowances for impairment losses on loans, advances and financing:				
- Individual allowance (Note 11(ix))				
Allowance made	**920,763**	1,172,015	**722,580**	985,402
Amount written back	**(324,954)**	(437,932)	**(270,734)**	(368,351)
Net	**595,809**	734,083	**451,846**	617,051
- Collective allowance (Note 11(ix))				
Allowance made	**845,532**	628,222	**550,371**	205,091
Amount written back	**(37,769)**	-	**-**	-
Net	**807,763**	628,222	**550,371**	205,091
Bad debts and financing:				
- Written off	**146,579**	120,433	**90,529**	104,447
- Recovered	**(826,151)**	(851,722)	**(592,896)**	(660,391)
	724,000	631,016	**499,850**	266,198
Allowance for impairment losses on other debts	**5,586**	48,231	**2,294**	2,646
	729,586	679,247	**502,144**	268,844

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

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Financial investments AFS	**147,242**	109,062	**112,179**	(6,823)
Financial investments HTM	**3,280**	8,764	**(686)**	3,738
	150,522	117,826	**111,493**	(3,085)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

43. TAXATION AND ZAKAT

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Malaysian income tax	**2,176,881**	1,811,717	**1,384,018**	1,264,001
Foreign tax	**295,744**	455,658	**216,841**	207,556
Less: Double taxation relief	**(213,466)**	(184,961)	**(213,466)**	(184,963)
	2,259,159	2,082,414	**1,387,393**	1,286,594
(Overprovision)/underprovision in respect of prior years:				
Malaysian income tax	**(267,295)**	(140,772)	**(238,240)**	(106,879)
Foreign income tax	**(19,743)**	294	**(13,414)**	-
	1,972,121	1,941,936	**1,135,739**	1,179,715
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences, net	**95,345**	10,979	**105,585**	12,506
Tax expense for the financial year	**2,067,466**	1,952,915	**1,241,324**	1,192,221
Zakat	**30,795**	24,703	**-**	33
	2,098,261	1,977,618	**1,241,324**	1,192,254

The Group's effective tax rate for the financial year ended 31 December 2013 was lower than the statutory tax rate due to reversal of overprovision of tax expense in respect of prior years.

The Bank's effective tax rate for the financial year ended 31 December 2013 was lower than the statutory tax rate due to certain income were not subject to tax and reversal of overprovision of tax expense in respect of a prior years.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (1January 2012 to 31 December 2012: 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.

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	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Profit before taxation	**8,869,594**	7,896,302
Taxation at Malaysian statutory tax rate of 25% (31 December 2012: 25%)	**2,217,399**	1,974,076
Different tax rates in other countries	**66,755**	50,230
Income not subject to tax	**(325,041)**	(203,182)
Expenses not deductible for tax purposes	**430,208**	310,388
Overprovision in tax expense in prior years	**(287,038)**	(140,478)
Share of profits of associates and joint ventures	**(34,817)**	(38,119)
Tax expense for the financial year	**2,067,466**	1,952,915

Bank	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Profit before taxation	**6,126,940**	5,498,158
Taxation at Malaysian statutory tax rate of 25% (31 December 2012: 25%)	**1,531,735**	1,374,540
Different tax rates in other countries	**12,588**	13,348
Income not subject to tax	**(248,391)**	(196,737)
Expenses not deductible for tax purposes	**197,046**	107,949
Overprovision in tax expense in prior years	**(251,654)**	(106,879)
Tax expense for the financial year	**1,241,324**	1,192,221

44. 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 its 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 transactions with subsidiaries and associates:

Bank	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Income:		
Interest on deposits	**491,243**	140,468
Dividend income	**1,000,076**	856,049
Rental of premises	**3,421**	3,441
Other income	**955,978**	785,604
	2,450,718	1,785,562
Expenditure:		
Interest on deposits	**358,426**	303,686
Information technology expenses	**106,666**	-
Other expenses	**6,119**	19,253
	471,211	322,939
Others:		
ESS expenses charged to subsidiaries	**25,547**	20,554

There were no significant transactions with joint ventures.

(b) Balances with subsidiaries and associates:

Bank	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Amounts due from subsidiaries:		
Current accounts and deposits	**21,250,248**	2,129,449
Negotiable instruments of deposits	**4,493,471**	5,330,626
Interest and other receivable on deposits	**1,277,951**	610,233
Private debt securities	**249,029**	284,636
Derivative assets	**34,882**	20,811
	27,305,581	8,375,755
Amounts due to subsidiaries:		
Current accounts and deposits	**6,288,020**	6,416,138
Negotiable instruments of deposits	**18,353**	-
Private debt securities	**298,050**	-
Interest payable on deposits	**14,740**	8,680
Deposits and other creditors	**12,743,619**	9,568,012
Derivative liabilities	**8,806**	7,536
	19,371,588	16,000,366
Amount due from associates:		
Current accounts and deposits	**4,916**	3,452

There were no significant balances with joint ventures.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(c) Key management personnel compensation

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Short-term employee benefits				
- Fees	**13,075**	15,962	**2,795**	2,956
- Salaries, allowances and bonuses	**46,600**	29,578	**5,196**	5,352
- Pension cost - defined contribution plan	**2,301**	1,562	**625**	645
- Other staff benefits	**6,646**	4,334	**108**	127
Share-based payment				
- ESS expenses	**4,044**	4,573	**309**	1,354
Post employment benefits				
- Retirement gratuity	**587**	-	**587**	-
	73,253	56,009	**9,620**	10,434

Included in the total key management personnel compensation are:

	Group		Bank	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Directors' remuneration including benefits-in-kind (Note 40)	**53,088**	46,128	**9,620**	10,434

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

	Group		Bank	
	1.1.2013 to 31.12.2013 '000	1.1.2012 to 31.12.2012 '000	1.1.2013 to 31.12.2013 '000	1.1.2012 to 31.12.2012 '000
Granted during the financial year:				
- ESOS Third Grant	**1,473**	-	**-**	-
- ESOS Second Grant	**282**	78	**-**	-

	Group		Bank	
	As at 31.12.2013 '000	As at 31.12.2012 '000	As at 31.12.2013 '000	As at 31.12.2012 '000
At 1 January	**2,609**	1,965	**750**	500
Adjustment*	**484**	(226)	**325**	-
Vested and exercisable	**2,716**	968	**875**	250
Exercised	**(3,053)**	(28)	**(1,375)**	-
Forfeited	**-**	(70)	**-**	-
At 31 December	**2,756**	2,609	**575**	750

* 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 2013 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 movement in the number of RSU granted to key management personnel are as follows:

	Group		Bank	
	1.1.2013 to 31.12.2013 '000	1.1.2012 to 31.12.2012 '000	1.1.2013 to 31.12.2013 '000	1.1.2012 to 31.12.2012 '000
Granted during the financial year:				
- RSU Third Grant	**515**	-	**75**	-
- RSU Second Grant	**-**	685	**-**	200

None of the above RSU granted has been vested as at 31 December 2013.

Loans to executive directors of subsidiaries within the Group are disclosed in Note 11.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(d) 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 5.70% (31 December 2012: 5.08%) and indirect shareholding of 38.22% (31 December 2012: 40.58%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at 31 December 2013. PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and of 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 with PNB due to its size of transactions:

	Group		Bank	
Transactions during the financial year:	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2012 to 31.12.2012 RM'000**	**1.1.2013 to 31.12.2013 RM'000**	**1.1.2012 to 31.12.2012 RM'000**
Interest and finance income	**200,421**	210,108	**154,775**	167,533
Loans, advances and financing	**6,457,680**	5,607,680	**4,307,680**	4,457,680

(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, underwriting of insurance and takaful.

For the financial year ended 31 December 2013, management estimates that the aggregate amount of the Group's and of the Bank's significant transactions with other government-related entities are 0.3% and 0.4% respectively of its total interest income and financing (1 January 2012 to 31 December 2012: 0.3% and 0.4% respectively for the Group and the Bank).

For the financial year ended 31 December 2013, management estimates that the aggregate amount of the significant balances due from other government-related entities for the Group and the Bank are 0.2% and 0.3% respectively of its total loans, advances and financing (31 December 2012: 0.4% and 0.6% respectively for the Group and the Bank).

(e) Credit exposure arising from credit transactions with connected parties

	Group		Bank	
	As at 31.12.2013	**As at 31.12.2012**	**As at 31.12.2013**	**As at 31.12.2012**
Outstanding credit exposures with connected parties (RM'000)	**14,252,988**	24,145,302	**14,503,489**	23,472,554
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	**4.0%**	7.8%	**6.1%**	10.9%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	**-**	-	**-**	-

The credit exposures above are based on 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) 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;

(iv) 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;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) 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;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

45. 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	
	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	**6,552,391**	5,745,920	**4,885,616**	4,305,904
Weighted average number of ordinary shares in issue ('000)	**8,645,760**	7,904,374	**8,645,760**	7,904,374
Basic earnings per share (sen)	**75.8**	72.7	**56.5**	54.5

(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 as 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.

	Group		Bank	
	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	**6,552,391**	5,745,920	**4,885,616**	4,305,904
Weighted average number of ordinary shares in issue ('000)	**8,645,760**	7,904,374	**8,645,760**	7,904,374
Effects of dilution ('000)	**7,426**	601	**7,426**	601
Adjusted weighted average number of ordinary shares in issue ('000)	**8,653,186**	7,904,975	**8,653,186**	7,904,975
Diluted earnings per share (sen)	**75.7**	72.7	**56.5**	54.5

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 2013.

46. DIVIDENDS

			Net dividend per share	
Group and Bank	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 sen	1.1.2012 to 31.12.2012 sen
Final dividend of 18 sen less 25% taxation and 15 sen single-tier dividend in respect of the financial year ended 31 December 2012 (Note 46 (c)(i))	**2,408,196**	-	**28.50**	-
First single-tier interim dividend of 22.50 sen in respect of the financial year ended 31 December 2013 (Note 46 (c)(ii))	**1,963,347**	-	**22.50**	-
Final dividend of 36 sen less 25% taxation in respect of the financial period ended 31 December 2011	**-**	2,062,651	**-**	27.00
First interim dividend of 32 sen less 25% taxation in respect of the financial year ended 31 December 2012	**-**	1,885,055	**-**	24.00
	4,371,543	3,947,706	**51.00**	51.00
Less: Dividend on shares held-in-trust pursuant to ETF mechanism	**(6,062)**	(2,748)		
	4,365,481	3,944,958		

(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 2013 of 31 sen single-tier dividend per ordinary share of RM1.00 each, amounting to a net dividend payable of RM2,747,244,515 (based on 8,862,079,081 ordinary shares of RM1.00 each in issue as at 31 December 2013) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 4 sen per ordinary share to be paid in cash amounting to RM354,483,163 and an electable portion of 27 sen per ordinary share amounting to RM2,392,761,352.

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.

46. DIVIDENDS (CONT'D.)

(a) Proposed final dividend (cont'd.)

The financial statements for the current financial year ended 31 December 2013 do not reflect this proposed 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 2014.

(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 RM337,992,429 and an electable portion of 29 sen (net 24.5 sen) per ordinary share, where the electable portion comprises of 11 sen single-tier dividend and 18 sen franked dividend (net 13.5 sen) per ordinary share amounting to RM2,070,203,630 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 2012.

(ii) The interim single-tier dividend consists of cash portion of 6.5 sen per ordinary share paid in cash amounting to RM567,189,076 and an electable portion of 16 sen per ordinary share amounting to RM1,396,157,725 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 2013.

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

Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM60,451,000 during the financial year ended 31 December 2013 (31 December 2012: RM42,520,000).

47. 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 31.12.2013	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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

47. 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 31.12.2012	Full commitment RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
Contingent liabilities			
Direct credit substitutes	9,835,215	9,330,230	5,923,432
Certain transaction-related contingent items	12,386,664	6,086,424	4,548,217
Short-term self-liquidating trade-related contingencies	4,149,665	968,455	702,003
Obligations under underwriting agreements	30,000	15,000	3,000
	26,401,544	16,400,109	11,176,652
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	92,616,125	15,352,562	9,652,404
- Maturity exceeding one year	34,602,180	20,418,739	8,169,932
	127,218,305	35,771,301	17,822,336
Miscellaneous commitments and contingencies	9,773,807	798,322	201,617
Total credit-related commitments and contingencies	163,393,656	52,969,732	29,200,605
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	95,679,030	1,897,261	520,511
- One year to less than five years	18,646,950	3,391,757	1,444,007
- Five years and above	1,780,543	1,780,543	891,778
	116,106,523	7,069,561	2,856,296
Interest rate related contracts:			
- Less than one year	19,401,506	550,359	199,287
- One year to less than five years	63,714,009	1,824,999	569,365
- Five years and above	16,401,202	9,974	2,286
	99,516,717	2,385,332	770,938
Equity and commodity related contracts:			
- Less than one year	260,907	-	-
- One year to less than five years	365,646	-	-
- Five years and above	30,198	-	-
	656,751	-	-
Credit related contracts:			
- Five years and above	21,388	-	-
Total treasury-related commitments and contingencies	216,301,379	9,454,893	3,627,234
Total commitments and contingencies	379,695,035	62,424,625	32,827,839

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.

47. 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 as at the following reporting dates are as follows (cont'd.):

Bank As at 31.12.2012	Full commitment RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
Contingent liabilities			
Direct credit substitutes	7,442,874	7,442,874	4,459,633
Certain transaction-related contingent items	10,752,852	5,156,128	3,749,803
Short-term self-liquidating trade-related contingencies	3,775,633	652,838	390,388
	21,971,359	13,251,840	8,599,824
Commitments			
Irrevocable commitments to extend credit:			
- Maturity within one year	74,529,072	12,760,456	7,776,780
- Maturity exceeding one year	29,371,486	16,843,478	6,482,755
	103,900,558	29,603,934	14,259,535
Miscellaneous commitments and contingencies	9,616,211	613,053	149,236
Total credit-related commitments and contingencies	135,488,128	43,468,827	23,008,595
Derivative financial instruments			
Foreign exchange related contracts:			
- Less than one year	90,499,688	1,842,737	501,780
- One year to less than five years	17,371,300	3,289,005	1,354,451
- Five years and above	1,780,543	1,780,543	890,710
	109,651,531	6,912,285	2,746,941
Interest rate related contracts:			
- Less than one year	18,785,656	510,253	188,501
- One year to less than five years	58,128,406	1,589,845	393,724
- Five years and above	16,340,036	9,974	2,286
	93,254,098	2,110,072	584,511
Equity and commodity related contracts:			
- Less than one year	260,907	-	-
- One year to less than five years	144,716	-	-
	405,623	-	-
Total treasury-related commitments and contingencies	203,311,252	9,022,357	3,331,452
Total commitments and contingencies	338,799,380	52,491,184	26,340,047

* 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.

(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 2013, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM3,944.7 million (31 December 2012: RM2,880.5 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices; 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 2004, Etiqa Takaful Berhad ("ETB"), commenced a civil suit against a borrower ("the 1st Defendant") and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay quarterly installments.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

47. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) Contingent liabilities (cont'd.)

(i) (cont'd.)

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

On 16 April 2013, the Court of Appeal dismissed all appeals with costs. The 4 Defendants' application for leave to appeal the decision of the Court of Appeal to the Federal Court has been withdrawn. This brings this case to a close.

(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. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the said credit facilities. The two claims were heard together.

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

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

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

The Appeal came up for hearing on 10 February 2012, wherein all parties agreed for the matter to be mediated. As the parties could not come to any consensus at the mediation on 9 March 2012, they proceeded with the Appeal which concluded on 23 January 2013.

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

On 25 October 2013, the corporate borrower filed its motion for leave to appeal to the Federal Court in respect of the decision of the Court of Appeal against the corporate borrower dated 27 September 2013.

On 29 January 2014, the Federal Court dismissed the leave application. This brings this matter to a close in respect of the claim against the lenders and Maybank IB. The actions for recovery of the loan sums will still continue, as the earlier order of the Court of Appeal of 22 November 2013 staying the enforcement of the judgment obtained by the lenders, has lapsed with the Federal Court's dismissal on 29 January 2014 of the borrower's application for leave to appeal to the Federal Court.

(iii) 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 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 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.

47. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) Contingent liabilities (cont'd.)

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

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

The 2nd and 3rd Defendants were receivers and managers ("R&Ms") appointed by Maybank under debentures given by the Plaintiff. The Plaintiff had defaulted under the banking facilities granted by Maybank resulting in Maybank appointing the R&Ms.

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

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

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

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

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

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

The Plaintiff had filed a Notice of Discontinuance of its leave application on 20 November 2013 and as such, the case management fixed on 21 November 2013 was vacated by the Federal Court. This officially brings a final closure to the Plaintiff's actions against Maybank.

48. 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 Executive Risk Committee, Group Operational Risk Management Committee, Asset and Liability Management Committee 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 Broad Principles of Risk Management:

(a) The Risk Management approach is premised on the "three lines of defence" concept – risk taking units, risk control units and internal audit.

(b) The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risks. Complementing this is internal audit which provides independent assurance of the effectiveness of the risk management approach.

(c) Risk Management provides risk oversight for the major risk categories including credit, market, liquidity, operational and other industry-specific risk types (e.g. insurance and stockbroking risks).

(d) Risk Management ensures that the core risk policies of the Group are consistent, set the risk tolerance level and facilitate the implementation of an integrated risk-adjusted measurement framework.

(e) Risk Management is functionally and organisationally independent of business sectors and other risk taking units within the Group.

(f) The Maybank Board, through the Risk Management Committee, maintains overall responsibility for the risk oversight function within the Group.

(g) Risk Management ensures the execution of various risk policies and related decisions empowered by the Board.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

(b) Financial instrument by category

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	3,944,692	-	-	-	-	3,944,692	-	3,944,692
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	418,185	418,185	1,931,810	2,349,995
Other assets	-	-	-	-	7,525,838	7,525,838	980,080	8,505,918
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	11,933,645	11,177,612	82,836,922	5,668,174	432,549,089	544,165,442	16,277,784	560,443,226

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	3,937,380	-	3,937,380	-	3,937,380
Insurance/takaful contract liabilities and other insurance payables	-	413,706	413,706	21,386,433	21,800,139
Other liabilities	-	5,154,397	5,154,397	3,131,305	8,285,702
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	3,937,380	482,769,697	486,707,077	25,993,550	512,700,627

Group As at 31.12.2012	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 (Restated) RM'000	Total (Restated) RM'000
Assets								
Cash and short-term funds	-	-	-	-	40,018,633	40,018,633	-	40,018,633
Deposits and placements with financial institutions	-	-	-	-	11,949,150	11,949,150	-	11,949,150
Financial assets purchased under resale agreements	-	-	-	-	798,180	798,180	-	798,180
Financial investments portfolio*	16,719,811	12,436,881	60,792,374	2,870,768	-	92,819,834	-	92,819,834
Loans, advances and financing	-	-	-	-	311,824,735	311,824,735	-	311,824,735
Derivative assets	2,880,492	-	-	-	-	2,880,492	-	2,880,492
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	572,295	572,295	1,983,432	2,555,727
Other assets	-	-	-	-	6,039,675	6,039,675	640,582	6,680,257
Investment properties	-	-	-	-	-	-	572,662	572,662
Statutory deposits with central banks	-	-	-	-	12,298,362	12,298,362	-	12,298,362
Interest in associates and joint ventures	-	-	-	-	-	-	2,235,233	2,235,233
Property, plant and equipment	-	-	-	-	-	-	2,402,821	2,402,821
Intangible assets	-	-	-	-	-	-	6,531,336	6,531,336
Deferred tax assets	-	-	-	-	-	-	1,343,541	1,343,541
Total assets	19,600,303	12,436,881	60,792,374	2,870,768	383,501,030	479,201,356	15,709,607	494,910,963

* 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.

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

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

Group As at 31.12.2012	Held-for-trading RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 (Restated) RM'000	Total (Restated) RM'000
Liabilities					
Deposits from customers	-	347,155,510	347,155,510	-	347,155,510
Deposits and placements from financial institutions	-	33,887,376	33,887,376	-	33,887,376
Bills and acceptances payable	-	2,269,513	2,269,513	-	2,269,513
Derivative liabilities	2,376,979	-	2,376,979	-	2,376,979
Insurance/takaful contract liabilities and other insurance payables	-	535,117	535,117	21,393,755	21,928,872
Other liabilities	-	6,561,396	6,561,396	3,222,217	9,783,613
Recourse obligation on loans and financing sold to Cagamas	-	1,592,974	1,592,974	-	1,592,974
Provision for taxation and zakat	-	-	-	1,051,798	1,051,798
Deferred tax liabilities	-	-	-	674,872	674,872
Borrowings	-	10,714,266	10,714,266	-	10,714,266
Subordinated obligations	-	13,510,041	13,510,041	-	13,510,041
Capital securities	-	6,150,351	6,150,351	-	6,150,351
Total liabilities	2,376,979	422,376,544	424,753,523	26,342,642	451,096,165

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	3,760,133	-	-	-	-	3,760,133	-	3,760,133
Other assets	-	-	-	-	4,862,054	4,862,054	457,383	5,319,437
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	9,306,224	-	64,532,797	5,354,097	295,226,735	374,419,853	23,359,179	397,779,032

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	3,632,464	-	3,632,464	-	3,632,464
Other liabilities	-	7,835,018	7,835,018	1,650,331	9,485,349
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	3,632,464	351,418,365	355,050,829	2,228,431	357,279,260

* 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 2013

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

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

Bank As at 31.12.2012	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	-	-	-	-	23,153,242	23,153,242	-	23,153,242
Deposits and placements with financial institutions	-	-	-	-	10,039,999	10,039,999	-	10,039,999
Financial assets purchased under resale agreements	-	-	-	-	650,314	650,314	-	650,314
Financial investments portfolio*	10,719,937	-	47,366,309	2,556,849	-	60,643,095	-	60,643,095
Loans, advances and financing	-	-	-	-	214,852,046	214,852,046	-	214,852,046
Derivative assets	2,812,148	-	-	-	-	2,812,148	-	2,812,148
Other assets	-	-	-	-	2,528,814	2,528,814	184,249	2,713,063
Statutory deposits with central banks	-	-	-	-	6,888,916	6,888,916	-	6,888,916
Investment in subsidiaries	-	-	-	-	-	-	17,634,469	17,634,469
Interest in associates and joint ventures	-	-	-	-	-	-	456,512	456,512
Property, plant and equipment	-	-	-	-	-	-	1,205,788	1,205,788
Intangible assets	-	-	-	-	-	-	697,066	697,066
Deferred tax assets	-	-	-	-	-	-	810,015	810,015
Total assets	13,532,085	-	47,366,309	2,556,849	258,113,331	321,568,574	20,988,099	342,556,673

* 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 31.12.2012	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	-	237,402,079	237,402,079	-	237,402,079
Deposits and placements from financial institutions	-	29,198,776	29,198,776	-	29,198,776
Bills and acceptances payable	-	1,553,312	1,553,312	-	1,553,312
Derivative liabilities	2,243,617	-	2,243,617	-	2,243,617
Other liabilities	-	6,988,101	6,988,101	1,657,322	8,645,423
Recourse obligation on loans and financing sold to Cagamas	-	687,793	687,793	-	687,793
Provision for taxation and zakat	-	-	-	758,446	758,446
Borrowings	-	7,382,719	7,382,719	-	7,382,719
Subordinated obligations	-	11,638,850	11,638,850	-	11,638,850
Capital securities	-	6,150,351	6,150,351	-	6,150,351
Total liabilities	2,243,617	301,001,981	303,245,598	2,415,768	305,661,366

(c) Credit risk management

1. Credit risk management overview

Credit risk definition

Credit risk arises as a result of customers' or counterparties' failure to fulfil their financial and contractual obligations as and when they arise. These obligations arise from the Group's direct lending operations, trade finance and its funding, investment and trading activities undertaken by the Group. As the Group's primary business is in commercial banking, the Group's exposure to credit risk is primarily from its lending activities and financing to retail, small and medium enterprises ("SMEs") business and corporate borrowers/customers. Other activities such as trading or holding of debt securities or settlement of transactions also expose the Group to credit risk and counterparty credit risk.

Management of credit risk

Corporate and institutional credit risks are assessed by business units and evaluated and approved by an independent party (Group Credit Management) 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 cashflows, 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 portfolio.

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 monitors and manages its exposures to counterparties on a day-to-day basis.

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

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

- Countries;
- Business segments;
- Economic sectors;
- Single customer groups;
- Banks and non-bank financial institutions;
- Counterparties; and
- Collaterals.

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

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

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

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

Credit Risk Management ("CRM") framework

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

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

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

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss ("EL") framework 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 framework 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 exposures, 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 exposures, 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.

Group	Maximum exposure As at 31.12.2013 RM'000	Maximum exposure As at 31.12.2012 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	**48,067,358**	40,018,633
Deposits and placements with financial institutions	**7,156,749**	11,949,150
Financial assets purchased under resale agreements	**20,558**	798,180
Financial investments portfolio*	**104,159,214**	89,413,581
Loans, advances and financing	**355,617,527**	311,824,735
Derivative assets	**3,944,692**	2,880,492
Reinsurance/retakaful assets and other insurance receivables	**418,185**	572,295
Other assets	**7,525,838**	6,039,675
Statutory deposits with central banks	**13,742,874**	12,298,362
	540,652,995	475,795,103
Credit exposure for off-balance sheet items:		
Direct credit substitutes	**12,294,758**	9,835,215
Certain transaction-related contingent items	**14,849,519**	12,386,664
Short-term self-liquidating trade-related contingencies	**4,133,782**	4,149,665
Obligations under underwriting agreements	**30,000**	30,000
Irrevocable commitments to extend credit	**128,804,557**	127,218,305
Miscellaneous	**10,429,751**	9,773,807
	170,542,367	163,393,656
Total maximum credit risk exposure	**711,195,362**	639,188,759

* 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 2013

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

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

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

Bank	Maximum exposure	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	29,320,984	23,153,242
Deposits and placements with financial institutions	15,723,864	10,039,999
Financial assets purchased under resale agreements	20,558	650,314
Financial investments portfolio*	75,339,473	60,546,463
Loans, advances and financing	237,971,279	214,852,046
Derivative assets	3,760,133	2,812,148
Other assets	4,862,054	2,528,814
Statutory deposits with central banks	7,327,996	6,888,916
	374,326,341	321,471,942
Credit exposure for off-balance sheet items:		
Direct credit substitutes	10,344,133	7,442,874
Certain transaction-related contingent items	12,775,293	10,752,852
Short-term self-liquidating trade-related contingencies	3,739,333	3,775,633
Irrevocable commitments to extend credit	103,941,499	103,900,558
Miscellaneous	10,261,298	9,616,211
	141,061,556	135,488,128
Total maximum credit risk exposure	515,387,897	456,960,070

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 53% and 52% respectively as at 31 December 2013 (31 December 2012: 54% for the Group; 56% for the Bank). The financial effect of collateral held for other financial assets is not significant.

3. Credit risk concentration profile

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. 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	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
As at 31.12.2013											
Malaysia	24,357,143	1,001,686	20,522	74,509,583	222,948,234	1,215,389	396,367	5,285,356	7,870,205	337,604,485	123,751,364
Singapore	3,384,464	1,053,403	36	18,940,772	81,099,628	2,454,522	9,309	419,456	2,509,877	109,871,467	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	-	614,974	2,740,966	2,503	-	219,057	670,906	5,942,997	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	104,159,214	359,440,830	3,944,692	418,185	7,525,838	13,742,874	544,476,298	170,542,367
Less: Collective allowance	-	-	-	-	(3,823,303)	-	-	-	-	(3,823,303)	-
	48,067,358	7,156,749	20,558	104,159,214	355,617,527	3,944,692	418,185	7,525,838	13,742,874	540,652,995	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.

48. 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.):

Group	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
As at 31.12.2012											
Malaysia	17,673,083	3,513,437	-	66,136,207	199,889,428	1,054,824	563,527	3,142,578	7,109,206	299,082,290	123,959,772
Singapore	4,124,198	351,805	650,314	14,115,356	68,742,501	1,740,159	7,716	1,113,078	2,152,825	92,997,952	31,378,740
Indonesia	4,068,001	24,533	147,866	2,926,387	26,174,457	73,201	-	533,188	2,467,681	36,415,314	1,776,775
Labuan Offshore	2,614,863	1,218,823	-	950,727	5,019,578	549	-	-	-	9,804,540	1,870,216
Hong Kong SAR	3,220,960	3,847,534	-	2,332,808	7,123,422	3,248	-	269,069	-	16,797,041	2,197,767
United States of America	4,508,865	792,070	-	1,054,415	1,013,744	5,233	-	71,691	-	7,446,018	456,991
People's Republic of China	220,383	297,416	-	10,349	1,448,290	-	-	62,795	-	2,039,233	744,097
Vietnam	152,164	100,699	-	-	407,405	-	-	36,980	3,230	700,478	276,402
United Kingdom	1,480,572	381,459	-	411,811	1,108,573	33	-	7,470	-	3,389,918	431,779
Philippines	566,057	153,950	-	761,616	2,349,538	3,245	-	151,579	398,531	4,384,516	129,825
Brunei	20,641	-	-	69,992	288,101	-	1,052	149	22,203	402,138	170,372
Cambodia	73,915	497,746	-	-	701,313	-	-	3,045	108,579	1,384,598	-
Bahrain	-	-	-	7,276	236,658	-	-	143	-	244,077	-
Papua New Guinea	6,460	142,995	-	391,135	152,330	-	-	15,643	35,550	744,113	-
Thailand	34,854	6,142	-	18,721	910,703	-	-	577,336	-	1,547,756	-
India	2,454	11,362	-	12,979	-	-	-	5,207	-	32,002	-
Others	1,251,163	609,179	-	213,802	3,688	-	-	49,724	557	2,128,113	920
	40,018,633	11,949,150	798,180	89,413,581	315,569,729	2,880,492	572,295	6,039,675	12,298,362	479,540,097	163,393,656
Less: Collective allowance	-	-	-	-	(3,744,994)	-	-	-	-	(3,744,994)	-
	40,018,633	11,949,150	798,180	89,413,581	311,824,735	2,880,492	572,295	6,039,675	12,298,362	475,795,103	163,393,656

Bank	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
As at 31.12.2013										
Malaysia	10,760,278	10,600,175	20,522	52,009,555	143,864,473	1,274,466	4,736,590	4,786,100	228,052,159	98,694,748
Singapore	3,235,786	891,855	36	18,816,683	80,358,398	2,454,517	30,177	2,509,877	108,297,329	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	75,339,473	240,856,749	3,760,133	4,862,054	7,327,996	377,211,811	141,061,556
Less: Collective allowance	-	-	-	-	(2,885,470)	-	-	-	(2,885,470)	-
	29,320,984	15,723,864	20,558	75,339,473	237,971,279	3,760,133	4,862,054	7,327,996	374,326,341	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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

48. 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	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
As at 31.12.2012										
Malaysia	6,490,136	3,343,830	-	42,806,883	137,931,095	1,068,743	1,928,380	4,710,101	198,279,168	99,952,659
Singapore	3,961,825	234,808	650,314	13,978,211	68,141,847	1,740,159	513,494	2,152,825	91,373,483	31,258,061
Indonesia	224,774	278,324	-	-	-	-	-	-	503,098	-
Labuan Offshore	1,411,936	-	-	-	-	-	-	-	1,411,936	-
Hong Kong SAR	3,209,392	3,840,544	-	2,298,473	7,033,726	3,246	303	-	16,385,684	2,197,767
United States of America	4,494,161	792,070	-	967,360	1,013,745	-	21,493	-	7,288,829	456,991
People's Republic of China	220,310	297,416	-	-	1,448,137	-	62,733	-	2,028,596	744,097
Vietnam	133,562	80,254	-	-	377,070	-	246	3,230	594,362	276,402
United Kingdom	1,460,552	381,459	-	401,752	1,108,515	-	-	-	3,352,278	431,779
Philippines	287,852	71,263	-	-	-	-	-	-	359,115	-
Brunei	20,640	-	-	69,992	288,102	-	148	22,203	401,085	170,372
Cambodia	-	139,926	-	-	-	-	1,874	-	141,800	-
Bahrain	-	-	-	7,276	236,658	-	143	-	244,077	-
Papua New Guinea	1,419	-	-	-	-	-	-	-	1,419	-
Thailand	6,645	-	-	-	-	-	-	-	6,645	-
India	2,313	-	-	-	-	-	-	-	2,313	-
Others	1,227,725	580,105	-	16,516	-	-	-	557	1,824,903	-
	23,153,242	10,039,999	650,314	60,546,463	217,578,895	2,812,148	2,528,814	6,888,916	324,198,791	135,488,128
Less: Collective allowance	-	-	-	-	(2,726,849)	-	-	-	(2,726,849)	-
	23,153,242	10,039,999	650,314	60,546,463	214,852,046	2,812,148	2,528,814	6,888,916	321,471,942	135,488,128

* 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.

(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	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
As at 31.12.2013											
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	112,975	-	53	-	30,805,105	8,299,818
Construction	-	-	-	577,754	33,884,937	15,684	-	17	-	34,478,392	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	30,285	-	536	-	34,499,048	20,624,856
Finance, insurance, real estate and business	47,982,738	7,156,749	20,558	65,839,747	47,005,249	3,603,079	418,185	6,074,387	13,742,874	191,843,566	53,091,245
Transport, storage and communication	-	-	-	5,445,244	12,568,387	53,434	-	1,517	-	18,068,582	2,166,055
Education, health and others	-	-	-	18,035	15,474,535	4,443	-	165	-	15,497,178	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	33,372	-	687,980	-	38,859,464	13,718,061
	48,067,358	7,156,749	20,558	104,159,214	359,440,830	3,944,692	418,185	7,525,838	13,742,874	544,476,298	170,542,367
Less: Collective allowance	-	-	-	-	(3,823,303)	-	-	-	-	(3,823,303)	-
	48,067,358	7,156,749	20,558	104,159,214	355,617,527	3,944,692	418,185	7,525,838	13,742,874	540,652,995	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.

48. 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.):

Group	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
As at 31.12.2012											
Agriculture	-	-	-	245,602	6,872,166	1,948	-	11	-	7,119,727	1,650,888
Mining and quarrying	-	-	-	228,861	2,127,641	-	-	93	-	2,356,595	277,297
Manufacturing	-	-	-	490,536	27,492,597	36,282	-	43	-	28,019,458	10,801,228
Construction	-	-	-	827,934	30,508,693	32,790	-	-	-	31,369,417	10,909,209
Electricity, gas and water supply	-	-	-	1,965,858	6,349,754	69,037	-	174	-	8,384,823	6,826,786
Wholesale, retail trade, restaurants and hotels	-	-	-	509,995	32,288,009	9,482	-	480	-	32,807,966	18,450,103
Finance, insurance, real estate and business	38,378,528	11,806,155	798,180	68,830,368	47,286,756	2,644,826	572,295	4,149,944	12,298,362	186,765,414	55,565,721
Transport, storage and communication	-	-	-	3,686,143	12,516,159	70,590	-	783	-	16,273,675	6,413,794
Education, health and others	-	-	-	2,423	6,974,215	658	-	131	-	6,977,427	1,629,841
Household	-	-	-	257	132,943,097	522	-	819,909	-	133,763,785	38,377,602
Others	1,640,105	142,995	-	12,625,604	10,210,642	14,357	-	1,068,107	-	25,701,810	12,491,187
	40,018,633	11,949,150	798,180	89,413,581	315,569,729	2,880,492	572,295	6,039,675	12,298,362	479,540,097	163,393,656
Less: Collective allowance	-	-	-	-	(3,744,994)	-	-	-	-	(3,744,994)	-
	40,018,633	11,949,150	798,180	89,413,581	311,824,735	2,880,492	572,295	6,039,675	12,298,362	475,795,103	163,393,656

Bank	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
As at 31.12.2013										
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	112,872	-	-	21,019,652	7,790,225
Construction	-	-	-	234,132	29,216,842	15,684	-	-	29,466,658	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	30,235	-	-	24,500,696	20,129,403
Finance, insurance, real estate and business	29,244,029	15,723,864	20,558	50,951,311	44,493,346	3,467,082	4,862,000	7,327,996	156,090,186	52,230,751
Transport, storage and communication	-	-	-	2,603,513	9,243,453	53,434	-	-	11,900,400	2,053,969
Education, health and others	-	-	-	-	4,493,922	4,443	-	-	4,498,365	2,633,476
Household	-	-	-	-	89,811,779	514	-	-	89,812,293	27,324,711
Others	76,955	-	-	17,078,088	2,804,357	32,879	54	-	19,992,333	11,364,068
	29,320,984	15,723,864	20,558	75,339,473	240,856,749	3,760,133	4,862,054	7,327,996	377,211,811	141,061,556
Less: Collective allowance	-	-	-	-	(2,885,470)	-	-	-	(2,885,470)	-
	29,320,984	15,723,864	20,558	75,339,473	237,971,279	3,760,133	4,862,054	7,327,996	374,326,341	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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

48. 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	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
As at 31.12.2012										
Agriculture	-	-	-	25,786	4,342,992	1,948	-	-	4,370,726	869,556
Mining and quarrying	-	-	-	218,518	1,085,458	-	-	-	1,303,976	220,281
Manufacturing	-	-	-	28,701	19,295,357	36,215	-	-	19,360,273	9,603,665
Construction	-	-	-	165,217	26,723,111	29,270	-	-	26,917,598	9,433,035
Electricity, gas and water supply	-	-	-	434,417	3,689,013	41,792	-	-	4,165,222	6,504,223
Wholesale, retail trade, restaurants and hotels	-	-	-	293,826	22,503,775	9,482	-	-	22,807,083	17,739,320
Finance, insurance, real estate and business	21,490,728	10,039,999	650,314	53,828,014	36,277,895	2,607,351	2,156,846	6,888,916	133,940,063	47,139,080
Transport, storage and communication	-	-	-	2,205,878	8,191,249	70,590	-	-	10,467,717	5,675,693
Education, health and others	-	-	-	-	4,705,320	658	-	-	4,705,978	1,392,675
Household	-	-	-	-	88,977,612	522	-	-	88,978,134	28,166,892
Others	1,662,514	-	-	3,346,106	1,787,113	14,320	371,968	-	7,182,021	8,743,708
	23,153,242	10,039,999	650,314	60,546,463	217,578,895	2,812,148	2,528,814	6,888,916	324,198,791	135,488,128
Less: Collective allowance	-	-	-	-	(2,726,849)	-	-	-	(2,726,849)	-
	23,153,242	10,039,999	650,314	60,546,463	214,852,046	2,812,148	2,528,814	6,888,916	321,471,942	135,488,128

* 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. 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; and
- For other loans and financing - charges over business assets such as premises, inventories, trade receivables or deposits.

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

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

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

5. Credit quality of financial assets (cont'd.)

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.

6. Credit quality of financial assets - gross loans, advances and financing

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%

Summary of risk categories of gross loans, advances and financing of the Group are assessed based on credit quality classification as described in Note 48(c)(5).

Group 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	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%

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

6. Credit quality of financial assets - gross loans, advances and financing (cont'd.)

Group As at 31.12.2012	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	15,195,025	205,031	73,776	17,218	15,491,050	1,314,856	16,805,906
Term loans	220,532,182	12,793,619	4,117,433	1,329,561	238,772,795	3,869,228	242,642,023
Others	57,176,945	617,001	73,030	13,091	57,880,067	470,268	58,350,335
Gross loans, advances and financing	292,904,152	13,615,651	4,264,239	1,359,870	312,143,912	5,654,352	317,798,264
Less:							
- Individual allowance							(2,228,535)
- Collective allowance							(3,744,994)
							(5,973,529)
Net loans, advances and financing							311,824,735
As a percentage of total gross loans, advances and financing	92.17%	4.28%	1.34%	0.43%	98.22%	1.78%	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 48(c)(5).

Group As at 31.12.2012	<----------------------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	781,905	2,552,861	4,778,211	1,808,946	5,273,102	15,195,025
Term loans	42,656,971	71,056,936	50,603,187	12,107,381	44,107,707	220,532,182
Others	9,895,502	14,174,003	15,688,271	2,894,374	14,524,795	57,176,945
Total - Neither past due nor impaired	53,334,378	87,783,800	71,069,669	16,810,701	63,905,604	292,904,152
As a percentage of total gross loans, advances and financing	16.78%	27.62%	22.37%	5.29%	20.11%	92.17%

Bank 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	**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 48(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%**

48. 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 31.12.2012	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	9,458,830	174,683	66,323	11,080	9,710,916	1,135,883	10,846,799
Term loans	153,468,730	7,254,432	2,647,167	845,355	164,215,684	2,708,778	166,924,462
Others	40,569,834	565,571	61,893	12,151	41,209,449	317,640	41,527,089
Gross loans, advances and financing	203,497,394	7,994,686	2,775,383	868,586	215,136,049	4,162,301	219,298,350
Less:							
- Individual allowance							(1,719,455)
- Collective allowance							(2,726,849)
							(4,446,304)
Net loans, advances and financing							214,852,046
As a percentage of total gross loans, advances and financing	92.79%	3.64%	1.27%	0.40%	98.10%	1.90%	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 48(c)(5).

Bank As at 31.12.2012	<----------------------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	144,100	1,115,754	2,870,554	1,104,189	4,224,233	9,458,830
Term loans	29,858,555	52,300,913	34,722,094	5,118,601	31,468,567	153,468,730
Others	8,524,241	10,978,983	10,402,554	1,293,754	9,370,302	40,569,834
Total - Neither past due nor impaired	38,526,896	64,395,650	47,995,202	7,516,544	45,063,102	203,497,394
As a percentage of total gross loans, advances and financing	17.57%	29.36%	21.88%	3.43%	20.55%	92.79%

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

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	Impairment allowance RM'000	Net Total 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*	103,809,018	-	-	-	103,809,018	1,477,670	105,286,688	(1,127,474)	104,159,214
Derivative assets	3,944,692	-	-	-	3,944,692	-	3,944,692	-	3,944,692
Reinsurance/retakaful assets and other insurance receivables	418,185	-	-	-	418,185	101,905	520,090	(101,905)	418,185
Other assets	7,443,275	57,663	2,490	11,074	7,514,502	64,820	7,579,322	(53,484)	7,525,838
Statutory deposits with central banks	13,742,874	-	-	-	13,742,874	-	13,742,874	-	13,742,874
	184,602,709	57,663	2,490	11,074	184,673,936	1,644,395	186,318,331	(1,282,863)	185,035,468
As a percentage of gross balances	99.08%	0.03%	0.00%	0.01%	99.12%	0.88%	100.00%		

Summary of risk categories of financial investments portfolio and other financial assets of the Group are assessed based on credit quality classification as described in Note 48(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	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	2,493,861	103,809,018
Derivative assets	53,962	3,312,244	273,831	162,662	9,604	132,389	3,944,692
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	418,185	418,185
Other assets	-	17,042	-	-	-	7,426,233	7,443,275
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	17,389,603	184,602,709
As a percentage of gross balances	43.59%	37.64%	6.44%	1.74%	0.34%	9.33%	99.08%

* 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 2013

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

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

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

Group As at 31.12.2012	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	Impairment allowance RM'000	Net Total RM'000
Cash and short-term funds	40,018,633	-	-	-	40,018,633	-	40,018,633	-	40,018,633
Deposits and placements with financial institutions	11,949,150	-	-	-	11,949,150	-	11,949,150	-	11,949,150
Financial assets purchased under resale agreements	798,180	-	-	-	798,180	-	798,180	-	798,180
Financial investments portfolio*	88,953,689	-	-	-	88,953,689	1,585,273	90,538,962	(1,125,381)	89,413,581
Derivative assets	2,880,492	-	-	-	2,880,492	-	2,880,492	-	2,880,492
Reinsurance/retakaful assets and other insurance receivables	505,679	-	-	66,616	572,295	108,270	680,565	(108,270)	572,295
Other assets	5,923,856	99,480	1,168	5,820	6,030,324	96,783	6,127,107	(87,432)	6,039,675
Statutory deposits with central banks	12,298,362	-	-	-	12,298,362	-	12,298,362	-	12,298,362
	163,328,041	99,480	1,168	72,436	163,501,125	1,790,326	165,291,451	(1,321,083)	163,970,368
As a percentage of gross balances	98.81%	0.06%	0.00%	0.05%	98.92%	1.08%	100.00%		

Summary of risk categories of financial investments portfolio and other financial assets of the Group are assessed based on credit quality classification as described in Note 48(c)(5).

Group As at 31.12.2012	<--------------------------Neither past due nor impaired-----------------------> Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Total RM'000
Cash and short-term funds	12,619,729	11,964,446	5,318,229	1,004,652	150,487	8,961,090	40,018,633
Deposits and placements with financial institutions	711,347	1,090,789	6,069,239	1,206,948	-	2,870,827	11,949,150
Financial assets purchased under resale agreements	650,314	147,866	-	-	-	-	798,180
Financial investments portfolio*	40,218,117	34,851,197	5,021,758	872,910	319,003	7,670,704	88,953,689
Derivative assets	-	2,677,162	29,217	91,971	17,057	65,085	2,880,492
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	505,679	505,679
Other assets	39,637	16,127	1,416	-	-	5,866,676	5,923,856
Statutory deposits with central banks	11,791,252	-	-	-	-	507,110	12,298,362
Total - Neither past due nor impaired	66,030,396	50,747,587	16,439,859	3,176,481	486,547	26,447,171	163,328,041
As a percentage of gross balances	39.95%	30.70%	9.95%	1.92%	0.29%	16.00%	98.81%

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*	75,190,422	1,010,362	76,200,784	(861,311)	75,339,473
Derivative assets	3,760,133	-	3,760,133	-	3,760,133
Other assets	4,855,186	29,463	4,884,649	(22,595)	4,862,054
Statutory deposits with central banks	7,327,996	-	7,327,996	-	7,327,996
	136,199,143	1,039,825	137,238,968	(883,906)	136,355,062
As a percentage of gross balances	99.24%	0.76%	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.

48. 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 Bank are assessed based on credit quality classification as described in Note 48(c)(5).

Bank As at 31.12.2013	<-----Neither past due nor impaired----->						Total RM'000
	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated 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	2,428,616	75,190,422
Derivative assets	-	3,251,586	282,489	162,578	9,604	53,876	3,760,133
Other assets	-	-	-	-	-	4,855,186	4,855,186
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	12,970,704	136,199,143
As a percentage of gross balances	36.15%	45.14%	6.06%	2.03%	0.42%	9.44%	99.24%

Bank As at 31.12.2012	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	23,153,242	-	23,153,242	-	23,153,242
Deposits and placements with financial institutions	10,039,999	-	10,039,999	-	10,039,999
Financial assets purchased under resale agreements	650,314	-	650,314	-	650,314
Financial investments portfolio*	60,363,756	1,057,542	61,421,298	(874,835)	60,546,463
Derivative assets	2,812,148	-	2,812,148	-	2,812,148
Other assets	2,524,482	62,985	2,587,467	(58,653)	2,528,814
Statutory deposits with central banks	6,888,916	-	6,888,916	-	6,888,916
	106,432,857	1,120,527	107,553,384	(933,488)	106,619,896
As a percentage of gross balances	98.96%	1.04%	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 48(c)(5).

Bank As at 31.12.2012	<-----Neither past due nor impaired----->						Total RM'000
	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	
Cash and short-term funds	1,769,882	10,777,202	4,051,114	845,724	148,610	5,560,710	23,153,242
Deposits and placements with financial institutions	406,171	271,286	5,844,816	1,110,533	-	2,407,193	10,039,999
Financial assets purchased under resale agreements	650,314	-	-	-	-	-	650,314
Financial investments portfolio*	27,544,088	23,916,225	3,803,227	441,044	48,048	4,611,124	60,363,756
Derivative assets	-	2,650,607	29,153	91,964	17,057	23,367	2,812,148
Other assets	-	-	-	-	-	2,524,482	2,524,482
Statutory deposits with central banks	6,888,916	-	-	-	-	-	6,888,916
Total - Neither past due nor impaired	37,259,371	37,615,320	13,728,310	2,489,265	213,715	15,126,876	106,432,857
As a percentage of gross balances	34.64%	34.97%	12.76%	2.31%	0.20%	14.08%	98.96%

* 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 2013

48. 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 31.12.2013					
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**
As at 31.12.2012					
Malaysia	4,007,515	1,157,944	107,479	50,013	5,322,951
Singapore	363,344	51,870	475	9,959	425,648
Indonesia	572,768	101,607	-	8,203	682,578
Labuan Offshore	138,160	-	-	-	138,160
Hong Kong SAR	16,367	-	-	1	16,368
United States of America	431	1,185	-	25,364	26,980
Vietnam	19,051	-	-	1,914	20,965
United Kingdom	277,477	135,709	-	1	413,187
Philippines	83,971	17,158	-	667	101,796
Brunei	2,107	-	316	-	2,423
Cambodia	31,653	-	-	-	31,653
Bahrain	89,577	13,447	-	-	103,024
Thailand	25,486	1,464	-	649	27,599
Others	26,445	104,889	-	12	131,346
	5,654,352	1,585,273	108,270	96,783	7,444,678

* 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.

48. 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 31.12.2013				
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**
As at 31.12.2012				
Malaysia	3,469,194	880,060	37,799	4,387,053
Singapore	289,364	41,773	-	331,137
Hong Kong SAR	15,531	-	-	15,531
United States of America	-	-	24,468	24,468
Vietnam	19,051	-	718	19,769
United Kingdom	277,477	135,709	-	413,186
Brunei	2,107	-	-	2,107
Bahrain	89,577	-	-	89,577
	4,162,301	1,057,542	62,985	5,282,828

* 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.

(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 31.12.2013					
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**
As at 31.12.2012					
Agriculture	118,868	14,092	-	-	132,960
Mining and quarrying	148,873	-	-	-	148,873
Manufacturing	2,212,490	-	-	-	2,212,490
Construction	351,303	20,592	-	-	371,895
Electricity, gas and water supply	27,760	-	-	-	27,760
Wholesale, retail trade, restaurants and hotels	564,082	262,007	-	-	826,089
Finance, insurance, real estate and business	627,043	325,243	108,270	91,623	1,152,179
Transport, storage and communication	413,003	127,072	-	-	540,075
Education, health and others	52,759	-	-	-	52,759
Household	829,936	-	-	4,457	834,393
Others	308,235	836,267	-	703	1,145,205
	5,654,352	1,585,273	108,270	96,783	7,444,678

* 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 2013

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

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

8. Credit quality of impaired financial assets (cont'd.)

(ii) Impaired financial assets analysed by industry sectors are as follows (cont'd.):

Bank	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
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**	**86,334**	**-**	**395,488**
Education, health and others	**26,144**	**-**	**-**	**26,144**
Household	**511,747**	**-**	**-**	**511,747**
Others	**24,282**	**418,894**	**-**	**443,176**
	3,776,831	**1,010,362**	**29,463**	**4,816,656**
As at 31.12.2012				
Agriculture	100,185	-	-	100,185
Mining and quarrying	10,500	-	-	10,500
Manufacturing	1,889,932	-	-	1,889,932
Construction	272,416	20,592	-	293,008
Electricity, gas and water supply	26,117	-	-	26,117
Wholesale, retail trade, restaurants and hotels	386,138	-	-	386,138
Finance, insurance, real estate and business	437,241	298,041	62,985	798,267
Transport, storage and communication	285,099	41,733	-	326,832
Education, health and others	28,311	-	-	28,311
Household	606,651	-	-	606,651
Others	119,711	697,176	-	816,887
	4,162,301	1,057,542	62,985	5,282,828

* 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.

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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Residential properties	**13,639**	31,466	**1,575**	1,575
Non-residential properties	**76,465**	78,144	**34,454**	34,426
	90,104	109,610	**36,029**	36,001

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 for its business use.

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

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

10. Reconciliation of allowance account

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

Group	Loans, advances and financing RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Reinsurance/ retakaful assets and other insurance receivables RM'000	Other assets RM'000	Total RM'000
As at 31.12.2013						
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**
As at 31.12.2012						
Individual allowance						
At 1 January 2012	2,813,107	1,205,411	24,263	88,066	97,913	4,228,760
Allowance made during the financial year	1,172,015	90,290	9,080	28,348	1,855	1,301,588
Amount written back	(437,932)	(66,083)	(316)	(8,144)	(9,037)	(521,512)
Amount written off	(1,222,716)	(135,351)	-	-	(5,828)	(1,363,895)
Transferred to collective allowance	(60,216)	-	-	-	-	(60,216)
Acquisition of subsidiaries	(2,720)	-	-	-	808	(1,912)
Exchange differences	(33,003)	(1,991)	78	-	1,721	(33,195)
At 31 December 2012	2,228,535	1,092,276	33,105	108,270	87,432	3,549,618
Collective allowance						
At 1 January 2012	4,169,974	-	-	-	-	4,169,974
Allowance made during the financial year	628,222	-	-	-	-	628,222
Amount written off	(1,069,222)	-	-	-	-	(1,069,222)
Transferred from individual allowance	60,216	-	-	-	-	60,216
Exchange differences	(44,196)	-	-	-	-	(44,196)
At 31 December 2012	3,744,994	-	-	-	-	3,744,994

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

10. Reconciliation of allowance account (cont'd.)

Movements in allowances for impairment losses for financial assets are as follows (cont'd.):

Bank	Loans, advances and financing RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other assets RM'000	Total RM'000
As at 31.12.2013					
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**
As at 31.12.2012					
Individual allowance					
At 1 January 2012	2,102,421	1,023,685	16,042	64,053	3,206,201
Allowance made during the financial year	985,402	36,879	4,054	718	1,027,053
Amount written back	(368,351)	(63,688)	(316)	-	(432,355)
Amount written off	(904,764)	(133,037)	-	(5,170)	(1,042,971)
Transferred to collective allowance	(57,882)	-	-	-	(57,882)
Transferred to a newly incorporated subsidiary	(36,822)	-	-	-	(36,822)
Exchange differences	(549)	(8,784)	-	(948)	(10,281)
At 31 December 2012	1,719,455	855,055	19,780	58,653	2,652,943
Collective allowance					
At 1 January 2012	3,097,366	-	-	-	3,097,366
Allowance made during the financial year	205,091	-	-	-	205,091
Amount written off	(628,911)	-	-	-	(628,911)
Transferred from individual allowance	57,882	-	-	-	57,882
Transferred to a newly incorporated subsidiary	(5,488)	-	-	-	(5,488)
Exchange differences	909	-	-	-	909
At 31 December 2012	2,726,849	-	-	-	2,726,849

(d) Market risk management

1. Market risk management overview

Market risk management

The Group recognises market risk as the adverse impact on earnings or capital arising from changes in the level of volatility of market rates or prices such as interest/profit rates, foreign exchange rates, commodity prices and equity prices. Market risk arises through the Group's trading and balance sheet activities. 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;

(iii) Commodity price risk: arising from changes in commodity prices' and commodity options' implied volatilities; and

(iv) 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 framework

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 occurence 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.

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

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

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

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. 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

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 table below summarises the Group's and Bank's exposure to interest rate risk as at 31 December 2013 and 31 December 2012. The table indicates effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier.

Group	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 %
As at 31.12.2013									
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	-	-	-	-	-	-	3,944,692	3,944,692	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	2,349,995	-	2,349,995	-
Other assets	-	-	-	-	-	8,505,918	-	8,505,918	-
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	51,226,028	31,533,686	560,443,226	
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	-	-	-	-	-	-	3,937,380	3,937,380	-
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	21,800,139	-	21,800,139	-
Other liabilities	-	-	-	-	-	8,285,702	-	8,285,702	-
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	37,083,063	3,937,380	512,700,627	

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

3. Interest rate risk (cont'd.)

Group	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 %
As at 31.12.2013 (cont'd.)									
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	84,825,662	3,937,380	560,443,226	
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)	-		
As at 31.12.2012									
Assets									
Cash and short-term funds	28,686,848	-	-	-	-	11,331,785	-	40,018,633	1.98
Deposits and placements with financial institutions	500,067	7,291,462	3,317,352	232,884	-	607,385	-	11,949,150	1.60
Financial assets purchased under resale agreements	798,180	-	-	-	-	-	-	798,180	1.90
Financial assets at fair value through profit or loss	-	-	-	-	-	-	29,156,692	29,156,692	3.89
Financial investments available-for-sale	4,317,361	3,054,565	3,985,081	20,758,861	20,086,942	1,575,049	7,014,515	60,792,374	3.38
Financial investments held-to-maturity	42,707	115,007	28,921	928,453	1,745,683	9,997	-	2,870,768	3.56
Loans, advances and financing									
- Non-impaired	164,224,297	29,563,537	27,476,692	33,261,555	57,617,831	-	-	312,143,912	6.38
- Impaired*	3,425,817	-	-	-	-	-	-	3,425,817	-
- Collective allowance	-	-	-	-	-	(3,744,994)	-	(3,744,994)	-
Derivative assets	-	-	-	-	-	-	2,880,492	2,880,492	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	2,555,727	-	2,555,727	-
Other assets	-	-	-	-	-	6,680,257	-	6,680,257	-
Other non-interest sensitive balances	-	-	-	-	-	25,383,955	-	25,383,955	-
Total Assets	201,995,277	40,024,571	34,808,046	55,181,753	79,450,456	44,399,161	39,051,699	494,910,963	
Liabilities and Shareholders' Equity									
Deposits from customers	173,293,511	41,768,369	68,462,231	60,603,700	7,101	3,020,598	-	347,155,510	1.78
Deposits and placements from financial institutions	17,232,352	5,846,999	4,001,878	1,052,814	-	5,753,333	-	33,887,376	2.03
Bills and acceptances payable	464,366	137,724	17,293	-	-	1,650,130	-	2,269,513	3.19
Derivative liabilities	-	-	-	-	-	-	2,376,979	2,376,979	-
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	21,928,872	-	21,928,872	-
Other liabilities	-	-	-	-	-	9,783,613	-	9,783,613	-
Recourse obligation on loans and financing sold to Cagamas	-	114,980	5,269	1,472,725	-	-	-	1,592,974	4.24
Borrowings	517,757	208,487	744,439	6,810,678	1,740,593	692,312	-	10,714,266	3.29
Subordinated obligations	-	-	1,590,250	8,709,382	3,210,409	-	-	13,510,041	4.46
Capital securities	-	-	-	49,271	6,101,080	-	-	6,150,351	6.54
Other non-interest sensitive balances	-	-	-	-	-	1,726,670	-	1,726,670	-
Total Liabilities	191,507,986	48,076,559	74,821,360	78,698,570	11,059,183	44,555,528	2,376,979	451,096,165	
Shareholders' equity	-	-	-	-	-	42,095,358	-	42,095,358	-
Non-controlling interests	-	-	-	-	-	1,719,440	-	1,719,440	-
	-	-	-	-	-	43,814,798	-	43,814,798	
Total Liabilities and Shareholders' Equity	191,507,986	48,076,559	74,821,360	78,698,570	11,059,183	88,370,326	2,376,979	494,910,963	
On-balance sheet interest sensitivity gap	10,487,291	(8,051,988)	(40,013,314)	(23,516,817)	68,391,273	(43,971,165)	36,674,720		
Off-balance sheet interest sensitivity gap (interest rate swaps)	438,300	1,196,469	180,814	(2,124,553)	308,970	-	-		
Total interest sensitivity gap	10,925,591	(6,855,519)	(39,832,500)	(25,641,370)	68,700,243	(43,971,165)	36,674,720		
Cumulative interest rate sensitivity gap	10,925,591	4,070,072	(35,762,428)	(61,403,798)	7,296,445	(36,674,720)	-		

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

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

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

3. Interest rate risk (cont'd.)

Bank	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 %
As at 31.12.2013									
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	-	-	-	-	-	-	3,760,133	3,760,133	-
Other assets	-	-	-	-	-	5,319,437	-	5,319,437	-
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	44,188,656	9,306,224	397,779,032	
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	-	-	-	-	-	-	3,632,464	3,632,464	-
Other liabilities	-	-	-	-	-	9,485,349	-	9,485,349	-
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	17,158,859	3,632,464	357,279,260	
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	57,658,631	3,632,464	397,779,032	
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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

3. Interest rate risk (cont'd.)

Bank	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 %
As at 31.12.2012									
Assets									
Cash and short-term funds	13,273,821	-	-	-	-	9,879,421	-	23,153,242	1.25
Deposits and placements with financial institutions	522,500	6,496,437	2,425,631	278,323	-	317,108	-	10,039,999	1.51
Financial assets purchased under resale agreements	650,314	-	-	-	-	-	-	650,314	1.90
Financial assets at fair value through profit or loss	-	-	-	-	-	-	10,719,937	10,719,937	3.17
Financial investments available-for-sale	4,368,717	3,433,561	4,538,132	18,510,198	15,704,402	811,299	-	47,366,309	3.52
Financial investments held-to-maturity	29,996	113,813	27,497	789,085	1,594,413	2,045	-	2,556,849	3.02
Loans, advances and financing									
- Non-impaired	145,885,274	20,999,836	21,175,104	14,131,795	12,944,040	-	-	215,136,049	6.09
- Impaired*	2,442,846	-	-	-	-	-	-	2,442,846	-
- Collective allowance	-	-	-	-	-	(2,726,849)	-	(2,726,849)	-
Derivative assets	-	-	-	-	-	-	2,812,148	2,812,148	-
Other assets	-	-	-	-	-	2,713,063	-	2,713,063	-
Other non-interest sensitive balances	-	-	-	-	-	27,692,766	-	27,692,766	-
Total Assets	167,173,468	31,043,647	28,166,364	33,709,401	30,242,855	38,688,853	13,532,085	342,556,673	
Liabilities and Shareholders' Equity									
Deposits from customers	101,075,619	33,757,483	58,711,341	40,166,812	75	3,690,749	-	237,402,079	1.37
Deposits and placements from financial institutions	18,195,588	5,428,068	2,243,418	1,099,353	-	2,232,349	-	29,198,776	1.38
Bills and acceptances payable	8,438	28,006	17,293	-	-	1,499,575	-	1,553,312	3.46
Derivative liabilities	-	-	-	-	-	-	2,243,617	2,243,617	-
Other liabilities	-	-	-	-	-	8,645,423	-	8,645,423	-
Recourse obligation on loans and financing sold to Cagamas	-	-	5,269	682,524	-	-	-	687,793	4.78
Borrowings	-	73,405	88,814	5,479,908	1,740,592	-	-	7,382,719	1.89
Subordinated obligations	-	-	1,590,250	7,698,600	2,350,000	-	-	11,638,850	3.99
Capital securities	-	-	-	49,271	6,101,080	-	-	6,150,351	6.54
Other non-interest sensitive balances	-	-	-	-	-	758,446	-	758,446	-
Total Liabilities	119,279,645	39,286,962	62,656,385	55,176,468	10,191,747	16,826,542	2,243,617	305,661,366	
Shareholders' equity	-	-	-	-	-	36,895,307	-	36,895,307	-
Total Liabilities and Shareholders' Equity	119,279,645	39,286,962	62,656,385	55,176,468	10,191,747	53,721,849	2,243,617	342,556,673	
On-balance sheet interest sensitivity gap	47,893,823	(8,243,315)	(34,490,021)	(21,467,067)	20,051,108	(15,032,996)	11,288,468		
Off-balance sheet interest sensitivity gap (interest rate swaps)	377,130	1,159,767	180,814	(2,026,681)	308,970	-	-		
Total interest sensitivity gap	48,270,953	(7,083,548)	(34,309,207)	(23,493,748)	20,360,078	(15,032,996)	11,288,468		
Cumulative interest rate sensitivity gap	48,270,953	41,187,405	6,878,198	(16,615,550)	3,744,528	(11,288,468)	-		

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

48. 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 table below summarises the Group's exposure to yield/profit rate risk for the IBS operations as at 31 December 2013 and 31 December 2012. The table indicates 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	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 %
As at 31.12.2013									
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)	-		
As at 31.12.2012									
Assets									
Cash and short-term funds	10,753,503	-	-	-	-	2,273,383	-	13,026,886	2.82
Deposits and placements with financial institutions	22,177	271,334	-	-	-	41	-	293,552	3.09
Financial assets at fair value through profit or loss	-	-	-	-	-	-	4,098,406	4,098,406	3.07
Financial investments available-for-sale	910,034	510,534	93,071	1,723,070	2,342,401	-	-	5,579,110	3.55
Financial investments held-to-maturity	28,530	-	104,452	-	-	-	-	132,982	4.29
Financing and advances									
- Non-impaired	28,286,516	2,161,750	1,699,982	10,575,614	19,679,556	-	-	62,403,418	5.24
- Impaired*	435,212	-	-	-	-	-	-	435,212	-
- Collective allowance	-	-	-	-	-	(607,837)	-	(607,837)	-
Derivative assets	-	-	-	-	-	-	48,227	48,227	-
Other assets	-	-	-	-	-	4,891,200	-	4,891,200	-
Other non-yield/profit sensitive balances	-	-	-	-	-	2,603,400	-	2,603,400	-
Total Assets	40,435,972	2,943,618	1,897,505	12,298,684	22,021,957	9,160,187	4,146,633	92,904,556	

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

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

Group	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 %
As at 31.12.2012 (cont'd.)									
Liabilities and Islamic Banking Capital Funds									
Deposits from customers	52,501,187	1,194,035	5,300,393	12,324,020	-	-	-	71,319,635	2.37
Deposits and placements from financial institutions	2,546,597	2,383,342	2,727,484	871,903	-	4,676,916	-	13,206,242	3.13
Bills and acceptances payable	189,035	109,718	-	-	-	120,996	-	419,749	3.10
Derivative liabilities	-	-	-	-	-	-	113,980	113,980	-
Other liabilities	-	-	-	-	-	281,749	-	281,749	-
Recourse obligation on financing sold to Cagamas	-	114,979	-	790,202	-	-	-	905,181	3.83
Subordinated sukuk	-	-	-	1,010,782	-	-	-	1,010,782	4.22
Other non-yield/profit sensitive balances	-	-	-	-	-	162,043	-	162,043	-
Total Liabilities	55,236,819	3,802,074	8,027,877	14,996,907	-	5,241,704	113,980	87,419,361	
Islamic banking capital funds	-	-	-	-	-	5,485,195	-	5,485,195	
Total Liabilities and Islamic Banking Capital Funds	55,236,819	3,802,074	8,027,877	14,996,907	-	10,726,899	113,980	92,904,556	
On-balance sheet yield/profit rate sensitivity gap	(14,800,847)	(858,456)	(6,130,372)	(2,698,223)	22,021,957	(1,566,712)	4,032,653	-	
Cumulative yield/profit rate sensitivity gap	(14,800,847)	(15,659,303)	(21,789,675)	(24,487,898)	(2,465,941)	(4,032,653)	-		

5. Sensitivity analysis for interest rate risk

The table below shows 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 + 100 basis points RM'000	Group - 100 basis points RM'000	Bank + 100 basis points RM'000	Bank - 100 basis points RM'000
1.1.2013 to 31.12.2013					
Impact to profit before tax		**514,730**	**(514,730)**	**533,115**	**(533,115)**
Impact to profit after tax	**25%**	**386,048**	**(386,048)**	**399,836**	**(399,836)**
1.1.2012 to 31.12.2012					
Impact to profit before tax		249,668	(249,668)	383,089	(383,089)
Impact to profit after tax	25%	187,251	(187,251)	287,317	(287,317)

Impact to profit after tax is measured using Earnings-at-Risk (EaR) methodology which is simulated based on a set of standardized 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 + 100 basis points RM'000	Group - 100 basis points RM'000	Bank + 100 basis points RM'000	Bank - 100 basis points RM'000
As at 31.12.2013				
Impact to revaluation reserve for AFS	**(3,288,948)**	**3,288,948**	**(2,773,290)**	**2,773,290**
As at 31.12.2012				
Impact to revaluation reserve for AFS	(1,956,387)	1,956,387	(1,512,240)	1,512,240

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

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

6. Foreign exchange risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. In addition, the earnings from the overseas operations are repatriated in line with Management Committees' direction as and when required. The Group controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

The table below analyses the net foreign exchange positions of the Group and of the Bank as at 31 December 2013 and 31 December 2012, 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.

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)	1,380,414	336,917	(1,002,134)	5,987,658	(273,430)	841,712	(585,640)	3,944,692
Reinsurance/retakaful assets and other insurance receivables	2,334,521	10,494	-	-	-	-	-	4,980	2,349,995
Other assets*	3,344,769	928,572	195,097	1,641,143	1,437,749	774,180	505,567	(321,159)	8,505,918
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	312,702,826	91,407,651	2,557,120	4,548,663	89,406,239	33,330,071	3,014,348	23,476,308	560,443,226
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)	1,728,105	827,315	46,180	4,848,229	73,322	1,602,142	3,078,326	3,937,380
Insurance/takaful contract liabilities and other insurance payables	21,525,980	196,600	-	-	29,996	-	-	47,563	21,800,139
Other liabilities*	4,810,305	(1,725,816)	(1,215,683)	99,432	6,849,970	1,044,955	(931,427)	(646,034)	8,285,702
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	282,560,014	85,015,538	2,535,336	5,422,230	90,121,283	26,338,546	3,074,778	17,632,902	512,700,627
On-balance sheet open position	30,142,812	6,392,113	21,784	(873,567)	(715,044)	6,991,525	(60,430)	5,843,406	47,742,599
Less: Derivative assets	2,740,805	(1,380,414)	(336,917)	1,002,134	(5,987,658)	273,430	(841,712)	585,640	(3,944,692)
Add: Derivative liabilities	(8,266,239)	1,728,105	827,315	46,180	4,848,229	73,322	1,602,142	3,078,326	3,937,380
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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

6. Foreign exchange risk (cont'd.)

Group As at 31.12.2012	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	16,166,199	690,745	563,982	581,250	15,401,619	2,498,245	1,311,945	2,804,648	40,018,633
Deposits and placements with financial institutions	3,075,441	192,452	13	-	7,275,426	186,702	-	1,219,116	11,949,150
Financial assets purchased under resale agreements	-	650,314	-	-	-	147,866	-	-	798,180
Financial assets at fair value through profit or loss	27,926,934	385,019	-	3,416	557,603	81,989	-	201,731	29,156,692
Financial investments available-for-sale	32,452,401	12,035,880	227,419	197,362	8,314,625	3,598,168	624,862	3,341,657	60,792,374
Financial investments held-to-maturity	2,486,998	-	-	-	259,093	4,394	-	120,283	2,870,768
Loans, advances and financing	188,117,443	58,419,761	652,577	1,982,440	37,596,021	20,149,118	161,857	4,745,518	311,824,735
Derivative assets*	5,896,734	831,964	759,841	(68,966)	(5,567,051)	(123,978)	325,959	825,989	2,880,492
Reinsurance/retakaful assets and other insurance receivables	2,555,727	-	-	-	-	-	-	-	2,555,727
Other assets	2,332,021	1,163,111	137,396	1,078,571	189,226	526,617	493,953	759,362	6,680,257
Investment properties	571,747	-	-	-	915	-	-	-	572,662
Statutory deposits with central banks	7,109,205	2,152,825	-	-	714,083	1,864,925	-	457,324	12,298,362
Interest in associates and joint ventures	42,791	-	-	-	12,420	-	-	2,180,022	2,235,233
Property, plant and equipment	1,058,905	881,578	23,029	8,744	19,663	326,943	-	83,959	2,402,821
Intangible assets	693,884	1,285,737	-	79,164	797	3,616,496	-	855,258	6,531,336
Deferred tax assets*	1,133,367	(661)	39	1,099	12,149	170,959	-	26,589	1,343,541
Total Assets	291,619,797	78,688,725	2,364,296	3,863,080	64,786,589	33,048,444	2,918,576	17,621,456	494,910,963
Liabilities									
Deposits from customers	210,626,099	68,702,137	1,989,204	1,504,500	36,016,275	21,317,593	732,629	6,267,073	347,155,510
Deposits and placements from financial institutions	5,868,060	1,690,864	2,188,901	1,608,547	15,286,843	165,431	1,675,050	5,403,680	33,887,376
Bills and acceptances payable	1,795,625	172,776	147	571	237,636	8,592	2,025	52,141	2,269,513
Derivative liabilities*	(1,418,348)	918,645	149,075	(181,138)	1,899,013	27,172	1,062,588	(80,028)	2,376,979
Insurance/takaful contract liabilities and other insurance payables	21,920,077	-	-	-	8,795	-	-	-	21,928,872
Other liabilities*	4,540,517	(2,476,200)	(1,687,958)	51,212	8,344,736	1,300,733	(704,166)	414,739	9,783,613
Recourse obligation on loans and financing sold to Cagamas	1,592,974	-	-	-	-	-	-	-	1,592,974
Provision for taxation and zakat	693,849	235,257	108	26,844	7,186	40,602	-	47,952	1,051,798
Deferred tax liabilities	550,412	69,682	-	-	-	23,756	-	31,022	674,872
Borrowings	-	710,647	-	749,640	6,229,471	2,261,078	-	763,430	10,714,266
Subordinated obligations	7,702,338	2,500,935	-	-	2,446,358	860,410	-	-	13,510,041
Capital securities	4,614,232	1,536,119	-	-	-	-	-	-	6,150,351
Total Liabilities	258,485,835	74,060,862	2,639,477	3,760,176	70,476,313	26,005,367	2,768,126	12,900,009	451,096,165
On-balance sheet open position	33,133,962	4,627,863	(275,181)	102,904	(5,689,724)	7,043,077	150,450	4,721,447	43,814,798
Less: Derivative assets	(5,896,734)	(831,964)	(759,841)	68,966	5,567,051	123,978	(325,959)	(825,989)	(2,880,492)
Add: Derivative liabilities	(1,418,348)	918,645	149,075	(181,138)	1,899,013	27,172	1,062,588	(80,028)	2,376,979
Add: Net forward position	4,095,206	4,546,543	2,240,856	153,998	(7,240,907)	154,193	(202,208)	1,403,149	5,150,830
Net open position	29,914,086	9,261,087	1,354,909	144,730	(5,464,567)	7,348,420	684,871	5,218,579	48,462,115
Net structural currency exposures	-	6,150,935	(227,968)	699,770	813,047	7,191,590	(29)	4,254,219	18,881,564

* 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.

48. 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)	1,380,400	760,643	(1,002,134)	6,085,398	(334,900)	841,485	(584,155)	3,760,133
Other assets*	213,159	287,413	383,827	1,567,567	3,475,976	(72,492)	521,389	(1,057,402)	5,319,437
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	199,456,479	90,429,379	2,976,768	4,312,851	73,271,079	7,899,096	2,665,501	16,767,879	397,779,032
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)	1,720,263	827,281	46,180	4,984,995	(14,462)	1,604,383	3,073,880	3,632,464
Other liabilities*	5,022,408	(2,368,200)	(799,501)	20,194	9,968,346	40,359	(1,020,998)	(1,377,259)	9,485,349
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	175,996,769	83,069,912	2,939,782	5,336,900	75,866,895	27,922	2,691,060	11,350,020	357,279,260
On-balance sheet open position	23,459,710	7,359,467	36,986	(1,024,049)	(2,595,816)	7,871,174	(25,559)	5,417,859	40,499,772
Less: Derivative assets	3,386,604	(1,380,400)	(760,643)	1,002,134	(6,085,398)	334,900	(841,485)	584,155	(3,760,133)
Add: Derivative liabilities	(8,610,056)	1,720,263	827,281	46,180	4,984,995	(14,462)	1,604,383	3,073,880	3,632,464
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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

6. Foreign exchange risk (cont'd.)

Bank As at 31.12.2012	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	6,091,572	313,158	287,393	522,808	12,462,057	165,610	1,128,396	2,182,248	23,153,242
Deposits and placements with financial institutions	2,634,365	75,455	13	-	6,395,134	-	-	935,032	10,039,999
Financial assets purchased under resale agreements	-	650,314	-	-	-	-	-	-	650,314
Financial assets at fair value through profit or loss	10,172,945	325,460	-	-	186,641	3,509	-	31,382	10,719,937
Financial investments available-for-sale	23,615,464	11,896,473	227,419	155,011	7,103,768	1,168,106	533,372	2,666,696	47,366,309
Financial investments held-to-maturity	2,486,857	-	-	-	-	-	-	69,992	2,556,849
Loans, advances and financing	127,934,894	57,697,150	624,558	1,877,046	24,931,991	-	161,355	1,625,052	214,852,046
Derivative assets*	5,882,609	831,962	759,670	(68,966)	(5,566,476)	(174,429)	325,523	822,255	2,812,148
Other assets*	1,366,560	424,351	138,298	891,876	(307,946)	(223,617)	490,596	(67,055)	2,713,063
Statutory deposits with central banks	4,710,100	2,152,825	-	-	2,751	-	-	23,240	6,888,916
Investment in subsidiaries	3,870,295	2,852,896	-	173,400	221,693	6,664,094	-	3,852,091	17,634,469
Interest in associates and joint ventures	15,315	-	-	-	6,140	-	-	435,057	456,512
Property, plant and equipment	886,694	281,329	22,729	6,278	4,452	-	-	4,306	1,205,788
Intangible assets	650,324	45,384	-	527	130	-	-	701	697,066
Deferred tax assets*	813,252	(9,618)	-	-	-	-	-	6,381	810,015
Total Assets	191,131,246	77,537,139	2,060,080	3,557,980	45,440,335	7,603,273	2,639,242	12,587,378	342,556,673
Liabilities									
Deposits from customers	141,397,746	68,730,984	1,978,148	1,413,006	20,603,555	-	433,134	2,845,506	237,402,079
Deposits and placements from financial institutions	4,114,128	1,535,230	1,892,814	1,556,034	13,068,092	78	1,676,914	5,355,486	29,198,776
Bills and acceptances payable	1,375,874	170,810	147	571	2,033	1,321	244	2,312	1,553,312
Derivative liabilities*	(1,037,335)	918,582	148,774	(181,138)	1,418,637	307	1,062,331	(86,541)	2,243,617
Other liabilities*	5,538,826	(3,398,749)	(1,682,426)	(3,400)	9,468,397	(3,500)	(748,539)	(525,186)	8,645,423
Recourse obligation on loans and financing sold to Cagamas	687,793	-	-	-	-	-	-	-	687,793
Provision for taxation and zakat	521,584	210,313	-	20,987	1,440	-	-	4,122	758,446
Borrowings	-	-	-	744,910	6,104,667	-	-	533,142	7,382,719
Subordinated obligations	6,691,557	2,500,935	-	-	2,446,358	-	-	-	11,638,850
Capital securities	4,614,232	1,536,119	-	-	-	-	-	-	6,150,351
Total Liabilities	163,904,405	72,204,224	2,337,457	3,550,970	53,113,179	(1,794)	2,424,084	8,128,841	305,661,366
On-balance sheet open position	27,226,841	5,332,915	(277,377)	7,010	(7,672,844)	7,605,067	215,158	4,458,537	36,895,307
Less: Derivative assets	(5,882,609)	(831,962)	(759,670)	68,966	5,566,476	174,429	(325,523)	(822,255)	(2,812,148)
Add: Derivative liabilities	(1,037,335)	918,582	148,774	(181,138)	1,418,637	307	1,062,331	(86,541)	2,243,617
Add: Net forward position	24,574,644	(686,620)	(266,050)	(593,757)	(262,785)	940,475	(36,902)	(185,156)	23,483,849
Net open position	44,881,541	4,732,915	(1,154,323)	(698,919)	(950,516)	8,720,278	915,064	3,364,585	59,810,625
Net structural currency exposures	-	6,147,972	(227,968)	635,306	196,892	6,664,094	(29)	4,455,970	17,872,237

* 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.

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

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

6. Foreign exchange risk (cont'd.)

Net structural foreign currency position represents the Group's and the Bank's net investment in overseas operations. This position comprises the net assets of the Group's and of the Bank's overseas branches and investments in overseas subsidiaries.

Where possible, the Group and the Bank mitigate the effect of currency exposures by funding the overseas operations with borrowings and deposits received in the same functional currencies of the respective overseas locations. The foreign currency exposures are also hedged using foreign exchange derivatives.

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

Group Currency of structural exposures	Stuctural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
As at 31.12.2013			
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**
As at 31.12.2012			
Singapore Dollar	9,033,852	(2,882,917)	6,150,935
Great Britain Pound	(227,968)	-	(227,968)
Hong Kong Dollar	699,770	-	699,770
United States Dollar	1,571,332	(758,285)	813,047
Indonesia Rupiah	7,191,590	-	7,191,590
Euro	(29)	-	(29)
Others	4,254,219	-	4,254,219
	22,522,766	(3,641,202)	18,881,564

Bank Currency of structural exposures	Stuctural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
As at 31.12.2013			
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**
As at 31.12.2012			
Singapore Dollar	9,030,889	(2,882,917)	6,147,972
Great Britain Pound	(227,968)	-	(227,968)
Hong Kong Dollar	635,306	-	635,306
United States Dollar	765,388	(568,496)	196,892
Indonesia Rupiah	6,664,094	-	6,664,094
Euro	(29)	-	(29)
Others	4,455,970	-	4,455,970
	21,323,650	(3,451,413)	17,872,237

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

48. 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
1.1.2013 to 31.12.2013				
Impact to profit after taxation	(16,039)	16,039	3,234	(3,234)
1.1.2012 to 31.12.2012				
Impact to profit after taxation	(5,007)	5,007	(17,576)	17,576

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 RM appreciate/depreciate against other currencies and vice versa.

(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) to meet its obligations.

Liquidity policies and frameworks 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.

Liquidity risk management framework

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.

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 flow 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.

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.

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

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

2. Contractual maturity of total assets and liabilities

The table below analyses 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 2013 and 31 December 2012.

This disclosure is made in accordance with the requirement of policy document on Financial Reporting issued by BNM:

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	159,903	240,792	188,775	2,212,180	497,500	281,051	364,491	-	3,944,692
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	4,933,555	8,505,918
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	103,918,790	32,284,253	28,067,154	25,737,874	62,855,562	64,676,941	204,558,026	38,344,626	560,443,226
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	160,891	153,493	156,572	1,633,830	613,187	583,496	635,911	-	3,937,380
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	5,386,008	8,285,702
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	271,290,687	52,507,215	65,108,732	45,954,593	30,936,707	12,793,812	6,036,197	28,072,684	512,700,627
Net liquidity gap	(167,371,897)	(20,222,962)	(37,041,578)	(20,216,719)	31,918,855	51,883,129	198,521,829	10,271,942	47,742,599

* 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 2013

48. 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 31.12.2012	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	38,310,460	860,530	517,934	329,709	-	-	-	-	40,018,633
Deposits and placements with financial institutions	2,161,390	6,949,569	2,088,254	411,534	284,212	-	54,191	-	11,949,150
Financial assets purchased under resale agreements	798,180	-	-	-	-	-	-	-	798,180
Financial investments portfolio*	7,411,888	9,587,758	5,806,147	2,582,886	16,282,599	12,087,553	34,551,118	4,509,885	92,819,834
Loans, advances and financing	72,608,741	16,492,378	11,709,553	11,779,208	43,029,021	39,299,382	116,906,452	-	311,824,735
Derivative assets	75,085	54,834	51,568	868,680	488,881	1,082,711	258,733	-	2,880,492
Reinsurance/retakaful assets and other insurance receivables	-	-	-	572,295	-	-	-	1,983,432	2,555,727
Other assets	3,034,458	102,934	153,980	560,814	52,571	68,809	110,824	2,595,867	6,680,257
Investment properties	-	-	-	-	-	-	-	572,662	572,662
Statutory deposits with central banks	-	-	-	-	-	-	-	12,298,362	12,298,362
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,235,233	2,235,233
Property, plant and equipment	-	-	-	-	-	-	-	2,402,821	2,402,821
Intangible assets	-	-	-	-	-	-	-	6,531,336	6,531,336
Deferred tax assets	-	-	-	-	-	-	-	1,343,541	1,343,541
Total Assets	124,400,202	34,048,003	20,327,436	17,105,126	60,137,284	52,538,455	151,881,318	34,473,139	494,910,963
Liabilities									
Deposits from customers	223,519,586	50,517,498	30,563,915	32,638,704	8,217,354	1,698,378	75	-	347,155,510
Deposits and placements from financial institutions	20,842,289	8,418,046	2,721,552	694,022	901,370	310,097	-	-	33,887,376
Bills and acceptances payable	1,911,159	230,175	95,247	32,755	-	-	-	177	2,269,513
Derivative liabilities	89,304	75,650	40,359	569,167	376,969	898,226	327,304	-	2,376,979
Insurance/takaful contract liabilities and other insurance payables	-	-	-	535,117	-	-	-	21,393,755	21,928,872
Other liabilities	2,158,502	757,545	28,257	151,927	105,701	246,647	398,594	5,936,440	9,783,613
Recourse obligation on loans and financing sold to Cagamas	-	114,979	-	5,269	1,472,726	-	-	-	1,592,974
Provision for taxation and zakat	5,203	50	57,215	15,796	41,745	-	-	931,789	1,051,798
Deferred tax liabilities	-	-	-	-	-	-	-	674,872	674,872
Borrowings	580,995	244,697	628,376	280,011	4,623,910	2,614,957	1,741,320	-	10,714,266
Subordinated obligations	-	-	-	90,250	-	-	13,419,791	-	13,510,041
Capital securities	-	-	-	-	-	-	6,150,351	-	6,150,351
Total Liabilities	249,107,038	60,358,640	34,134,921	35,013,018	15,739,775	5,768,305	22,037,435	28,937,033	451,096,165
Net liquidity gap	(124,706,836)	(26,310,637)	(13,807,485)	(17,907,892)	44,397,509	46,770,150	129,843,883	5,536,106	43,814,798

* 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.

48. 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	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	136,923	183,008	145,227	2,169,448	449,091	269,005	407,431	-	3,760,133
Other assets	909,578	267,829	98	29,744	953	-	6,689	4,104,546	5,319,437
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	75,949,385	29,877,768	26,191,753	17,608,644	45,162,574	46,680,445	121,503,080	34,805,383	397,779,032
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	126,363	132,565	124,280	1,564,299	546,902	501,553	636,502	-	3,632,464
Other liabilities	9,019,615	9,138	12,440	7,092	1,896	5,385	380,276	49,507	9,485,349
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	199,530,060	37,319,313	45,790,425	30,015,709	27,734,764	12,273,538	4,191,936	423,515	357,279,260
Net liquidity gap	(123,580,675)	(7,441,545)	(19,598,672)	(12,407,065)	17,427,810	34,406,907	117,311,144	34,381,868	40,499,772

Bank As at 31.12.2012	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	21,445,068	860,530	517,934	329,710	-	-	-	-	23,153,242
Deposits and placements with financial institutions	2,481,173	5,676,144	1,380,360	170,040	278,323	-	53,959	-	10,039,999
Financial assets purchased under resale agreements	650,314	-	-	-	-	-	-	-	650,314
Financial investments portfolio*	7,316,310	7,314,371	5,333,861	1,619,184	12,204,285	7,830,288	18,301,416	723,380	60,643,095
Loans, advances and financing	41,790,377	12,582,616	7,529,532	5,948,860	29,400,965	27,148,232	90,451,464	-	214,852,046
Derivative assets	118,588	52,863	51,241	858,417	458,638	1,018,213	254,188	-	2,812,148
Other assets	634,285	1,158	76	975	43,574	53,503	84,786	1,894,706	2,713,063
Statutory deposits with central banks	-	-	-	-	-	-	-	6,888,916	6,888,916
Investment in subsidiaries	-	-	-	-	-	-	-	17,634,469	17,634,469
Interest in associates and joint ventures	-	-	-	-	-	-	-	456,512	456,512
Property, plant and equipment	-	-	-	-	-	-	-	1,205,788	1,205,788
Intangible assets	-	-	-	-	-	-	-	697,066	697,066
Deferred tax assets	-	-	-	-	-	-	-	810,015	810,015
Total Assets	74,436,115	26,487,682	14,813,004	8,927,186	42,385,785	36,050,236	109,145,813	30,310,852	342,556,673

* 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 2013

48. 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 31.12.2012 (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	153,534,096	29,968,331	20,216,589	24,820,044	7,901,624	961,320	75	-	237,402,079
Deposits and placements from financial institutions	19,420,966	6,733,178	1,469,153	493,644	819,545	262,290	-	-	29,198,776
Bills and acceptances payable	1,480,844	25,451	14,085	32,755	-	-	-	177	1,553,312
Derivative liabilities	59,379	62,254	36,127	570,955	358,280	891,711	264,911	-	2,243,617
Other liabilities	7,497,615	683,972	596	587	9,402	-	389,479	63,772	8,645,423
Recourse obligation on loans and financing sold to Cagamas	-	-	-	5,269	682,524	-	-	-	687,793
Provision for taxation and zakat	5,551	-	-	-	41,442	-	-	711,453	758,446
Borrowings	162,258	-	-	-	3,725,253	1,754,616	1,740,592	-	7,382,719
Subordinated obligations	-	-	-	90,250	-	-	11,548,600	-	11,638,850
Capital securities	-	-	-	-	-	-	6,150,351	-	6,150,351
Total Liabilities	182,160,709	37,473,186	21,736,550	26,013,504	13,538,070	3,869,937	20,094,008	775,402	305,661,366
Net liquidity gap	(107,724,594)	(10,985,504)	(6,923,546)	(17,086,318)	28,847,715	32,180,299	89,051,805	29,535,450	36,895,307

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 2013 and 31 December 2012. 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 31.12.2013	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

48. 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 31.12.2012	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	224,370,364	51,070,317	30,806,942	32,797,468	8,262,998	2,117,102	75	349,425,266
Deposits and placements from financial institutions	25,964,781	8,357,859	3,027,612	593,406	914,395	314,827	-	39,172,880
Bills and acceptances payable	2,473,349	163,158	15,864	32,755	-	-	-	2,685,126
Insurance/takaful contract liabilities and other insurance payables	-	-	-	6,838,340	-	5,303,615	10,940,129	23,082,084
Other liabilities	11,591,176	768,432	25,419	139,151	23,675	441	778,728	13,327,022
Recourse obligation on loans and financing sold to Cagamas	-	115,631	-	5,502	1,592,349	-	-	1,713,482
Borrowings	390,801	324,601	505,831	512,098	5,042,682	3,031,247	2,031,376	11,838,636
Subordinated obligations	-	21,100	-	111,350	126,600	84,400	17,720,395	18,063,845
Capital securities	-	-	-	-	-	-	13,118,860	13,118,860
	264,790,471	60,821,098	34,381,668	41,030,070	15,962,699	10,851,632	44,589,563	472,427,201
Commitments and contingencies								
Direct credit substitutes	2,162,458	737,330	971,597	1,845,758	1,828,104	495,932	1,794,036	9,835,215
Certain transaction-related contingent items	1,201,855	632,838	915,708	1,950,930	4,236,926	1,338,660	2,109,747	12,386,664
Short-term self-liquidating trade-related contingencies	786,477	1,941,227	451,941	509,180	438,840	22,000	-	4,149,665
Obligations under underwriting agreements	-	20,000	10,000	-	-	-	-	30,000
Irrevocable commitments to extend credit	94,488,919	172,031	517,402	26,127,271	5,175,806	125,647	611,229	127,218,305
Miscellaneous	6,453,240	2,011,796	1,072,334	79,714	137,595	18,201	927	9,773,807
	105,092,949	5,515,222	3,938,982	30,512,853	11,817,271	2,000,440	4,515,939	163,393,656

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

48. 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 31.12.2012	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	153,136,676	30,181,764	20,433,210	25,229,496	7,944,304	1,302,158	75	238,227,683
Deposits and placements from financial institutions	19,292,651	6,950,882	1,471,918	497,741	860,881	267,020	-	29,341,093
Bills and acceptances payable	1,476,687	28,006	15,864	32,755	-	-	-	1,553,312
Other liabilities	7,550,609	683,993	587	2,827	9,402	-	389,480	8,636,898
Recourse obligation on loans and financing sold to Cagamas	-	-	-	5,502	755,721	-	-	761,223
Borrowings	39	73,595	-	90,257	3,797,650	1,955,909	2,031,376	7,948,826
Subordinated obligations	-	-	-	90,250	-	-	15,619,654	15,709,904
Capital securities	-	-	-	-	-	-	13,118,860	13,118,860
	181,456,662	37,918,240	21,921,579	25,948,828	13,367,958	3,525,087	31,159,445	315,297,799
Commitments and contingencies								
Direct credit substitutes	1,367,516	691,424	886,163	1,486,216	1,151,869	395,652	1,464,034	7,442,874
Certain transaction-related contingent items	607,659	560,177	826,033	1,802,610	3,960,002	1,204,397	1,791,974	10,752,852
Short-term self-liquidating trade-related contingencies	727,639	1,829,697	433,800	340,210	422,288	21,999	-	3,775,633
Irrevocable commitments to extend credit	93,044,683	172,031	499,215	9,492,818	597,050	32,945	61,816	103,900,558
Miscellaneous	6,489,551	2,003,989	1,056,612	65,469	518	-	72	9,616,211
	102,237,048	5,257,318	3,701,823	13,187,323	6,131,727	1,654,993	3,317,896	135,488,128

The table below analyses 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 2013 and 31 December 2012. The amounts disclosed in the table are the contractual undiscounted cash flows.

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	(40,338,602)	(34,070,845)	(12,946,578)	(14,147,348)	(5,956,921)	(5,740,549)	(1,776,911)	(114,977,754)
- Inflow	40,083,417	34,019,981	12,975,912	13,628,766	5,870,967	5,608,201	1,730,933	113,918,177
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
	(253,083)	(48,028)	32,030	(520,958)	(165,648)	(193,705)	(74,306)	(1,223,698)

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

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

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

The table below analyses 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 2013 and 31 December 2012. The amounts disclosed in the table are the contractual undiscounted cash flows (cont'd.).

Group As at 31.12.2012	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	(3,722)	(294)	(1,027)	(1,983)	-	-	-	(7,026)
- Interest rate related contracts	(457)	(21,196)	(23,476)	(44,659)	(59,603)	(99,656)	(510,972)	(760,019)
- Equity related contracts	(914)	508	(827)	6,080	(14,471)	(17,086)	-	(26,710)
- Credit related contracts	-	-	-	-	-	-	386	386
Hedging derivatives								
- Interest rate related contracts	(9,177)	(23,220)	(12,565)	(35,952)	(124,560)	(21,356)	(133)	(226,963)
	(14,270)	(44,202)	(37,895)	(76,514)	(198,634)	(138,098)	(510,719)	(1,020,332)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(21,035,538)	(38,259,388)	(16,688,771)	(22,188,909)	(5,772,705)	(2,962,685)	(1,078,410)	(107,986,406)
- Inflow	19,093,098	21,884,747	33,345,287	20,553,406	5,973,469	2,977,036	1,363,662	105,190,705
Hedging derivatives								
Derivatives:								
- Outflow	(2,133)	(902)	(4,896)	(418,466)	(224,480)	(213,316)	(286,138)	(1,150,331)
- Inflow	72,519	44,342	5,768	420,906	327,281	195,381	273,315	1,339,512
	(1,872,054)	(16,331,201)	16,657,388	(1,633,063)	303,565	(3,584)	272,429	(2,606,520)

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	(40,338,007)	(33,099,660)	(12,514,896)	(13,085,268)	(5,956,921)	(5,740,549)	(1,776,911)	(112,512,212)
- Inflow	40,080,264	33,025,782	12,553,633	12,975,632	5,870,967	5,608,201	1,730,933	111,845,412
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
	(255,641)	(71,079)	40,827	(120,094)	(160,425)	(191,191)	(74,306)	(831,909)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

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

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

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

The table below analyses 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 2013 and 31 December 2012. The amounts disclosed in the table are the contractual undiscounted cash flows (cont'd.).

Bank As at 31.12.2012	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	(3,722)	(294)	(1,027)	(1,983)	-	-	-	(7,026)
- Interest rate related contracts	(638)	(21,851)	(24,350)	(49,508)	(101,078)	(101,664)	(513,977)	(813,066)
- Equity related contracts	(980)	(626)	(1,322)	(2,790)	(14,478)	(17,086)	-	(37,282)
Hedging derivatives								
- Interest rate related contracts	(7,829)	(22,391)	(12,775)	(34,168)	(116,370)	(16,092)	(133)	(209,758)
	(13,169)	(45,162)	(39,474)	(88,449)	(231,926)	(134,842)	(514,110)	(1,067,132)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(20,114,980)	(37,097,220)	(16,061,692)	(21,832,597)	(5,772,705)	(2,962,685)	(1,078,410)	(104,920,289)
- Inflow	17,387,810	21,062,959	33,215,013	20,521,237	5,973,469	2,977,036	1,363,662	102,501,186
Hedging derivatives								
Derivatives:								
- Outflow	(2,133)	(902)	(4,896)	(418,466)	(336,260)	(213,316)	(286,138)	(1,262,111)
- Inflow	3,592	1,489	5,768	420,906	327,281	195,381	273,315	1,227,732
	(2,725,711)	(16,033,674)	17,154,193	(1,308,920)	191,785	(3,584)	272,429	(2,453,482)

(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 framework 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, monitor and control operational risks.

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.

49. FAIR VALUE MEASUREMENTS

This disclosure provides fair value measurement information 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 judgment 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 is 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 makets 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.

49. FAIR VALUE MEASUREMENTS (CONT'D.)

(a) Valuation principles (cont'd.)

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

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

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.

(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:

		Valuation technique using		
Group **As at 31.12.2013**	**Quoted Market Price (Level 1) RM'000**	**Observable Inputs (Level 2) RM'000**	**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**	722,702	6,689,677	576,574	7,988,953
Money market instruments	-	4,495,738	-	4,495,738
Non-money market instruments	722,702	2,193,939	576,574	3,493,215
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
Non-money market instruments	-	9,450,932	156,937	9,607,869
Financial investments available-for-sale	2,906,759	79,263,823	666,340	82,836,922
Money market instruments	-	40,755,592	-	40,755,592
Non-money market instruments	2,906,759	38,508,231	666,340	42,081,330
Derivative assets	69	3,912,772	31,851	3,944,692
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
	3,629,530	100,886,947	1,431,702	105,948,179
Financial liabilities measured at fair value: **Derivative liabilities**	9,791	3,611,395	316,194	3,937,380
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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

49. 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 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 31.12.2012	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	-	572,662	-	572,662
Financial assets measured at fair value:				
Financial assets held-for-trading	727,817	15,722,302	269,692	16,719,811
Money market instruments	-	13,689,435	-	13,689,435
Non-money market instruments	727,817	2,032,867	269,692	3,030,376
Financial assets designated at fair value through profit or loss	90,807	12,117,527	228,547	12,436,881
Money market instruments	-	1,808,325	-	1,808,325
Non-money market instruments	90,807	10,309,202	228,547	10,628,556
Financial investments available-for-sale	2,667,882	57,339,653	784,839	60,792,374
Money market instruments	-	28,549,272	139,233	28,688,505
Non-money market instruments	2,667,882	28,790,381	645,606	32,103,869
Derivative assets	-	2,861,433	19,059	2,880,492
Foreign exchange related contracts	-	2,130,403	1,006	2,131,409
Interest rate related contracts	-	729,911	3,920	733,831
Equity and commodity related contracts	-	1,119	14,133	15,252
	3,486,506	88,040,915	1,302,137	92,829,558
Financial liabilities measured at fair value:				
Derivative liabilities	-	2,175,613	201,366	2,376,979
Foreign exchange related contracts	-	1,135,068	404	1,135,472
Interest rate related contracts	-	1,015,416	190,773	1,206,189
Equity and commodity related contracts	-	23,114	10,189	33,303
Credit related contracts	-	2,015	-	2,015

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	**-**	**5,546,091**	**-**	**5,546,091**
Money market instruments	**-**	**3,787,378**	**-**	**3,787,378**
Non-money market instruments	**-**	**1,758,713**	**-**	**1,758,713**
Financial investments available-for-sale	**171,192**	**64,029,334**	**332,271**	**64,532,797**
Money market instruments	**-**	**33,110,860**	**-**	**33,110,860**
Non-money market instruments	**171,192**	**30,918,474**	**332,271**	**31,421,937**
Derivative assets	**69**	**3,746,248**	**13,816**	**3,760,133**
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**
	171,261	**73,321,673**	**346,087**	**73,839,021**
Financial liabilities measured at fair value:				
Derivative liabilities	**-**	**3,405,922**	**226,542**	**3,632,464**
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**

49. 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 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 31.12.2012	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	4,269	10,715,668	-	10,719,937
Money market instruments	-	9,220,286	-	9,220,286
Non-money market instruments	4,269	1,495,382	-	1,499,651
Financial investments available-for-sale	158,003	46,745,270	463,036	47,366,309
Money market instruments	-	25,184,735	139,232	25,323,967
Non-money market instruments	158,003	21,560,535	323,804	22,042,342
Derivative assets	-	2,798,322	13,826	2,812,148
Foreign exchange related contracts	-	2,061,420	404	2,061,824
Interest rate related contracts	-	735,817	3,920	739,737
Equity and commodity related contracts	-	1,085	9,502	10,587
	162,272	60,259,260	476,862	60,898,394
Financial liabilities measured at fair value:				
Derivative liabilities	-	2,104,645	138,972	2,243,617
Foreign exchange related contracts	-	1,082,153	404	1,082,557
Interest rate related contracts	-	1,021,955	128,379	1,150,334
Equity and commodity related contracts	-	537	10,189	10,726

(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(xxiv). There were no transfers between Level 1 and Level 2 for the Group and the Bank during the financial year ended 31 December 2013.

(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	At 1 January 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 RM'000
As at 31.12.2013											
Financial assets held-for-trading											
Non-money market instruments	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											
Non-money market instruments	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)	-
Non-money market instruments	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

[1] Included within 'Non-interest income'.

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

49. 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	At 1 January 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 RM'000
As at 31.12.2013 (cont'd.)											
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
As at 31.12.2012											
Financial assets held-for-trading											
Non-money market instruments	8,506	(4,430)	1,053	-	266,103	(1,540)	-	-	-	-	269,692
	8,506	(4,430)	1,053	-	266,103	(1,540)	-	-	-	-	269,692
Financial assets designated at fair value through profit or loss											
Non-money market instruments	254,183	(10)	7,935	-	50,000	(83,561)	-	-	-	-	228,547
	254,183	(10)	7,935	-	50,000	(83,561)	-	-	-	-	228,547
Financial investments available-for-sale											
Money market instruments	2,359,034	-	-	-	-	-	(43,584)	-	-	(2,176,217)	139,233
Non-money market instruments	1,171,384	31,754	-	14,459	17,866	(589,359)	(450)	-	-	(48)	645,606
	3,530,418	31,754	-	14,459	17,866	(589,359)	(44,034)	-	-	(2,176,265)	784,839
Derivative assets											
Foreign exchange related contracts	32,979	-	(31,973)	-	-	-	-	-	-	-	1,006
Interest rate related contracts	7,890	1	(3,248)	-	-	-	(723)	-	-	-	3,920
Equity and commodity related contracts	10,859	(16,415)	14,406	-	5,406	-	(123)	-	-	-	14,133
	51,728	(16,414)	(20,815)	-	5,406	-	(846)	-	-	-	19,059
Total Level 3 financial assets	3,844,835	10,900	(11,827)	14,459	339,375	(674,460)	(44,880)	-	-	(2,176,265)	1,302,137
Derivative liabilities											
Foreign exchange related contracts	-	-	(404)	-	-	-	-	-	-	-	(404)
Interest rate related contracts	(89,074)	(7,674)	5,780	-	(204,291)	-	104,486	-	-	-	(190,773)
Equity and commodity related contracts	(10,831)	-	642	-	-	-	-	-	-	-	(10,189)
Total Level 3 financial liabilities	(99,905)	(7,674)	6,018	-	(204,291)	-	104,486	-	-	-	(201,366)
Total net Level 3 financial assets/(liabilities)	3,744,930	3,226	(5,809)	14,459	135,084	(674,460)	59,606	-	-	(2,176,265)	1,100,771

[1] Included within 'Non-interest income'.

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

49. 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	At 1 January 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 RM'000
As at 31.12.2013										
Financial investments available-for-sale										
Money market instruments	139,232	-	-	-	-	-	-	-	(139,232)	-
Non-money market instruments	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
As at 31.12.2012										
Financial investments available-for-sale										
Money market instruments	2,359,033	-	-	-	-	-	(43,584)	-	(2,176,217)	139,232
Non-money market instruments	847,265	(2,618)	-	(5,113)	17,867	(533,597)	-	-	-	323,804
	3,206,298	(2,618)	-	(5,113)	17,867	(533,597)	(43,584)	-	(2,176,217)	463,036
Derivative assets										
Foreign exchange related contracts	-	-	404	-	-	-	-	-	-	404
Interest rate related contracts	7,168	-	(3,248)	-	-	-	-	-	-	3,920
Equity and commodity related contracts	10,831	-	(1,329)	-	-	-	-	-	-	9,502
	17,999	-	(4,173)	-	-	-	-	-	-	13,826
Total Level 3 financial assets	3,224,297	(2,618)	(4,173)	(5,113)	17,867	(533,597)	(43,584)	-	(2,176,217)	476,862
Derivative liabilities										
Foreign exchange related contracts	-	-	(404)	-	-	-	-	-	-	(404)
Interest rate related contracts	(48,193)	(7,674)	8,592	-	(117,961)	-	36,857	-	-	(128,379)
Equity and commodity related contracts	(10,831)	-	642	-	-	-	-	-	-	(10,189)
Total Level 3 financial liabilities	(59,024)	(7,674)	8,830	-	(117,961)	-	36,857	-	-	(138,972)
Total net Level 3 financial assets/(liabilities)	3,165,273	(10,292)	4,657	(5,113)	(100,094)	(533,597)	(6,727)	-	(2,176,217)	337,890

[1] Included within 'Non-interest income'.

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

49. FAIR VALUE MEASUREMENTS (CONT'D.)

(e) Movements of Level 3 instruments (cont'd.)

During the financial year ended 31 December 2013, the Group 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 market inputs.

The Group and the Bank also transferred certain financial investments AFS out from Level 3 due to the market for some securities became more liquid, which led to a change in the method used to determine fair value. Prior to the transfer, the fair value of the instruments was determined using unobservable market transactions or counterparty quotes. 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 judgments 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 liabilities as stated below.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amount shown in the statement of financial position:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
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
As at 31.12.2012					
Financial assets					
Financial investments HTM	-	1,887,347	998,544	2,885,891	2,870,768
Loans, advances and financing	-	121,191,993	196,562,562	317,754,555	311,824,735
Financial liabilities					
Deposits from customers	-	327,025,953	20,454,089	347,480,042	347,155,510
Deposits and placements from financial institutions	-	33,856,356	-	33,856,356	33,887,376
Recourse obligation on loans and financing sold to Cagamas	-	1,629,629	-	1,629,629	1,592,974
Borrowings	-	9,490,487	1,691,115	11,181,602	10,714,266
Subordinated obligations	-	13,824,393	-	13,824,393	13,510,041
Capital securities	-	7,607,442	-	7,607,442	6,150,351

49. 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 their fair values and 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 31.12.2013					
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
As at 31.12.2012					
Financial assets					
Financial investments HTM	-	1,887,347	681,410	2,568,757	2,556,849
Loans, advances and financing	-	76,703,499	140,904,338	217,607,837	214,852,046
Financial liabilities					
Deposits from customers	-	218,117,675	19,374,876	237,492,551	237,402,079
Deposits and placements from financial institutions	-	29,172,440	-	29,172,440	29,198,776
Recourse obligation on loans and financing sold to Cagamas	-	713,085	-	713,085	687,793
Borrowings	-	7,791,516	-	7,791,516	7,382,719
Subordinated obligations	-	11,892,418	-	11,892,418	11,638,850
Capital securities	-	7,607,442	-	7,607,442	6,150,351

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 values. 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 values 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. The fair value of Islamic deposits are estimated to approximate their carrying values as the profit rates are determined at the end of their holding periods based on the actual profits generated from the assets invested.

(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) Subordinated obligations and borrowings

The fair values of capital securities are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for securities as at reporting date.

50. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure approved by directors but not provided for in the financial statements amounting to:

	Group		Bank	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Approved and contracted for	275,135	131,324	223,322	102,111
Approved but not contracted for	542,513	746,042	515,349	736,476
	817,648	877,366	738,671	838,587

(b) Uncalled issued share capital of a subsidiary:

Bank	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Uncalled capital	150	150

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

51. 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, these policies are also adopted 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 to ensure consistency and alignment of capital management policies and procedures across the Group.

The Group Capital Management Framework 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.

BNM had on 28 November 2012 released the updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for conventional banks and Islamic banks respectively commencing from 1 January 2013.

Under BNM's updated guidelines for Capital Adequacy Framework, banking institutions are now 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.

As banking institutions in Malaysia evolve to become key regional players and systemically important, BNM will assess at a later date the need to require large banking institutions to include 1% - 3.5% of additional capital buffers, commensurate with their size, extent of cross-border activities and complexity of operations.

The impact of the adoption of the BNM's updated guidelines for Capital Adequacy Framework on the capital adequacy ratios of the Group and of the Bank as at 31 December 2012 are disclosed in Note 53(f).

In the Bank's pursuit of an efficient and healthy capital position, the Bank had implemented a recurrent and optional 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 46.

52. 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 ICAAP. The ICAAP framework has been formalised and approved by the Board of Directors 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 framework 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 Risk Management Committee 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 framework

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

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

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

Where risks may not be easily quantified due to the lack of commonly accepted risk measurement techniques, expert's judgment 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 Stress Test Framework, which was approved by the Board of Directors, 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 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.

53. 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 updated guidelines for 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 3.5%, 4.5% and 8% 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 updated guidelines for 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 3.5%, 4.5% and 8% of total RWA.

(ii) For Maybank Investment Bank Berhad, the computation of capital adequacy ratios are based on BNM's updated guidelines for 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 3.5%, 4.5% and 8% of total 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% of total RWA.

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

Capital adequacy disclosures relating to dates prior to 1 January 2013 are calculated in accordance with the then prevailing BNM's Risk-Weighted Capital Adequacy Framework and are thus not directly comparable to those pertaining to after 31 December 2013 which are calculated in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

With effect from 30 June 2013, the amount of proposed 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 addition, the cash portion of the declared dividend will be deducted in the calculation of CET1.

In respect of the financial year ended 31 December 2013, the Board has proposed the payment of final single-tier dividend of 31 sen per ordinary share of RM1.00 each, which consists of cash portion of 4 sen and an electable portion of 27 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).

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

	Group		Bank	
	As at 31.12.2013	**As at 31.12.2012**	**As at 31.12.2013**	**As at 31.12.2012**
CET1 Capital Ratio	**11.253%**	-	**15.925%**	-
Tier 1 Capital Ratio	**13.059%**	-	**15.925%**	-
Total Capital Ratio	**15.664%**	-	**15.925%**	-
Before deducting proposed dividend:				
Core Capital Ratio	**-**	13.66%	**-**	17.43%
Risk-Weighted Capital Ratio	**-**	17.47%	**-**	17.43%
After deducting proposed dividend:				
Core Capital Ratio				
- full electable portion paid in cash	**-**	12.81%	**-**	16.27%
- full electable portion reinvested	**-**	13.54%	**-**	17.27%
Risk-Weighted Capital Ratio				
- full electable portion paid in cash	**-**	16.62%	**-**	16.27%
- full electable portion reinvested	**-**	17.35%	**-**	17.27%

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

53. CAPITAL ADEQUACY (CONT'D.)

(c) Components of capital:

	Group RM'000	Bank RM'000
As at 31.12.2013		
CET1 Capital		
Paid-up share capital	8,862,079	8,862,079
Share premium	19,030,227	19,030,227
Retained profits[1]	8,908,590	4,257,076
Other reserves[1]	6,382,362	9,268,717
Qualifying non-controlling interests	112,628	-
Less: Shares held-in-trust	(107,248)	(107,248)
CET1 Capital before regulatory adjustments	43,188,638	41,310,851
Less: Regulatory adjustments applied on CET1 Capital	(8,449,692)	(5,364,790)
Deferred tax assets	(1,623,489)	(1,053,598)
Goodwill	(4,924,662)	(81,015)
Other intangibles	(1,088,882)	(446,805)
Profit equalisation reserve	(34,456)	-
Shortfall of total eligible provision to total expected loss	(778,203)	(39,421)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	(3,743,951)
Total CET1 Capital	34,738,946	35,946,061
Additional Tier 1 Capital		
Capital securities	5,490,972	5,490,972
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	82,848	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	(5,490,972)
Total Tier 1 Capital	40,312,766	35,946,061
Tier 2 Capital		
Subordinated obligations	10,319,618	10,319,618
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	12,099	-
Collective allowance[2]	535,331	247,746
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements[3]	(2,824,682)	(10,567,364)
Total Tier 2 Capital	8,042,366	-
Total Capital	48,355,132	35,946,061

[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/Eligible Tier 2 Capital.

[3] Included in the current financial year ended 31 December 2013 Tier 2 Capital regulatory adjustments and comparative year's deduction from Eligible Tier 2 Capital are the cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000 and (iii) Mayban Agro Fund Sdn. Bhd. of RM11,041,000, as its assets are included in the Bank's RWA. For the Group, the cost of investment in insurance and takaful entities and associates are deducted from Total Capital/capital base.

53. CAPITAL ADEQUACY (CONT'D.)

(c) **Components of capital (cont'd.):**

		Group RM'000	Bank RM'000
As at 31.12.2012			
Eligible Tier 1 Capital			
Paid-up share capital		8,440,046	8,440,046
Share premium		15,639,646	15,639,646
Other reserves[1]		15,354,878	13,139,299
Capital securities		6,093,421	6,093,421
Less:	Shares held-in-trust	(102,405)	(102,405)
Total Tier 1 Capital		45,425,586	43,210,007
Less:	Deferred tax assets	(1,281,136)	(810,015)
	Goodwill	(5,588,553)	(81,015)
	Deductions in excess of Tier 2 Capital	-	(6,299,127)
Total Eligible Tier 1 Capital		38,555,897	36,019,850
Eligible Tier 2 Capital			
Subordinated obligations		13,394,620	11,546,020
Collective allowance[2]		728,806	294,552
Surplus of total expected loss over total eligible provision		(664,291)	(267,512)
Total Tier 2 Capital (subject to limits)		13,459,135	11,573,060
Deduction:	Investment in subsidiaries and associates[3]	(2,709,503)	(17,872,187)
Total deductions from Tier 2 Capital		(2,709,503)	(11,573,060)
Total Eligible Tier 2 Capital		10,749,632	-
Capital Base		49,305,529	36,019,850

[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/Eligible Tier 2 Capital.

[3] Included in the current financial year ended 31 December 2013 Tier 2 Capital regulatory adjustments and comparative year's deduction from Eligible Tier 2 Capital are the cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000 and (iii) Mayban Agro Fund Sdn. Bhd. of RM11,041,000, as its assets are included in the Bank's RWA. For the Group, the cost of investment in insurance and takaful entities and associates are deducted from Total Capital/capital base.

The capital adequacy ratios of the Group consist of Total Capital/capital base and RWA derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance takaful entities and associates.

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

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Internasional Indonesia Tbk
As at 31.12.2013			
CET1 Capital Ratio	11.761%	45.920%	-
Tier 1 Capital Ratio	11.761%	45.920%	-
Total Capital Ratio	13.711%	45.920%	12.716%
As at 31.12.2012			
Before deducting proposed dividend*:			
Core Capital Ratio	10.83%	40.30%	-
Risk-Weighted Capital Ratio	12.59%	40.30%	12.83%
After deducting proposed dividend:			
Core Capital Ratio	10.83%	30.10%	-
Risk-Weighted Capital Ratio	12.59%	30.10%	12.83%

* In arriving at the capital base used in the ratio calculations of banking subsidiaries of the Group, the proposed dividends for the financial year ended 31 December 2012 were not deducted.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

53. CAPITAL ADEQUACY (CONT'D.)

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

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
As at 31.12.2013					
Standardised Approach exposure	**43,834,264**	**22,077,993**	**3,902,334**	**253,347**	**27,053,526**
Internal Ratings-Based Approach exposure after scaling factor	**226,139,730**	**178,911,435**	**42,043,918**	**-**	**-**
Total RWA for credit risk	**269,973,994**	**200,989,428**	**45,946,252**	**253,347**	**27,053,526**
Total RWA for credit risk absorbed by Maybank^	**-**	**-**	**(1,210,230)**	**-**	**-**
Total RWA for market risk	**7,928,149**	**5,338,195**	**729,512**	**196,959**	**232,889**
Total RWA for operational risk	**30,801,508**	**19,400,252**	**3,619,234**	**876,244**	**3,227,265**
Total RWA	**308,703,651**	**225,727,875**	**49,084,768**	**1,326,550**	**30,513,680**
As at 31.12.2012					
Standardised Approach exposure	60,849,458	27,460,623	2,411,358	813,260	24,835,685
Internal Ratings-Based Approach exposure after scaling factor	184,779,754	154,769,118	32,563,904	-	-
Total RWA for credit risk	245,629,212	182,229,741	34,975,262	813,260	24,835,685
Total RWA for credit risk absorbed by Maybank^	-	-	(127,317)	-	-
Total RWA for market risk	8,913,850	6,200,948	747,905	200,322	637,943
Total RWA for operational risk	27,685,920	18,180,446	2,959,425	716,690	3,282,868
Additional RWA due to capital floor	-	-	968,148	-	-
Total RWA	282,228,982	206,611,135	39,523,423	1,730,272	28,756,496

^ 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.

(f) The capital adequacy ratios of the Group and of the Bank as at 31 December 2012 computed in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012

Had the capital adequacy ratios of the Group and of the Bank for the financial year ended 31 December 2012 been computed in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012, CET1, Tier 1, Total Capital Ratio, capital components and RWA of the Group and of the Bank would have been as follows:

(i) Capital adequacy ratios

	Group As at 31.12.2012	Bank As at 31.12.2012
CET1 Capital Ratio	10.969%	17.244%
Tier 1 Capital Ratio	13.192%	17.244%
Total Capital Ratio	16.600%	17.244%

53. CAPITAL ADEQUACY (CONT'D.)

(f) The capital adequacy ratios of the Group and of the Bank as at 31 December 2012 computed in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012 (cont'd.)

Had the capital adequacy ratios of the Group and of the Bank for the financial year ended 31 December 2012 been computed in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012, CET1, Tier 1, Total Capital Ratio, capital components and RWA of the Group and of the Bank would have been as follows (cont'd.):

(ii) Components of capital

As at 31.12.2012	Group RM'000	Bank RM'000
CET1 Capital		
Paid-up share capital	8,440,046	8,440,046
Share premium	15,639,646	15,639,646
Retained profits[1]	8,582,794	4,795,401
Other reserves[1]	7,030,592	8,762,288
Qualifying non-controlling interests	80,163	-
Less: Shares held-in-trust	(102,405)	(102,405)
CET1 Capital before regulatory adjustments	39,670,836	37,534,976
Less: Regulatory adjustments applied on CET1 Capital	(8,812,484)	(2,040,885)
Deferred tax assets	(1,281,136)	(810,015)
Goodwill	(5,588,553)	(81,015)
Other intangibles	(908,730)	(616,553)
Gains on financial instruments classified as 'available-for-sale'	(335,318)	(230,117)
Profit equalisation reserve	(34,456)	-
Shortfall of total eligible provision over total expected loss	(664,291)	(267,032)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	(36,153)
Total CET1 Capital	30,858,352	35,494,091
Additional Tier 1 Capital		
Capital securities	6,093,421	6,093,421
Qualifying CET1 and Additional Tier 1 Capital instruments held by third parties	160,545	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	(6,093,421)
Total Tier 1 Capital	37,112,318	35,494,091
Tier 2 Capital		
Subordinated obligations	11,546,020	11,546,020
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	22,777	-
Collective allowance[2]	728,806	294,552
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements[3]	(2,709,503)	(11,840,572)
Total Tier 2 Capital	9,588,100	-
Total Capital	46,700,418	35,494,091

[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.
[3] Included in Tier 2 Capital regulatory adjustments are the cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000 and (iii) Mayban Agro Fund Sdn. Bhd. of RM11,041,000, as its assets are included in the Bank's RWA. For the Group, the cost of investment in insurance and takaful entities and associates are deducted from Total Capital.

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

As at 31.12.2012	Group RM'000	Bank RM'000
Standardised Approach exposure	59,940,728	26,809,584
Internal Ratings-Based Approach exposure after scaling factor	184,779,753	154,639,906
Total RWA for credit risk	244,720,481	181,449,490
Total RWA for market risk	8,913,850	6,200,949
Total RWA for operational risk	27,685,920	18,180,446
Total RWA	281,320,251	205,830,885

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

54. 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 include long-term loans such as project financing, short-term credit such as overdrafts and trade financing and fee-based services such as cash management and custodian services.

(iii) Business Banking

Business Banking comprises the full range of products and services offered to commercial enterprises in Malaysia. The products and services offered 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.

(c) Insurance, Takaful and Asset Management

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

(d) International Banking

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

54. SEGMENT INFORMATION (CONT'D.)

(i) By business segments (cont'd.)

Group	<---- Business Segments ----	<---- GB ----				---->		
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	Total RM'000
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**	**3,718,720**	**866,122**	**(714,122)**	**12,395,462**
- Inter-segment	**-**	**-**	**-**	**2,396**	**(27,433)**	**65,194**	**(40,157)**	**-**
	5,818,529	**1,649,605**	**847,536**	**211,468**	**3,691,287**	**931,316**	**(754,279)**	**12,395,462**
Net interest income and income from IBS operations	**5,818,529**	**1,649,605**	**847,536**	**211,468**	**3,691,287**	**931,316**	**(754,279)**	**12,395,462**
Net income from insurance/takaful business	**-**	**-**	**-**	**-**	**-**	**260,836**	**-**	**260,836**
Non-interest income	**1,499,494**	**620,819**	**847,980**	**1,324,807**	**1,638,938**	**359,607**	**(409,583)**	**5,882,062**
Net income	**7,318,023**	**2,270,424**	**1,695,516**	**1,536,275**	**5,330,225**	**1,551,759**	**(1,163,862)**	**18,538,360**
Overhead expenses	**(3,699,767)**	**(418,407)**	**(239,924)**	**(1,060,218)**	**(2,762,770)**	**(746,839)**	**-**	**(8,927,925)**
Operating profit before impairment losses	**3,618,256**	**1,852,017**	**1,455,592**	**476,057**	**2,567,455**	**804,920**	**(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)**	**(102,686)**	**7,336**	**-**	**(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**	**2,399,042**	**798,890**	**(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**	**2,536,707**	**799,754**	**(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)**	**(100,664)**	**(14,465)**	**-**	**(268,692)**
Amortisation of intangible assets	**(61,321)**	**(12,662)**	**(7,488)**	**(40,022)**	**(58,062)**	**(26,928)**	**-**	**(206,483)**
1.1.2012 to 31.12.2012								
Net interest income and income from IBS operations:								
- External	5,385,159	1,624,966	731,744	261,965	3,544,969	846,802	(902,661)	11,492,944
- Inter-segment	-	-	-	2,508	(25,897)	23,049	340	-
	5,385,159	1,624,966	731,744	264,473	3,519,072	869,851	(902,321)	11,492,944
Net interest income and income from IBS operations	5,385,159	1,624,966	731,744	264,473	3,519,072	869,851	(902,321)	11,492,944
Net loss from insurance/takaful business	-	-	-	-	-	(48,336)	-	(48,336)
Non-interest income	1,485,365	676,051	979,720	1,014,562	1,617,994	580,986	(1,025,968)	5,328,710
Net income	6,870,524	2,301,017	1,711,464	1,279,035	5,137,066	1,402,501	(1,928,289)	16,773,318
Overhead expenses	(3,546,727)	(403,703)	(232,825)	(928,602)	(2,508,000)	(612,562)	-	(8,232,419)
Operating profit before impairment losses	3,323,797	1,897,314	1,478,639	350,433	2,629,066	789,939	(1,928,289)	8,540,899
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(299,559)	92,066	-	3,860	(445,931)	(29,683)	-	(679,247)
Allowances for impairment losses on financial investments, net	-	-	(5,092)	(9,757)	(39,805)	(63,172)	-	(117,826)
Operating profit	3,024,238	1,989,380	1,473,547	344,536	2,143,330	697,084	(1,928,289)	7,743,826
Share of profits in associates and joint ventures	-	-	-	1,684	150,275	517	-	152,476
Profit before taxation and zakat	3,024,238	1,989,380	1,473,547	346,220	2,293,605	697,601	(1,928,289)	7,896,302
Taxation and zakat								(1,977,618)
Profit after taxation and zakat								5,918,684
Non-controlling interests								(172,764)
Profit for the financial year attributable to equity holders of the Bank								5,745,920
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(85,071)	(6,640)	(3,181)	(39,163)	(83,787)	(5,804)	-	(223,646)
Amortisation of intangible assets	(27,369)	(5,855)	(5,415)	(44,523)	(57,833)	(5,226)	-	(146,221)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

54. 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 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 31.12.2013	Operating revenue RM'000	Net 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**

Income statement items For the financial year ended 31.12.2012	Operating revenue (Restated) RM'000	Net income (Restated) RM'000	Profit before taxation and zakat (Restated) RM'000
Malaysia	24,497,892	12,364,793	6,879,731
Singapore	3,242,478	2,463,826	1,139,771
Indonesia	3,869,689	2,526,750	554,199
Others	1,412,519	914,046	692,078
	33,022,578	18,269,415	9,265,779
Elimination*	(1,795,348)	(1,496,097)	(1,369,477)
Group	31,227,230	16,773,318	7,896,302

The total non-current and current assets based on geographical locations are as follows:

	Non-current assets[1]		
Statement of financial position items:	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
Malaysia	**8,105,620**	8,174,949	8,223,909
Singapore	**909,346**	873,155	854,250
Indonesia	**104,962**	363,934	353,393
Others	**118,694**	94,781	76,461
	9,238,622	9,506,819	9,508,013
Elimination[3]	**-**	-	-
Group	**9,238,622**	9,506,819	9,508,013

	Current assets[2]		
Statement of financial position items:	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000	As at 1.1.2012 (Restated) RM'000
Malaysia	**413,762,452**	347,099,851	319,018,927
Singapore	**104,304,601**	89,165,864	72,829,218
Indonesia	**38,303,152**	37,023,367	39,287,771
Others	**44,044,395**	34,603,404	34,214,006
	600,414,600	507,892,486	465,349,922
Elimination[3]	**(49,209,996)**	(22,488,342)	(23,225,659)
Group	**551,204,604**	485,404,144	442,124,263

* Inter-segment revenue are eliminated on consolidation.
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.

55. SIGNIFICANT AND SUBSEQUENT EVENTS

The following are the significant events of the Group and of the Bank during the financial year ended 31 December 2013:

(a) (I) Proposed acquisition of 858,499 ordinary shares of Saudi Riyal ("SAR") 10 each in Anfaal Capital ("Anfaal") by Maybank Investment Bank Berhad ("Maybank IB"), a wholly-owned subsidiary of Maybank, representing 17.17% of the ordinary share capital of Anfaal; and

(II) Proposed assignment of the subordinated loan of SAR2,070,000 from Al Numu Real Estate Company ("Al Numu") to Maybank IB.

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

(i) proposed acquisition of 858,499 ordinary shares of SAR10 each in Anfaal ("Anfaal Shares"), representing approximately 17.17% of the ordinary share capital of Anfaal for a cash consideration of SAR10,516,613, being SAR12.25 for each Anfaal Share; and

(ii) proposed assignment of the subordinated loan of SAR2,070,000 ("Subordinated Loan") from Al Numu to Maybank IB.

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

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

The total purchase consideration of SAR12,586,613 (equivalent to approximately RM10.3 million) for the Proposals is to be satisfied in cash ("Purchase Consideration").

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

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

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

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

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

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

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

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

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

On 5 July 2013, Etiqa Insurance Berhad ("EIB"), a subsidiary of Maybank, issued Tier 2 Capital Subordinated Bonds of RM500.0 million in nominal value with a tenure of 10 years on a 10 non-callable 5 basis which are due in 2023.

The Subordinated Bonds bears a coupon rate of 4.13% per annum and is intended to qualify as Tier 2 Capital of EIB subject to compliance with the requirements as specified in the Risk-Based Capital Framework for Insurers issued by BNM.

The net proceeds from the issuance of the Subordinated Bonds will be utilised to fund EIB's working capital, business operations and other corporate purposes.

(d) Disposal of Maybank ATR Kim Eng Financial Corporation ("Maybank ATRKE Financial"), a direct subsidiary of Maybank Kim Eng Holdings Limited ("MKEH")

On 25 October 2013 ("Closing Date"), MKEH, an indirect subsidiary of Maybank through Maybank IB Holdings Berhad, a wholly-owned subsidiary of Maybank, 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 Philippines Peso ("Php") 3.3298 per share ("Disposal").

The Disposal is part of an internal restructuring exercise within the MKEH group of companies.

All of the assets of Maybank ATRKE Financial have been transferred to Maybank ATR Kim Eng Capital Partners, Inc. ("MATRKECP"), an indirect wholly-owned subsidiary of Maybank and MATRKECP has assumed all of the liabilities of Maybank ATRKE Financial as of the Closing Date. The transfer of assets to MATRKECP shall include Maybank ATRKE Financial's shareholdings in its subsidiaries, AsianLife & General Assurance Corporation and ATR Kim Eng Land, Inc. As a consequence of the foregoing, the current businesses of Maybank ATRKE Financial have been consolidated under MATRKECP.

The financial impact on the Disposal is disclosed in Note 17(h).

(e) Disposal of ATR KimEng AMG Holdings, Inc. ("ATRKE AMG"), an indirect subsidiary of Maybank Kim Eng Holdings Limited ("MKEH") through Maybank ATR Kim Eng Capital Partners, Inc. ("MATRKECP")

On 18 December 2013 ("Closing Date"), Maybank ATR Kim Eng Capital Partners, Inc. ("MATRKECP"), an indirect subsidiary of Maybank through Maybank Kim Eng Holdings Limited, has 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").

Effective from the Closing Date, ATRKE AMG and ATRAM ceased to be indirect subsidiaries of Maybank, although MATRKECP continues to own 35% of ATRAM Investments.

The financial impact on the Disposal is disclosed in Note 17(i).

(f) Disposal of shares in PT Bank Internasional Indonesia Tbk ("BII")

The Group had on 19 June 2013 and 22 November 2013 disposed off a total of 10,740,420,000 ordinary shares in BII, representing approximately 18.3% of the issued and paid-up share capital of BII, to a third party investor ("the Disposal").

The Group has also entered into a commercial arrangement where the economic exposure resulting from the Disposal is being retained. Hence, the Disposal will not result in any material financial impact to the Group.

The Disposal was undertaken to ensure compliance with the Otoritas Jasa Keuangan ("OJK")'s mandatory sell down requirement under the OJK Regulation No. IX.H.1 in respect to Maybank's acquisition of BII in 2008.

With the completion of the Disposal, the free float of BII shares is 20% of the issued and paid-up share capital of BII and the Group is now in full compliance with the sell down requirement of OJK.

(g) Rights issue of PT Bank Internasional Indonesia Tbk ("BII")

On 23 July 2013, BII, a subsidiary of Maybank had completed its right issue exercise of 4,690,165,897 new ordinary shares of Rupiah ("Rp") 22.5 each ("Rights Shares") at an issue price of Rp320 per Rights Share ("Rights Issue"). The total proceeds raised from the Rights Issue amounted to approximately Rp1.5 trillion.

Maybank, through its wholly-owned subsidiaries, Maybank Offshore Corporate Services (Labuan) Sdn Bhd and Sorak Financial Holdings Pte. Ltd. had fully subscribed for their respective entitlements under the Rights Issue.

In addition, PT Maybank Kim Eng Securities ("KES"), a subsidiary of Maybank, acted as the standby buyer for the Rights Issue. KES had exercised its obligation to subscribe for 12,104,594 Rights Shares which were not taken up by the other entitled shareholders under the Rights Issue.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

55. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(g) Rights issue of PT Bank Internasional Indonesia Tbk ("BII") (cont'd.)

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 balance sheet to spearhead further growth.

(h) Rationalisation of Asset Management Group

Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad) ("MAMG"), a wholly-owned subsidiary of Maybank, undertook a restructuring exercise to streamline the asset management business within its group of companies. The restructuring entailed the following:

(i) Disposal of Maybank Private Equity Sdn. Bhd. (formerly known as Maybank Ventures Sdn. Bhd.) ("MPE") to MAMG by Maybank and Maybank Investment Bank Berhad. Details of the disposal are disclosed in Note 17(a).

(ii) Rights issue of ordinary shares by MAMG

During the financial year ended 31 December 2013, MAMG completed its right issue exercise of 20,002 new ordinary shares of RM1.00 each. The total proceeds raised from the rights issue amounted to approximately RM71.3 million will be used to support MAMG's acquisition activities and incorporation of a new entity, as part of the realignment and restructuring exercise of the Asset Management Group, to meet regulatory requirement and for working capital purposes.

Details of the rights issue are disclosed in Note 17(c).

(iii) Acquisition of Maybank Asset Management Thailand Co Ltd (formerly known as Kim Eng Asset Management Thailand Co Ltd) ("MAMT") by MAMG

On 21 March 2013, MAMG completed the acquisition of MAMT from Maybank Kim Eng Securities (Thailand) Plc., a subsidiary of Maybank Kim Eng Holdings Ltd ("MKEH"), an indirect wholly-owned subsidiary of Maybank through Maybank IB Holdings Berhad.

The transaction comprised of the sale of 10,000,000 ordinary shares in MAMT, representing 100% of the issued and paid-up capital of MAMT for a total cash consideration of THB50,693,147 (approximately to RM5.7 million).

(iv) Subscription of rights issue of 11,000,000 ordinary shares of THB10.00 each issued by MAMT

On 29 March 2013, MAMG subscribed into the rights issue of 11,000,000 ordinary shares of THB10.00 each, issued by MAMT on the basis of 11 rights shares for 10 existing shares at par value of THB10.00 each. The total cash consideration of the rights issue is approximately RM12.3 million.

(v) Acquisition of PT Maybank GMT Asset Management (formerly known as PT GMT Aset Manajemen) ("Maybank GMT")

On 26 August 2013, Maybank Asset Management Sdn. Bhd. ("MAM"), an indirect wholly-owned subsidiary of Maybank through MAMG, 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 total cash consideration is approximately RM30.6 million.

The purpose of the acquisition is for Maybank 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. It will also create an opportunity for Maybank GMT to promote its products in the region by leveraging on Maybank's presence.

The financial impact on the acquisition is disclosed in Note 17(e).

(vi) Acquisition of Maybank Asset Management Singapore Pte. Ltd. ("MAMS") by MAMG

On 29 August 2013, MAMG completed the acquisition of MAMS from Maybank KE Strategic Pte. Ltd., a subsidiary of MKEH.

The transaction comprised of the acquisition of 10,000 ordinary shares in MAMS, representing 100% of the issued and paid-up capital of MAMS for a total cash consideration of SGD7,394,781 (approximately to RM19.4 million).

(vii) Incorporation of Maybank Islamic Asset Management Sdn Bhd ("MIAM")

On 6 September 2013, Maybank announced that MAMG, had established a wholly-owned subsidiary by subscribing two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Maybank MIAM for cash at par ("Establishment").

On 1 October 2013, MAMG injected equity capital of RM3,000,000 via the subscription of 3,000,000 new ordinary shares of RM1.00 each.

The purpose of the Establishment is for Maybank to have an Islamic fund management company under its group of companies as well as to complement the conventional business entities of MAMG in Malaysia and ASEAN region. It will also create an opportunity for MIAM to promote Islamic products in the region by leveraging on Maybank's presence.

(i) Rights issue of Maybank Islamic Berhad, a wholly-owned subsidiary of Maybank

During the financial year ended 31 December 2013, Maybank Islamic Berhad completed its rights issue exercise of 86,268,000 new ordinary shares of RM1.00 each. The total proceeds raised from the rights issue amounted to approximately RM1,124 million which would be used to improve its capital structure and strengthen its balance sheet to spearhead further growth.

Details of the rights issue are disclosed in Note 17(g).

(j) Capital injection into Etiqa Takaful Berhad ("ETB") by Maybank Ageas Holdings Berhad ("MAHB")

On 30 October 2013, MAHB, a subsidiary of Maybank, through Etiqa International Holdings Sdn. Bhd., injected additional capital of RM300.0 million into ETB to strengthen the capital position.

(k) Establishment of Etiqa Pte. Ltd.

On 26 November 2013, MAHB established a wholly-owned subsidiary with the subscription of one (1) ordinary share of SGD1.00, representing the entire issued and paid-up share capital of Etiqa Pte. Ltd. ("EPL") for cash at par.

The purpose of this establishment is as part of expansion plan within the Group.

The establishment of EPL did not have any material impact on the earnings and net assets for the financial year ended 31 December 2013.

The following are the subsequent events of the Group and of the Bank subsequent to the financial year ended 31 December 2013:

(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 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 will be due in 2024.

The Subordinated Notes were priced at 4.90% per annum and qualified as Tier 2 capital of Maybank in accordance with the BNM Capital Adequacy Framework.

The proceeds from the Subordinated Notes will be utilised to fund Maybank's working capital, general banking and other corporate purposes.

(b) Issuance of JPY30.0 billion Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

Maybank had on 6 February 2014 issued JPY30.0 billion Senior Fixed Rate Notes with tenure of 5 years under the USD5.0 billion Multicurrency Medium Term Note Programme which are due in 2019.

The Senior Fixed Rate Notes were priced at 0.669% per annum, payable semi-annually in arrears.

The proceeds from the issuance of the Senior Fixed Rate Notes will be utilised to fund Maybank's working capital, general banking and other corporate purposes.

56. INCOME STATEMENTS AND STATEMENTS OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS

(a) Income statements for the financial year ended 31 December 2013

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Operating revenue	1,326,735	1,794,251	1,606,797	2,068,524	816,642	733,043	1,884,315	1,739,362	5,634,489	6,335,180
Interest income	433,258	435,829	314,292	285,396	44,621	38,377	145,297	110,366	937,468	869,968
Interest expense	-	-	-	-	-	-	(10,184)	-	(10,184)	-
Net interest income	433,258	435,829	314,292	285,396	44,621	38,377	135,113	110,366	927,284	869,968
Net (loss)/income from insurance/takaful business	(405,645)	(627,357)	(230,805)	(335,967)	(107,682)	(50,737)	914,929	888,644	170,797	(125,417)
	27,613	(191,528)	83,487	(50,571)	(63,061)	(12,360)	1,050,042	999,010	1,098,081	744,551
Non-interest income	123,205	298,864	(39,974)	175,008	64,935	24,280	142,866	93,291	291,032	591,443
Net income	150,818	107,336	43,513	124,437	1,874	11,920	1,192,908	1,092,301	1,389,113	1,335,994
Overhead expenses	(148,202)	(98,415)	(33,908)	(66,132)	(1,356)	(889)	(417,878)	(383,327)	(601,344)	(548,763)
Operating profit before impairment losses	2,616	8,921	9,605	58,305	518	11,031	775,030	708,974	787,769	787,231
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(441)	8,906	(2,079)	(26,552)	89	(3,757)	9,952	(8,280)	7,521	(29,683)
Allowances for impairment losses on financial investments, net	(2,175)	(17,827)	(7,526)	(31,753)	(607)	(7,274)	(3,058)	(6,317)	(13,366)	(63,171)
Operating profit	-	-	-	-	-	-	781,924	694,377	781,924	694,377
Share of profits in associates	-	-	-	-	-	-	864	517	864	517
Profit before taxation and zakat	-	-	-	-	-	-	782,788	694,894	782,788	694,894
Taxation and zakat	-	-	-	-	-	-	(165,375)	(179,938)	(165,375)	(179,938)
Profit for the financial year	-	-	-	-	-	-	617,413	514,956	617,413	514,956

(b) Statements of financial position as at 31 December 2013

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2013

56. INCOME STATEMENTS AND STATEMENTS OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

(b) Statements of financial position as at 31 December 2013 (cont'd.)

Group As at 31.12.2012	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	70,922	40,041	20,240	93,626	224,829
Deposits and placements with financial institutions	594,154	639,623	211,070	952,297	2,397,144
Financial assets at fair value through profit or loss	8,809,459	4,456,361	-	-	13,265,820
Financial investments available-for-sale	1,277,288	2,225,372	1,040,792	2,748,772	7,292,224
Loans, advances and financing	255,702	16,922	-	33,704	306,328
Derivative assets	267,170	-	-	23	267,193
Reinsurance/retakaful assets and other insurance receivables	64,924	115,883	376,169	1,998,751	2,555,727
Other assets	175,142	116,326	20,426	165,386	477,280
Investment properties	518,240	-	-	46,379	564,619
Interest in associates	-	-	-	7,108	7,108
Property, plant and equipment	65,833	-	1	75,034	140,868
Intangible assets	22,964	473	18	10,507	33,962
Deferred tax assets	2,974	-	-	9,712	12,686
Total Assets	12,124,772	7,611,001	1,668,716	6,141,299	27,545,788
Liabilities					
Insurance/takaful contract liabilities and other insurance payables	10,164,136	7,369,892	1,481,069	2,913,775	21,928,872
Other liabilities*	1,912,294	231,345	184,954	(1,405,295)	923,298
Provision for taxation and zakat	(10,825)	9,697	2,693	39,588	41,153
Deferred tax liabilities	59,167	67	-	388,315	447,549
Total Liabilities	12,124,772	7,611,001	1,668,716	1,936,383	23,340,872
Equity attributable to equity holders of the Subsidiaries					
Share capital	-	-	-	252,005	252,005
Other reserves	-	-	-	3,952,911	3,952,911
	-	**-**	**-**	**4,204,916**	**4,204,916**
Total liabilities and shareholders' equity	**12,124,772**	**7,611,001**	**1,668,716**	**6,141,299**	**27,545,788**

* 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.

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS")

(a) **Statement of financial position as at 31 December 2013**

Group	Note	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000	As at 1.1.2012 (Restated) RM'000
Assets				
Cash and short-term funds	(f)	**17,763,716**	13,026,886	8,971,617
Deposits and placements with financial institutions	(g)	**63,380**	293,552	429,910
Financial investments portfolio	(h)	**9,193,509**	9,810,498	8,644,047
Financing and advances	(i)	**87,395,117**	62,230,793	52,425,274
Derivative assets	(j)	**134,141**	48,227	28,198
Other assets	(k)	**9,101,475**	4,891,200	4,492,748
Statutory deposits with central banks	(l)	**3,084,000**	2,399,000	1,834,800
Property, plant and equipment	(m)	**1,203**	1,808	2,551
Intangible asset	(n)	**1,520**	3,117	3,701
Deferred tax assets	(o)	**268,231**	199,475	177,498
		127,006,292	92,904,556	77,010,344
Liabilities				
Deposits from customers	(p)	**83,376,255**	71,319,635	59,090,400
Deposits and placements from financial institutions	(q)	**33,431,855**	13,206,242	9,449,458
Bills and acceptances payable		**62,124**	419,749	504,237
Derivative liabilities	(j)	**247,952**	113,980	96,179
Other liabilities	(r)	**278,481**	281,749	194,033
Recourse obligation on financing sold to Cagamas	(t)	**620,976**	905,181	1,499,270
Provision for taxation and zakat	(u)	**206,479**	162,043	109,256
Subordinated sukuk	(v)	**1,010,782**	1,010,782	1,010,723
		119,234,904	87,419,361	71,953,556
Islamic Banking Capital Funds				
Islamic Banking Funds	(d)	**1,278,853**	863,719	943,296
Share premium	(d)	**3,725,969**	2,687,480	2,488,400
Retained profits	(d)	**2,445,492**	1,714,977	1,383,520
Other reserves	(d)	**321,074**	219,019	241,572
		7,771,388	5,485,195	5,056,788
		127,006,292	92,904,556	77,010,344
Commitments and contingencies	(cc)	**34,079,257**	29,167,879	21,354,255

The accompanying notes provide further details on the balances as at reporting date.

(b) **Income statement for the financial year ended 31 December 2013**

Group	Note	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Income derived from investment of depositors' funds	(w)	**4,489,860**	3,557,278
Expenses directly attributable to depositors and Islamic Banking Funds		**-**	(69,876)
Gross attributable income		**4,489,860**	3,487,402
(Allowances for)/writeback of impairment losses on financing and advances	(x)	**(8,509)**	33,701
Total attributable income		**4,481,351**	3,521,103
Income attributable to the depositors	(y)	**(2,369,879)**	(1,757,225)
Income attributable to the Group		**2,111,472**	1,763,878
Income derived from investment of Islamic Banking Funds	(z)	**318,017**	310,838
		2,429,489	2,074,716
Finance cost		**(42,200)**	(41,913)
Overhead expenses	(aa)	**(913,231)**	(710,782)
Profit before taxation and zakat		**1,474,058**	1,322,021
Taxation	(bb)	**(336,466)**	(315,850)
Zakat		**(22,247)**	(16,613)
Profit for the financial year		**1,115,345**	989,558

The accompanying notes provide further details on the amounts recorded for the financial year ended 31 December 2013 and 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(b) Income statement for the financial year ended 31 December 2013 (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	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Gross attributable income	4,489,860	3,487,402
Income derived from investment of Islamic Banking Funds	318,017	310,838
Total income before allowance for impairment on financing and advances, and overhead expenses	4,807,877	3,798,240
Income attributable to the depositors	(2,369,879)	(1,757,225)
	2,437,998	2,041,015
Finance cost	(42,200)	(41,913)
Net of intercompany income and expenses	414,384	197,157
Income from Islamic Banking Scheme operations reported in the income statement of the Group	2,810,182	2,196,259

(c) Statement of comprehensive income for the financial year ended 31 December 2013

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Profit for the financial year	1,115,345	989,558
Other comprehensive (loss)/income:		
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plan actuarial gain	-	233
Income tax effect	-	(58)
	-	175
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	21,483	(33,499)
Net loss of financial investments available-for-sale	(214,691)	(27,049)
Income tax relating to components of other comprehensive income	53,051	6,148
	(140,157)	(54,400)
Other comprehensive loss for the financial year, net of tax	(140,157)	(54,225)
Total comprehensive income for the financial year	975,188	935,333

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Statement of changes in Islamic Banking Capital Funds for the financial year ended 31 December 2013 and 31 December 2012

		Non-distributable								
Group	Islamic Banking Fund RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
As at 31.12.2013										
At 1 January 2013										
- as previously stated	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	-	1,714,988	5,485,396
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(ii))	-	-	-	-	-	-	-	(190)	(11)	(201)
At 1 January 2013, as restated	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	(190)	1,714,977	5,485,195
Profit for the 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 (to)/from conventional banking operations	328,866	-	-	(20,122)	-	-	-	-	2,261	311,005
Issue of ordinary shares (Note 55(i))	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
As at 31.12.2012										
At 1 January 2012										
- as previously stated	943,296	2,488,400	57,652	794	147,338	1,697	34,456	-	1,383,544	5,057,177
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(ii))	-	-	-	-	-	-	-	(365)	(24)	(389)
At 1 January 2012, as restated	943,296	2,488,400	57,652	794	147,338	1,697	34,456	(365)	1,383,520	5,056,788
Profit for the financial year	-	-	-	-	-	-	-	-	989,558	989,558
Other comprehensive (loss)/income	-	-	(20,901)	(33,499)	-	-	-	175	-	(54,225)
Total comprehensive (loss)/ income for the financial year	-	-	(20,901)	(33,499)	-	-	-	175	989,558	935,333
Transfer (to)/from conventional banking operations	(101,697)	-	-	31,672	-	-	-	-	(2,907)	(72,932)
Issue of ordinary shares	22,120	199,080	-	-	-	-	-	-	-	221,200
Dividends paid	-	-	-	-	-	-	-	-	(655,194)	(655,194)
At 31 December 2012	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	(190)	1,714,977	5,485,195

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

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(e) Statement of cash flows for the financial year ended 31 December 2013

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 (Restated) RM'000
Cash flows from operating activities		
Profit before taxation and zakat	1,474,058	1,322,021
Adjustments for:		
Allowance for impairment on financing and advances, net	146,748	73,872
Amortisation of premiums less accretion of discounts, net	(56,906)	(69,871)
Unrealised loss/(gain) of derivatives	17,829	(24,369)
Unrealised loss/(gain) of financial assets at fair value through profit or loss	10,129	(9,479)
Net gain on disposal of financial investments available-for-sale	(20,835)	(126,349)
Net gain on disposal of financial assets at fair value through profit or loss	(63,426)	(12,599)
Gain on foreign exchange transactions	(117,084)	(14,430)
Depreciation of property, plant and equipment (Note 57(aa))	559	705
Amortisation of computer software (Note 57(aa))	941	1,148
ESS expenses	1,584	1,409
Operating profit before working capital changes	1,393,597	1,142,058
Change in deposits and placements with financial institutions	230,172	136,358
Change in financing and advances	(25,311,072)	(9,879,391)
Change in derivative assets and liabilities	30,229	22,141
Change in other assets	(4,210,275)	(832,446)
Change in statutory deposit with central banks	(685,000)	(564,200)
Change in deposits from customers	12,174,567	12,244,158
Change in deposits and placements from financial institutions	20,225,613	3,756,784
Change in bills and acceptances payable	(357,625)	(84,488)
Net purchase of financial investments portfolio	554,467	(1,008,406)
Change in other liabilities	37,348	128,457
Cash generated from operations	4,082,021	5,061,025
Taxes and zakat paid	(329,629)	(295,862)
Net cash generated from operating activities	3,752,392	4,765,163
Cash flows from financing activities		
Dividend paid	(124,757)	(221,200)
Dividend paid for Subordinated Sukuk	(42,200)	(41,854)
Proceeds from issuance of shares	1,453,623	221,200
Funds transferred to holding company	(17,861)	(72,932)
Recourse obligation on financing sold to Cagamas, net	(284,205)	(594,089)
Net cash generated from/(used in) financing activities	984,600	(708,875)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	55	55
Purchase of property, plant and equipment	(217)	(227)
Purchase of intangible asset	-	(847)
Net cash used in investing activities	(162)	(1,019)
Net increase in cash and cash equivalents	4,736,830	4,055,269
Cash and cash equivalents at beginning of year	13,026,886	8,971,617
Cash and cash equivalents at end of year	17,763,716	13,026,886

(f) Cash and short-term funds

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Cash, bank balances and deposits with financial institutions	14,430,490	2,273,776
Money at call	3,333,226	10,753,110
	17,763,716	13,026,886

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(g) Deposits and placements with financial institutions

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Licensed banks	63,380	293,511
Bank Negara Malaysia	-	41
	63,380	293,552

(h) Financial investments portfolio

Group	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Financial assets at fair value through profit or loss	(i)	492,119	4,098,406
Financial investments available-for-sale	(ii)	8,573,528	5,579,110
Financial investments held-to-maturity	(iii)	127,862	132,982
		9,193,509	9,810,498

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

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	145,679	-
Bank Negara Malaysia Monetary Notes	323,452	4,048,385
	469,131	4,048,385
Unquoted securities:		
Islamic private debt securities in Malaysia	22,988	50,021
Total financial assets at fair value through profit or loss	492,119	4,098,406

(ii) Financial investments available-for-sale

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At fair value		
Money market instruments:		
Cagamas bonds	-	30,584
Malaysian Government Investment Issues	4,898,485	1,814,145
Foreign Government Treasury Bills	-	44,028
Negotiable instruments of deposits	1,666,487	582,396
Bankers' acceptances and Islamic accepted bills	26,240	520,789
Khazanah bonds	62,930	102,185
Bank Negara Malaysia Monetary Notes	-	267,011
	6,654,142	3,361,138
Unquoted securities:		
Islamic private debt securities in Malaysia	1,693,482	2,026,162
Foreign Islamic debt securities	33,096	6,176
Malaysian Government Bond	192,808	185,634
	1,919,386	2,217,972
Total financial investments available-for-sale	8,573,528	5,579,110

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(h) Financial investments portfolio (cont'd.)

(iii) Financial investments held-to-maturity

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At amortised cost		
Money market instruments:		
Foreign Certificates of Deposits	36,602	132,982
Malaysian Government Investment Issues	91,260	-
Total financial investments held-to-maturity	127,862	132,982

The maturity profile of money market instruments available-for-sale and held-to-maturity are as follows:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within one year	1,820,590	1,545,455
One year to three years	1,981,003	124,425
Three years to five years	312,041	709,912
After five years	2,668,370	1,114,328
	6,782,004	3,494,120

(i) Financing and advances

Group	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
As at 31.12.2013								
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 receivable	-	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
As at 31.12.2012								
Cashline	-	2,327,525	-	-	-	-	-	2,327,525
Term financing								
- Housing financing	18,905,248	2,924,409	2,306,624	-	-	-	-	24,136,281
- Syndicated financing	-	254,628	37,662	-	-	-	-	292,290
- Hire purchase receivables	-	-	-	20,072,695	-	-	-	20,072,695
- Other term financing	34,092,967	12,026,600	1,975,216	-	266,261	149,197	-	48,510,241
Bills receivable	-	123	-	-	-	-	-	123
Trust receipts	-	184,782	-	-	-	-	-	184,782
Claims on customers under acceptance credits	-	3,706,533	-	-	-	-	-	3,706,533
Staff financing	955,798	8,453	10,107	74,157	-	-	77	1,048,592
Credit card receivables	-	-	-	-	-	-	365,908	365,908
Revolving credit	-	4,554,279	-	-	-	-	-	4,554,279
	53,954,013	25,987,332	4,329,609	20,146,852	266,261	149,197	365,985	105,199,249
Unearned income								(42,264,783)
Gross financing and advances*								62,934,466
Allowances for impaired financing and advances:								
- Individual allowance								(95,836)
- Collective allowance								(607,837)
Net financing and advances								62,230,793

* Included in gross financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM8,328.8 million (31 December 2012: RM650.0 million), an arrangement between Maybank Islamic Berhad ("MIB") and the Bank, where the risks and rewards of the RPSIA will be accounted for by the Bank including the individual and collective allowances for the impaired financing arising thereon.

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

(ii) Financing and advances analysed by type of customers are as follows:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Domestic non-banking institutions	**2,546,840**	1,603,327
Domestic business enterprises		
- Small and medium enterprises	**9,069,766**	6,697,538
- Others	**13,224,623**	10,706,252
Government and statutory bodies	**6,288,125**	3,542,446
Individuals	**55,495,105**	39,402,622
Other domestic entities	**665,754**	317,246
Foreign entities	**868,930**	665,035
Gross financing and advances	**88,159,143**	62,934,466

(iii) Financing and advances analysed by profit rate sensitivity are as follows:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Fixed rate		
- House financing	**2,278,641**	2,672,175
- Hire purchase receivables	**22,595,645**	17,198,453
- Other financing	**18,312,065**	12,744,777
Floating rate		
- House financing	**12,525,870**	7,862,897
- Other financing	**32,446,922**	22,456,164
Gross financing and advances	**88,159,143**	62,934,466

(iv) Financing and advances analysed by their economic purposes are as follows:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Purchase of securities	**16,325,909**	10,587,328
Purchase of transport vehicles	**22,713,482**	17,301,872
Purchase of landed properties		
- Residential	**14,074,136**	10,270,314
- Non-residential	**4,471,266**	2,667,032
Purchase of fixed assets	**8,813**	1,476
Personal use	**1,419,677**	1,150,645
Consumer durables	**723**	603
Construction	**2,811,692**	2,041,094
Working capital	**25,171,405**	17,899,417
Credit/charge cards	**702,461**	665,221
Other purposes	**459,579**	349,464
Gross financing and advances	**88,159,143**	62,934,466

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

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within one year	**12,722,135**	6,974,574
One year to three years	**6,305,594**	2,754,882
Three years to five years	**10,627,423**	9,200,849
After five years	**58,503,991**	44,004,161
Gross financing and advances	**88,159,143**	62,934,466

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

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

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Gross impaired financing at 1 January	531,048	811,973
Newly impaired	533,271	554,416
Reclassified as non-impaired	(218,605)	(241,010)
Amount recovered	(245,716)	(319,372)
Expenses debited to customers' accounts	(73,313)	24,966
Amount written off	4,942	(299,925)
Gross impaired financing at 31 December	531,627	531,048
Less: Individual allowance	(172,880)	(95,836)
Net impaired financing at 31 December	358,747	435,212
Calculation of ratio of net impaired financing:		
Gross financing and advances (excluding RPSIA financing)	79,830,300	62,284,466
Less: Individual allowance	(172,880)	(95,836)
Net financing and advances	79,657,420	62,188,630
Net impaired financing as a percentage of net financing and advances	0.45%	0.70%

(vii) Impaired financing and advances by economic purposes are as follows:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Purchase of securities	8,576	4,477
Purchase of transport vehicles	67,597	58,155
Purchase of landed properties		
- Residential	86,109	85,524
- Non-residential	22,363	51,846
Personal use	9,318	8,991
Consumer durables	3	3
Construction	31,059	51,948
Working capital	303,102	265,550
Credit/charge cards	3,500	4,554
	531,627	531,048

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

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Individual allowance		
At 1 January	95,836	298,840
Allowance made (Note 57(x))	97,931	63,616
Amount written back in respect of recoveries (Note 57(x))	(19,419)	(61,863)
Amount written off	-	(204,688)
Transferred to collective allowance	(74)	-
Exchange differences	(1,394)	(69)
At 31 December	172,880	95,836
Collective allowance		
At 1 January	607,837	647,427
Allowance made* (Note 57(x))	56,839	56,496
Amount written off	(73,313)	(95,237)
Transferred from individual allowance	74	-
Exchange differences	(291)	(849)
At 31 December	591,146	607,837
As a percentage of gross financing and advances (excluding RPSIA financing) less individual allowance	0.74%	0.98%

* As at 31 December 2013, the gross exposures to RPSIA financing is RM8,328.8 million (31 December 2012: RM650.0 million) is excluded from gross financing and advances for the individual and collective allowance computation. The collective allowance relating to this RPSIA amounting RM27.8 million (31 December 2012: RM0.8 million) is recognised in the Group's conventional banking operations. There was no individual allowance provided on this RPSIA financing.

57. 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	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
As at 31.12.2013			
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)
Profit rate related contracts			
Profit rate options:			
- More than three years	575,000	-	(89,348)
Cross currency profit rate swaps:			
- One year to three years	314,425	19,421	(19,421)
	5,563,382	77,408	(169,393)
Hedging derivatives			
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)
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)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(j) Derivative financial instruments (cont'd.)

Group As at 31.12.2012	Principal Amount RM'000	Fair values Assets RM'000	 Liabilities RM'000
Trading derivatives			
Foreign exchange related contracts			
Currency forward:			
- Less than one year	555,985	73	(12,347)
Currency swaps:			
- Less than one year	474,400	9,305	-
Currency spots:			
- Less than one year	6,733	5	-
Profit rate related contracts			
Profit rate options:			
- More than three years	400,000	-	(62,394)
Cross currency profit rate swaps:			
- More than three years	300,500	6,476	(6,476)
	1,737,618	15,859	(81,217)
Hedging derivatives			
Profit rate swaps:			
- Less than one year	600,000	68	(174)
- One year to three years	850,000	-	(6,019)
- More than three years	2,559,088	22,458	(17,650)
Cross currency profit rate swaps:			
- More than three years	258,631	9,842	(8,920)
	4,267,719	32,368	(32,763)
Total	**6,005,337**	**48,227**	**(113,980)**

(k) Other assets

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Amount due from holding company	**8,695,495**	4,169,838
Prepayment and deposits	**129,364**	102,752
Other debtors	**276,616**	618,610
	9,101,475	4,891,200

(l) Statutory deposits with central banks

The non-interest bearing statutory deposits maintained with BNM are in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as set percentages of total eligible liabilities.

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(m) Property, plant and equipment

Group	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Motor Vehicles RM'000	Total RM'000
As at 31.12.2013				
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 57(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**
As at 31.12.2012				
Cost				
At 1 January 2012	3,150	1,746	908	5,804
Additions	21	206	-	227
Disposals	-	-	(336)	(336)
Exchange differences	(326)	(158)	(64)	(548)
At 31 December 2012	2,845	1,794	508	5,147
Accumulated depreciation				
At 1 January 2012	1,196	1,442	615	3,253
Depreciation charge for the financial year (Note 57(aa))	597	91	17	705
Disposals	-	-	(281)	(281)
Exchange differences	(116)	(142)	(80)	(338)
At 31 December 2012	1,677	1,391	271	3,339
Net carrying amount				
At 31 December 2012	1,168	403	237	1,808

(n) Intangible asset

Group Computer software	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Cost		
At 1 January	**6,766**	6,535
Additions	**-**	847
Exchange differences	**(1,299)**	(616)
At 31 December	**5,467**	6,766
Accumulated amortisation		
At 1 January	**3,649**	2,834
Amortisation charge for the financial year (Note 57(aa))	**941**	1,148
Exchange differences	**(643)**	(333)
At 31 December	**3,947**	3,649
Net carrying amount		
At 31 December	**1,520**	3,117

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(o) Deferred tax assets

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January		
- as previously reported	**(199,408)**	(177,369)
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(ii))	**(67)**	(129)
At 1 January, as restated	**(199,475)**	(177,498)
Recognised in income statements (Note 57(bb))	**(15,352)**	(16,182)
Recognised in statement of comprehensive income, net	**(53,051)**	(6,090)
Exchange differences	**(353)**	295
At 31 December	**(268,231)**	(199,475)

Deferred tax assets of the Group:

Group	Allowances for losses on financing and advances RM'000	Unrealised holding 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
At 1 January 2013					
- as previously reported	**(186,899)**	**(9,742)**	**-**	**(2,767)**	**(199,408)**
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(ii))	**-**	**-**	**(67)**	**-**	**(67)**
At 1 January 2013, as restated	**(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)**
At 1 January 2012					
- as previously reported	(171,672)	(3,594)	-	(2,103)	(177,369)
- effects of adoption of MFRS 119 (Revised 2011) (Note 2.4(x)(a)(ii))	-	-	(129)	-	(129)
At 1 January 2012, as restated	(171,672)	(3,594)	(129)	(2,103)	(177,498)
Recognised in income statements	(15,522)	-	4	(664)	(16,182)
Recognised in statement of comprehensive income	-	(6,148)	58	-	(6,090)
Exchange differences	295	-	-	-	295
At 31 December 2012	(186,899)	(9,742)	(67)	(2,767)	(199,475)

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(p) Deposits from customers

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Savings deposit		
Wadiah	8,878,413	8,011,365
Mudharabah	741,952	579,823
	9,620,365	8,591,188
Demand deposit		
Wadiah	8,178,609	7,961,813
Mudharabah	9,221,790	7,044,116
	17,400,399	15,005,929
Term deposit		
Murabahah	40,652,099	31,223,265
Negotiable Islamic Debt Certificated (NIDC)		
- Mudharabah	143,345	242,623
Hybrid (Bai' Bithaman Ajil and Murabahah)*	505,255	347,613
General investment account		
- Mudharabah	15,054,792	15,909,017
	56,355,491	47,722,518
Total deposits from customers	83,376,255	71,319,635

* Structured deposits represent Ringgit Malaysia time deposits with embedded foreign currency exchange option, commodity-linked time deposits and profit rate options.

(i) The maturity profile of general investment deposits, negotiable instruments of deposits and fixed return investment deposits are as follows:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Within six months	43,855,814	40,864,763
Six months to one year	11,778,748	6,290,011
One year to three years	199,472	71,217
Three years to five years	16,202	148,914
	55,850,236	47,374,905

(ii) The deposits are sourced from the following types of customers:

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Business enterprises	35,478,959	31,018,924
Individuals	19,914,338	20,598,238
Government and statutory bodies	11,881,758	9,617,278
Others	16,101,200	10,085,195
	83,376,255	71,319,635

(q) Deposits and placements from financial institutions

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Mudharabah Fund		
Licensed banks*	25,549,509	8,025,911
Licensed investment banks	-	18,000
Other financial institutions	299,999	422,458
	25,849,508	8,466,369
Non-Mudharabah Fund		
Licensed banks	7,436,662	4,574,958
Other financial institutions	145,685	164,915
	7,582,347	4,739,873
	33,431,855	13,206,242

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(q) Deposits and placements from financial institutions (cont'd.)

* 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 RM8,336.3 million (31 December 2012: RM685.0 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 depositors.

(r) Other liabilities

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
Profit equalisation reserves (Note 57(s))	**16,977**	59,852	59,852
Due to holding company	**152,765**	103,933	68,613
Other creditors, provisions and accruals	**108,510**	117,696	65,050
Defined benefit pension plans	**229**	268	518
	278,481	281,749	194,033

(s) Profit Equalisation Reserves ("PER")

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January	**59,852**	59,852
Distribution to Investment Account Holder	**(42,875)**	-
At 31 December*	**16,977**	59,852

* 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 31.12.2013 RM'000	As at 31.12.2012 RM'000
At 1 January	**905,181**	1,499,270
Repayment forwarded	**(284,205)**	(594,089)
At 31 December	**620,976**	905,181

This represents hire purchase financing sold directly to Cagamas Berhad with recourse. Under the agreement, the Bank 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 31.12.2013 RM'000	As at 31.12.2012 RM'000
Taxation	**183,934**	145,597
Zakat	**22,545**	16,446
	206,479	162,043

(v) Subordinated sukuk

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
RM1,000 million subordinated sukuk due in 2021	**1,010,782**	1,010,782

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 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.

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(w) Income derived from investment of depositors' funds

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Income from investment of:		
(i) General investment deposits	**3,001,561**	2,352,213
(ii) Other deposits	**1,488,299**	1,205,065
	4,489,860	3,557,278

(i) Income derived from investment of general investment deposits:

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Finance income and hibah:		
Financing and advances	**2,300,063**	1,796,061
Financial investments AFS	**148,975**	106,213
Financial investments HTM	**230**	2,592
Financial assets at FVTPL	**3,695**	2,256
Money at call and deposits and placements with financial institutions	**223,641**	156,203
	2,676,604	2,063,325
Amortisation of premiums less accretion of discounts, net	**36,074**	44,361
Total finance income and hibah	**2,712,678**	2,107,686
Other operating income:		
(a) Fee income	**182,455**	168,107
(b) Gain on disposal of financial assets at FVTPL	**40,458**	8,001
(c) Gain on disposal of financial investments AFS	**13,506**	36,199
(d) Unrealised (loss)/gain of:		
- Financial assets at FVTPL	**(6,461)**	6,020
- Derivatives	**(11,373)**	15,476
(e) Foreign exchange gain, net	**67,650**	8,207
(f) Net profit on derivatives	**2,648**	2,517
	3,001,561	2,352,213

(ii) Income derived from investment of other deposits:

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Finance income and hibah:		
Financing and advances	**1,140,597**	920,183
Financial investments AFS	**73,981**	54,647
Financial investments HTM	**285**	1,048
Financial assets at FVTPL	**1,835**	1,161
Money at call and deposits and placements with financial institutions	**110,429**	79,599
	1,327,127	1,056,638
Amortisation of premiums less accretion of discounts, net	**17,926**	22,823
Total finance income and hibah	**1,345,053**	1,079,461
Other operating income:		
(a) Fee income	**90,454**	86,463
(b) Gain on disposal of financial assets at FVTPL	**20,091**	4,117
(c) Gain on disposal of financial investments AFS	**6,696**	18,625
(d) Unrealised (loss)/gain of:		
- Financial assets at FVTPL	**(3,209)**	3,097
- Derivatives	**(5,648)**	7,962
(e) Foreign exchange gain, net	**33,547**	4,045
(f) Net profit on derivatives	**1,315**	1,295
	1,488,299	1,205,065

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(x) **Allowance/(writeback of) for impairment losses on financing and advances**

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Individual allowance		
- Allowance made (Note 57(i)(viii))	97,931	63,616
- Amount written back (Note 57(i)(viii))	(19,419)	(61,863)
Collective allowance (Note 57(i)(viii))	56,839	56,496
Bad financing:		
- Written off	11,397	15,623
- Recovered	(138,239)	(107,573)
	8,509	(33,701)

(y) **Income attributable to depositors**

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Deposits from customers:		
- Mudharabah Fund	622,448	571,742
- Non-Mudharabah Fund	1,127,917	836,335
Deposits and placements from financial institutions:		
- Mudharabah Fund	588,565	346,424
- Non-Mudharabah Fund	30,949	2,724
	2,369,879	1,757,225

(z) **Income derived from investment of Islamic Banking Funds**

Group	1.1.2013 to 31.12.2013 RM'000	1.1.2012 to 31.12.2012 RM'000
Finance income and hibah:		
Financing and advances	202,599	144,146
Financial assets at FVTPL	263	136
Financial investments AFS	10,595	6,391
Financial investments HTM	35,356	28,547
Money at call and deposits and placements with financial institutions	20,243	15,134
	269,056	194,354
Amortisation of premiums less accretion of discounts, net	2,905	2,687
Total finance income and hibah	271,961	197,041
Other operating income:		
(a) Fee income:		
- Commissions	5,867	4,379
- Service charges and fees	21,045	29,455
- Other fee income	5,490	4,336
(b) Gain on disposal of financial assets at FVTPL	2,877	481
(c) Gain on disposal of financial investments AFS	632	71,525
(d) Unrealised gain/(loss) of:		
- Financial assets at FVTPL	(460)	362
- Derivatives	(809)	931
(e) Foreign exchange gain, net	11,226	2,177
(f) Net profit on derivatives	188	151
	318,017	310,838

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(aa) Overhead expenses

Group	1.1.2013 to 31.12.2013 RM’000	1.1.2012 to 31.12.2012 RM’000
Personnel expenses:		
- Salaries and wages	30,159	24,370
- Social security cost	83	76
- Pension cost - defined contribution plan	3,406	3,151
- ESS expenses	1,584	1,409
- Other staff related expenses	4,996	5,160
Sub-total	40,228	34,166
Establishment costs:		
- Depreciation of property, plant and equipment (Note 57(m))	559	705
- Amortisation of computer software (Note 57(n))	941	1,148
- Information technology expenses	98	138
- Others	2,833	3,060
Sub-total	4,431	5,051
Marketing costs:		
- Advertisement and publicity	14,562	6,058
- Others	1,482	664
Sub-total	16,044	6,722
Administration and general expenses:		
- Fees and brokerage	26,456	48,644
- Administrative expenses	4,790	7,213
- General expenses	19,753	3,767
Sub-total	50,999	59,624
Shared service cost paid/payable to Maybank	801,529	605,219
Total	913,231	710,782
Included in overhead expenses are:		
Shariah Committee Members' fee and remuneration	586	370

(bb) Taxation

Group	1.1.2013 to 31.12.2013 RM’000	1.1.2012 to 31.12.2012 RM’000
Tax expense for the financial year	351,818	332,032
Deferred tax in relation to origination and reversal of temporary differences (Note 57(o))	(15,352)	(16,182)
	336,466	315,850

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(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 31.12.2013	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000
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
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
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
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
Miscellaneous	22,064	-	-
	34,079,257	6,074,885	3,043,060

Group As at 31.12.2012	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000
Direct credit substitutes	786,803	773,639	519,972
Certain transaction-related contingent items	1,094,396	529,861	506,467
Short-term self-liquidating trade-related contingencies	173,295	25,222	16,097
Irrevocable commitments to extend credit:			
- maturity within one year	16,595,356	1,800,273	1,028,067
- maturity exceeding one year	4,507,940	2,509,371	708,572
Foreign exchange related contracts:			
- less than one year	1,037,118	29,530	14,511
- one year to less than five years	559,132	58,462	41,464
Profit rate related contracts:			
- less than one year	600,000	568	114
- one year to less than five years	3,809,087	184,196	93,840
Miscellaneous	4,752	-	-
	29,167,879	5,911,122	2,929,104

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

(dd) Capital adequacy

The capital adequacy ratios of the Group as at the following dates are as follows:

Group	As at 31.12.2013	As at 31.12.2012
CET1 Capital Ratio	12.309%	-
Tier 1 Capital Ratio	12.309%	-
Total Capital Ratio	14.219%	-
Core Capital Ratio	-	11.63%
Risk-Weighted Capital Ratio	-	13.36%

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(dd) Capital adequacy (cont'd.)

Components of capital:

Group	As at 31.12.2013 RM'000
CET1/Tier 1 Capital	
Paid-up share capital/Islamic Banking Fund	479,157
Share premium	3,725,969
Retained profits	2,337,033
Other reserves	316,728
CET1 Capital before regulatory adjustments	6,858,887
Less: Regulatory adjustment applied in CET1 Capital	(663,352)
Total CET1/Tier 1 Capital	6,195,535
Tier 2 Capital	
Tier 2 capital instruments	900,000
Collective allowance[1]	61,072
Total Tier 2 Capital	961,072
Total Capital	7,156,607

Group	As at 31.12.2012 RM'000
Eligible Tier 1 Capital	
Paid-up share capital/Islamic Banking Fund	437,307
Share premium	2,687,480
Other reserves	1,792,684
Less: Deferred tax assets	(199,408)
Total Eligible Tier 1 Capital	4,718,063
Eligible Tier 2 Capital	
Subordinated sukuk	1,000,000
Collective allowance[1]	90,304
Less: Surplus of total EL over total EP	(390,447)
Total Eligible Tier 2 Capital	699,857
Capital Base	5,417,920

[1] Excludes collective allowance for impaired financing and advances restricted from Tier 2 Capital/Eligible Tier 2 Capital.

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

Group	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Standardised Approach exposure	4,140,360	2,938,325
Internal Ratings-Based Approach exposure after scaling factor	42,526,775	32,563,904
Total RWA for credit risk	46,667,135	35,502,229
Total RWA for credit risk absorbed by Maybank*	(1,210,230)	(127,317)
Total RWA for market risk	1,013,268	1,052,409
Total RWA for operational risk	3,861,768	3,155,379
Additional RWA due to capital floor	-	968,146
Total RWA	50,331,941	40,550,846

* 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
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(dd) Capital adequacy (cont'd.)

Had the capital adequacy ratios of the Group for the financial year ended 31 December 2012 been computed in accordance with BNM's updated guidelines for Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Bank (Risk-Weighted Assets) issued on 28 November 2012, CET1, Tier 1, Total Capital Ratio, capital components and RWA of the Group would have been as follows:

Group	As at 31.12.2012
CET1 Capital Ratio	10.707%
Tier 1 Capital Ratio	10.707%
Total Capital Ratio	13.396%

Components of capital:

Group	As at 31.12.2012 RM'000
CET1/Tier 1 Capital	
Paid-up share capital/Islamic Banking Fund	437,307
Share premium	2,687,480
Retained profits	1,643,649
Other reserves	214,765
CET1 Capital before regulatory adjustments	4,983,201
Less: Regulatory adjustment applied in CET1 Capital	(641,510)
Total CET1/Tier 1 Capital	4,341,691
Tier 2 Capital	
Tier 2 capital instruments	1,000,000
Collective allowance[1]	90,304
Total Tier 2 Capital	1,090,304
Total Capital	5,431,995

[1] Excludes collective allowance for impaired financing and advances restricted from Tier 2 Capital/Eligible Tier 2 Capital.

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

Group	As at 31.12.2012 RM'000
Standardised Approach exposure	2,938,325
Internal Ratings-Based Approach exposure after scaling factor	32,563,904
Total RWA for credit risk	35,502,229
Total RWA for credit risk absorbed by Maybank*	(127,317)
Total RWA for market risk	1,052,409
Total RWA for operational risk	3,155,379
Additional RWA due to capital floor	968,146
Total RWA	40,550,846

* 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.

57. 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 31.12.2013	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

Group As at 31.12.2012	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	-	132,982	-	132,982	132,982
Financing and advances	-	44,488,494	20,916,327	65,404,821	62,230,793
Financial liabilities					
Deposits from customers	-	70,663,490	488,939	71,152,429	71,319,635
Deposits and placements from financial institutions	-	13,209,930	-	13,209,930	13,206,242
Recourse obligation on financing sold to Cagamas	-	916,544	-	916,544	905,181
Subordinated sukuk	-	1,034,112	-	1,034,112	1,010,782

The methods and assumptions used to estimate the fair values of the financial assets and financial liabilities of IBS operations are as stated in Note 49.

(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 operation of the Group is 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

57. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(gg) Shariah disclosures (cont'd.)

(i) Shariah Committee and governance (cont'd.)

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 non-Shariah compliant are reported to the Shariah Review and escalated to the Shariah Committee for their deliberation and conclusion if any Shariah requirements have been breached. For any non-Shariah compliant transactions, the related income will be purified by donating the amount to an approved charitable organisation.

(ii) Shariah non-compliance events

	No. of events	As at 31.12.2013 RM'000
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

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Sources of charity funds		
Non-Islamic/prohibited income	52	76
Total sources of charity funds during the financial year	52	76
Uses of charity funds		
Contribution to non-profit organisation	52	50
Aid to needy family	-	26
Total uses of charity funds during the financial year	52	76
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.

58. 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 31.12.2013 RM	As at 31.12.2012 RM	As at 31.12.2013 %	As at 31.12.2012 %	As at 31.12.2013 %	As at 31.12.2012 %	As at 31.12.2013 %	As at 31.12.2012 %
Banking										
Maybank Islamic Berhad	Islamic banking	Malaysia	**218,988,000**	132,720,000	**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]**	6,468,500,312 [4]	**99.97**	99.97	**0.03**	0.03	**100.00**	100.00
PT Bank Internasional Indonesia Tbk [12]	Banking	Indonesia	**3,512,940,000,000 [1]**	3,407,411,000,000 [1]	**98.31 [16]**	97.40	**1.69**	2.60	**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 (formerly known as Aseamlease Berhad)	Investment holding	Malaysia	**20,032,003**	20,012,001	**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]**	97.40	**1.69**	2.60	**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**	60.39	**39.05**	39.61	**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**	100,000,000	**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	**2,500,000 [7]**	2,500,000 [7]	**69.05**	69.05	**30.95**	30.95	**100.00**	100.00
Etiqa International Holdings Sdn. Bhd.	Investment holding	Malaysia	**359,340,914**	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**	85.48	**4.76**	14.52	**100.00**	100.00

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

58. 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 As at 31.12.2013 RM	Issued and Paid-up Share Capital As at 31.12.2012 RM	Effective Interest held by the Group As at 31.12.2013 %	Effective Interest held by the Group As at 31.12.2012 %	Effective Interest held by the Non-Controlling Interest As at 31.12.2013 %	Effective Interest held by the Non-Controlling Interest As at 31.12.2012 %	Total As at 31.12.2013 %	Total As at 31.12.2012 %
Insurance (cont'd.)										
Etiqa Pte. Ltd.	Provision of management services to holding company	Singapore	**1 [5]**	-	**69.05**	-	**30.95**	-	**100.00**	-
Investment Banking										
Maybank Investment Bank Berhad	Investment banking	Malaysia	**50,116,000**	50,116,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Maysec Sdn. Bhd.	Investment holding	Malaysia	**162,000,000**	162,000,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Maysec (KL) Sdn. Bhd.	Dormant	Malaysia	**124,000,000**	124,000,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Mayban Futures Sdn. Bhd.	Dormant	Malaysia	**10,000,000**	10,000,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Mayban Securities (HK) Limited [12]	Dormant	Hong Kong	**30,000,000 [6]**	30,000,000 [6]	**100.00**	100.00	**-**	-	**100.00**	100.00
Mayban Securities (Jersey) Limited [15]	Liquidated	United Kingdom	**-**	2 [7]	**-**	100.00	**-**	-	**-**	100.00
PhileoAllied Securities (Philippines) Inc. [13]	Dormant	Philippines	**21,875,000 [4]**	21,875,000 [4]	**100.00**	100.00	**-**	-	**100.00**	100.00
Budaya Tegas Sdn. Bhd. [15]	Under member's voluntary liquidation	Malaysia	**2**	2	**100.00**	100.00	**-**	-	**100.00**	100.00
BinaFikir Sdn. Bhd.	Business/Economic consultancy and advisory	Malaysia	**650,000**	650,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Maybank IB Holdings Sdn. Bhd.	Investment holding	Malaysia	**25,000,000**	25,000,000	**100.00**	100.00	**-**	-	**100.00**	100.00
Maybank Kim Eng Holdings Limited [12]	Investment holding	Singapore	**211,114,224 [5]**	244,451,176 [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] (formerly known as PT Kim Eng Securities)	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. [15]	Under member's voluntary liquidation	Malaysia	**500,000**	500,000	**70.00**	70.00	**30.00**	30.00	**100.00**	100.00
Maybank Kim Eng Securities (Thailand) Public Company Limited [12]	Dealing in securities	Thailand	**2,854,072,500 [8]**	2,854,072,500 [8]	**83.50**	83.50	**16.50**	16.50	**100.00**	100.00
Maybank Kim Eng Securities (London) Limited [12]	Dealing in securities	United Kingdom	**600,000 [7]**	600,000 [7]	**100.00**	100.00	**-**	-	**100.00**	100.00
Maybank Kim Eng Securities USA Inc. [13]	Dealing in securities	United States of America	**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. [12]	Dormant	Philippines	**190,064,400 [4]**	190,064,400 [4]	**100.00**	97.95	**-**	2.05	**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 [13]	Dormant	India	**78,800,000 [9]**	78,800,000 [9]	**75.00**	75.00	**25.00**	25.00	**100.00**	100.00
Maybank ATR Kim Eng Capital Partners, Inc. [12]	Corporate finance & financial and investment advisory	Philippines	**864,998,000 [4]**	864,998,000 [4]	**100.00**	89.75	**-**	10.25	**100.00**	100.00
ATR KimEng Land, Inc. [12]	Real estate investment	Philippines	**310,000,000 [4]**	310,000,000 [4]	**100.00**	89.75	**-**	10.25	**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**	89.75	**-**	10.25	**100.00**	100.00
ATR KimEng AMG Holdings Inc. [12]	Stock trading	Philippines	**-**	52,000,000 [4]	**-**	74.21	**-**	25.79	**-**	100.00
Maybank Kim Eng Securities Joint Stock Company [12]	Dealing in securities	Vietnam	**300,000,000,000 [11]**	300,000,000,000 [11]	**100.00**	100.00	**-**	-	**100.00**	100.00

58. 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 31.12.2013 RM	As at 31.12.2012 RM	As at 31.12.2013 %	As at 31.12.2012 %	As at 31.12.2013 %	As at 31.12.2012 %	As at 31.12.2013 %	As at 31.12.2012 %
Assest 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	35,007	30,006	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. (formerly known as Maybank Ventures 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.	Investment advisory and administration services	Malaysia	2,000,000	2,000,000	51.00	51.00	49.00	49.00	100.00	100.00
Maybank Asset Management Sdn. Bhd.	Fund management	Malaysia	10,001,000	10,000,000	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. [15]	Under member's voluntary liquidation	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Securities Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Securities Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
AFMB Nominees (Tempatan) Sdn. Bhd. [15]	Under member's voluntary liquidation	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Allied Berhad	Investment holding	Malaysia	753,908,638	753,908,638	100.00	100.00	-	-	100.00	100.00
Anfin Berhad [15]	Under member's voluntary liquidation	Malaysia	106,000,000	106,000,000	100.00	100.00	-	-	100.00	100.00
Dourado Tora Holdings Sdn. Bhd.	Investment holding	Malaysia	3,100,000	2,500,000	100.00	100.00	-	-	100.00	100.00
Maysec (Ipoh) Sdn. Bhd. [15]	Liquidated	Malaysia	-	100,000,000	-	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 [15]	Under member's voluntary liquidation	Malaysia	2	2	69.05	69.05	30.95	30.95	100.00	100.00
KBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
KBB Properties Sdn. Bhd. [15]	Ceased operations	Malaysia	410,000	410,000	100.00	100.00	-	-	100.00	100.00
Sri MTB Berhad [15]	Under member's voluntary liquidation	Malaysia	12,000,000	12,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Overseas Investment Pte. Ltd.	Investment holding	Malaysia	1 [2]	1 [2]	69.05	69.05	30.95	30.95	100.00	100.00
Peram Ranum Berhad [15]	Under member's voluntary liquidation	Malaysia	60,000,000	60,000,000	69.05	69.05	30.95	30.95	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

58. 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 31.12.2013 RM	As at 31.12.2012 RM	As at 31.12.2013 %	As at 31.12.2012 %	As at 31.12.2013 %	As at 31.12.2012 %	As at 31.12.2013 %	As at 31.12.2012 %
Asset Management/ Trustees/Custody (cont'd.)										
Double Care Sdn. Bhd. [15]	Under member's voluntary liquidation	Malaysia	**35,000,000**	35,000,000	**69.05**	69.05	**30.95**	30.95	**100.00**	100.00
Sorak Financial Holdings Pte. Ltd. [12]	Investment holding	Singapore	**693,714,200 [5]**	592,855,600 [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
Ong Nominees Private Limited [15]	Liquidated	Singapore	**-**	3,003 [5]	**-**	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**	80.10	**-**	19.90	**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) [15]	Under member's voluntary liquidation	China	**828,748 [10]**	828,748 [10]	**100.00**	100.00	**-**	-	**100.00**	100.00
Kim Eng Nominees (Hong Kong) Limited [12]	Nominee services	Hong Kong	**2 [6]**	2 [6]	**100.00**	100.00	**-**	-	**100.00**	100.00
Maybank Kim Eng Properties USA Inc. [14]	Property investment	United States of America	**3,000,000 [2]**	3,000,000 [2]	**100.00**	100.00	**-**	-	**100.00**	100.00
Maybank Asset Management (Thailand) Company Limited (formerly known as Kim Eng Asset Management (Thailand) Company Limited) [12]	Fund management	Thailand	**210,000,000 [8]**	100,000,000 [8]	**100.00**	83.50	**-**	16.50	**100.00**	100.00
PT Prosperindo [13]	Investment holding	Indonesia	**193,810,000,000 [1]**	28,810,000,000 [1]	**100.00**	100.00	**-**	-	**100.00**	100.00
Maybank ATR Kim Eng Financial Corporation [12]	Investment holding	Philippines	**-**	1,068,393,223 [4]	**-**	89.75	**-**	10.25	**-**	100.00
ATR KimEng Asset Management, Inc. [12]	Investment management	Philippines	**-**	65,000,000 [4]	**-**	71.31	**-**	28.69	**-**	100.00
Maybank Shared Services Sdn. Bhd.	IT shared services	Malaysia	**5,000,000**	-	**100.00**	-	**-**	-	**100.00**	-
PT Maybank GMT Asset Management (formerly known as PT GMT Aset Manajemen) [12]	Fund management	Indonesia	**32,000,000,000 [1]**	-	**99.00**	-	**1.00**	-	**100.00**	-
Maybank Islamic Asset Management Sdn. Bhd.	Fund management	Malaysia	**3,000,000**	-	**100.00**	-	**-**	-	**100.00**	-

58. DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(b) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Effective Interest As at 31.12.2013 %	Effective Interest As at 31.12.2012 %
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 [13]	Property trust	Malaysia	30	30
Mayban Agro Fund Sdn. Bhd.	Fund specific purpose vehicle	Malaysia	33	33
Mayban Venture Capital Company Sdn. Bhd. [15]	Under member's voluntary liquidation	Malaysia	33	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, fixed income, etc	Philippines	49	44
Adrian V. Ocampo Insurance Brokers. Inc. [12]	Insurance agent between an insurer and the insured	Philippines	40	36
ATRAM Investment Management Partners Corporation [12]	Holding company	Philippines	35	-

(c) Details of the joint ventures are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal place of business	Effective Interest As at 31.12.2013 %	Effective Interest As at 31.12.2012 %
Held through subsidiaries				
Maybank JAIC Managment Ltd.	Fund management	Malaysia	50	50
Anfaal Capital [13]	Investment banking	Kingdom of Saudi Arabia	35	-

Note:

(1) Indonesia Rupiah (IDR)

(2) United States Dollars (USD)

(3) Papua New Guinea Kina (Kina)

(4) Philippines 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) On 19 June 2013 and 22 November 2013, the Group completed the disposal of 5,065,380,000 and 5,675,040,000 ordinary shares of PT Bank Internasional Indonesia Tbk ("BII"), respectively, representing a total of approximately 18.3% of the issued and paid-up share capital of 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 disposal did not have any material financial impact to the Group and the disposal has not resulted to a decrease in the Group's effective interest in BII.

59. 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.

60. COMPARATIVES

Certain numbers in prior years have been restated in order to conform with the current year's presentation of financial statements and adoption of new and revised accounting standards. The effects of these restatements are disclosed in Note 2.4(x).

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2013

61. 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	As at 31.12.2013 RM'000	As at 31.12.2012 (Restated) RM'000	As at 1.1.2012 (Restated) RM'000
Retained profits:			
- Realised	**8,266,525**	7,566,518	6,701,161
- Unrealised	**2,251,983**	2,195,259	1,908,003
	10,518,508	9,761,777	8,609,164
Share of retained profits from associates and joint ventures:			
- Realised	**349,817**	294,847	218,055
- Unrealised	**-**	-	-
	349,817	294,847	218,055
Consolidation adjustments	**879,159**	1,048,213	1,555,155
Total retained profits	**11,747,484**	11,104,837	10,382,374

Bank	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
Retained profits:			
- Realised	**1,896,046**	2,303,378	3,595,568
- Unrealised	**1,582,168**	1,876,104	1,299,444
Total retained profits	**3,478,214**	4,179,482	4,895,012

BASEL II

PILLAR 3 DISCLOSURE

OVERVIEW

The Pillar 3 Disclosure for the financial year ended 31 December 2013 for Malayan Banking Berhad ("Maybank" or the "Bank") and its subsidiaries ("Maybank Group" or the "Group") complies with the Bank Negara Malaysia's ("BNM") Risk-Weighted Capital Adequacy Framework ("RWCAF") – Disclosure Requirements ("Pillar 3"), which is the equivalent of that issued by the Basel Committee on Banking Supervision ("BCBS") entitled "International Convergence of Capital Measurement and Capital Standards" (commonly referred to as Basel II).

The Group has adopted the Foundation Internal 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 be progressively migrated to the Internal Ratings-Based ("IRB") approaches.

For market risk, the Group has adopted the Standardised Approach ("SA") 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 has been designed to be in compliance with the BNM's Pillar 3 Guidelines, and is to be read in conjunction with the Group's and Bank's Financial Statements for the financial year ended 31 December 2013. 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 2013 published by the Group.

COMPARATIVE INFORMATION

This is the fourth full Pillar 3 Disclosure since the Group adopted the Basel II IRB Approach in July 2010. The corresponding disclosure in the preceding reporting period would be as at 31 December 2012. The comparative capital adequacy ratios and total capital have been restated in accordance with the updated BNM guidelines on Capital Adequacy Framework (Risk-Weighted Assets and Capital Components) issued on 28 November 2012, applicable to Maybank Group and Maybank Islamic Berhad, respectively.

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, a wholly-owned subsidiary of the Bank.

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").

Maybank Islamic Berhad ("MIB") is a wholly-owned subsidiary of the Bank which provides Islamic banking financial services in Malaysia.

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 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, these policies are adopted with the aim to ensure adequate capital resources and efficient capital structure to:

- Maintain adequate capital 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.

Capital Management Framework

The Group's capital management is guided by the Group Capital Management Framework to ensure consistency and alignment of capital management policies and procedures across the Group. The capital management framework applies across the Group and its entities.

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

- A blueprint for which capital management policies and procedures will be developed;
- Principles and strategies in which capital will be managed and optimised;
- The corporate governance and the roles and responsibilities of the Board of Directors, Group Executive Committee ("Group EXCO"), Group Asset and Liability Management Committee ("ALCO") and the business and support units pertaining to capital management matters; and
- Guidelines to manage capital on an integrated approach and in compliance with all internal and regulatory requirements across the Group.

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

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

Annual Group Capital Plan

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

The Group Capital Plan is updated on an annual basis and approved by the Board for implementation at the beginning of each financial year. The capital plan is drawn up to cover at least a three year horizon and takes into account, amongst others, the Group's strategic objectives and business plans, regulatory capital requirements, views of key stakeholders such as regulators, investors, rating agencies and analysts, capital benchmarking against peers, development on capital guidelines both locally and overseas, available supply of capital and capital raising options, performance of business sectors, subsidiaries and overseas branches based on RAPM approach as well as risks under Pillar 2 ICAAP and stress test results.

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

Capital Contingency Plan

In addition to the Capital Management Framework and Group Capital Plan, the Group has also developed a Group Capital Contingency Plan in order to ensure that capital is managed effectively across the group in the event of a capital crisis.

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.

In order to ensure healthy capital levels at all times across the Group, 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.

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 have been developed so that, in the unlikely event of a capital crisis, the Group will be prepared to deal with the event promptly and restore capital back to healthy levels.

Capital Structure

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

The common equity capital of the Group comprises of issued and paid-up share capital, share premium, reserves and retained profits. During the financial year, the issued and paid-up share capital of the Group has increased by approximately RM422 million arising from the issuance of new shares under the Employee Share Option Schemes of about RM90 million as well as from the completion of the 6th and 7th Dividend Reinvestment Plan (DRP) via the issuance and allotment of about 332 million new ordinary shares of RM1.00 each on 29 May 2013 and 25 October 2013 respectively.

The DRP scheme was announced by the Group on 25 March 2010 to allow shareholders to reinvest their dividends into new ordinary shares of RM1.00 each in the Bank.

The Group has implemented seven DRPs since its implementation in 2010 to date, all with successful reinvestment rates exceeding 85%. The latest two DRPs (6th and 7th) implemented during the year ended 31 December 2013 were successes with high reinvestment rates at 85.65% and 85.90% respectively. The reinvestment rates achieved by the Group for all the past seven DRPs are highlighted below:

CAPITAL MANAGEMENT

Dividend Reinvestment Plan Dividend proposal	1st Final Cash Dividend	2nd Interim Cash Dividend	3rd Final Cash Dividend	4th Final Cash Dividend	5th Interim Cash Dividend	6th Final Cash Dividend	7th Interim Cash Dividend
Financial year/period ended	30 June 2010	30 June 2011	30 June 2011	31 Dec 2011	31 Dec 2012	31 Dec 2012	31 Dec 2013
Completion date	21 Dec 2010	13 May 2011	29 Dec 2011	5 June 2012	29 Oct 2012	30 May 2013	28 Oct 2013
Gross dividend per share	44 sen	28 sen	32 sen	36 sen	32 sen	33 sen*	22.5 sen**
Reinvestment rate achieved	88.59%	91.13%	86.10%	88.52%	88.19%	85.65%	85.90%

* *Comprise of 15 sen single-tier dividend*
** *Single-tier dividend*

With effect from 30 June 2013, the amount of declared dividend to be deducted in the calculation of Common Equity Tier 1 ("CET1") Capital under 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 dividend may be reinvested under DRP (the electable portion), the amount declared dividend to be deducted in the calculation of CET1 Capital, may be reduced as follows:

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

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

In respect of the financial year ended 31 December 2013, the Board has proposed the payment of final single-tier dividend of 31 sen per ordinary share. Out of the said final dividend amount, 4 sen per ordinary share will be paid in cash, while the balance 27 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 also 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.

The Group has about RM 5.9 billion of Tier 1 capital instruments outstanding as at 31 December 2013, comprising of Non-Innovative and Innovative types, as follows:

Tier 1 Capital Instruments

Description	Issue Date	Key Terms	As At 31.12.13 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 issue date or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied.	3,499
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 the 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 on 25 September 2018 at the option of the bank 10 years from the 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

The Group also has about RM11.54 billion of subordinated bonds/certificates/notes outstanding as at 31 December 2013, the details of which are as follows:

Subordinated Obligations

Description	Issue Date	Key Terms	As At 31.12.13 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).	2,594
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 10 May on 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).	2,626

During the financial year, the Group has redeemed a subordinated bond totalling RM1.5 billion, which was issued in May 2006 on a 12 non-callable 7 basis.

The above Tier 1 capital instruments and subordinated obligations are eligible for gradual phase-out treatment in accordance with BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012.

Implementation of Basel III

Under BNM's capital adequacy framework, 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, phase-in over a period of time, commencing 2013 and to be fully effective by 2019. BNM is also expected to introduce additional capital buffer requirements which will comprise of Capital Conservation Buffer of 2.5% of total RWA and Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA. Further guidance on the capital buffer requirements will be announced by BNM before 2016 on the computation approach and operations.

As banking institutions in Malaysia evolve to become key regional players and systemically important, BNM will assess at a later date the need to require large banking institutions to include 1% - 3.5% capital buffer, to commensurate with their size, extent of cross-border activities and complexity of operations.

The Group is poised to continue to remain healthy above the minimum capital requirement in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) issued on 28 November 2012. 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.

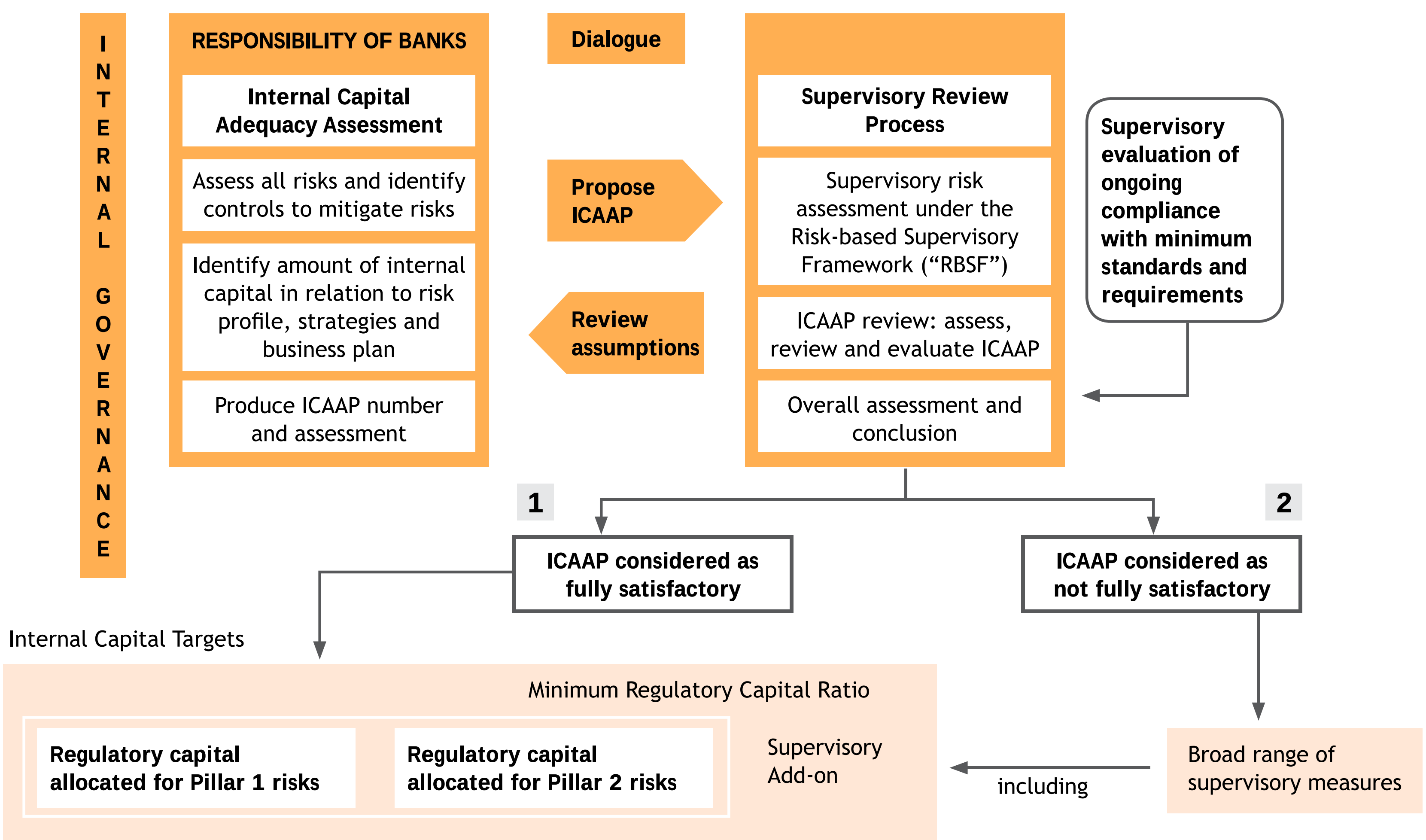
INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

At the Group, the overall capital adequacy in relation to its risk profile is assessed through a process articulated in the Group ICAAP Framework and Policy. The ICAAP Framework and Policy is approved by the Board of Directors and is aligned to the regulatory guideline issued by BNM. The ICAAP has been implemented within the Group to ensure all material risks are identified, measured and reported, and adequate capital levels are held to commensurate with the risk profiles of the Group.

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

In March 2013, the Group submitted a Board-approved ICAAP document to BNM to meet the requirements set by the regulators. 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 will submit an update to the central bank.

ICAAP and Supervisory Review Process



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, amongst others as part of sound capital management.

CAPITAL MANAGEMENT

Comprehensive Risk Assessment under ICAAP Framework

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

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

A key process emplaced within the Group provides for the identification of material risks that may arise through the introduction of new products and services. Material risks are defined as "risks which would materially impact the financial performance (profitability), capital adequacy, asset quality and/or reputation of the bank should the risk occur".

In the Group's ICAAP Framework, the Material Risk Assessment Process ("MRAP") is designed to identify key risks from the Group's risk universe, and emplace a robust process to map risk based on potential impact of risk drivers on earnings and capital. Material risks are assessed and reported on a regular basis and tabled to the ERC and the RMC.

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.

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") Framework as approved by the Board, it considers the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, risk-weighted assets ("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.
- 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 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 Group Risk teams, tables the stress test reports to 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 (Risk-Weighted Assets 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 subject to transitional arrangements as set out in the table below:

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

Table 1: Capital Adequacy Ratios for Maybank Group, Maybank and Maybank Islamic Berhad ("MIB") as at 31 December 2013

Capital Adequacy Ratios	Group	Maybank	Maybank Islamic
CET1 Capital Ratio	11.253%	15.925%	11.761%
Tier 1 Capital Ratio	13.059%	15.925%	11.761%
Total Capital Ratio*	15.664%	15.925%	13.711%

	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
Total Capital	48,355,132	35,946,061	6,729,876
Credit RWA	269,973,994	200,989,428	45,946,252
Credit RWA absorbed by Maybank	-	-	(1,210,230)
Market RWA	7,928,149	5,338,195	729,512
Operational RWA	30,801,508	19,400,252	3,619,234
Total RWA	308,703,651	225,727,875	49,084,768

Note* : Total Capital Ratio is computed by dividing total capital over total RWA.

The Total Capital Ratio of the Group as at 31 December 2013 stood at 15.664%, which is a decrease from the previous financial year's ratio of 16.600%.

The Total Capital Ratio at 15.664% 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 15.925% and MIB registered a healthy ratio of 13.711%.

Please refer to Note 53 of the Financial Statements for detailed discussion on the Capital Adequacy Ratios.

Table 2: Disclosure on Components of Capital

	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
As at 31.12.2013			
CET1 Capital			
Paid-up share capital	8,862,079	8,862,079	218,988
Share premium	19,030,227	19,030,227	3,725,969
Retained profits	8,908,590	4,257,076	2,172,652
Other reserves	6,382,362	9,268,717	317,946
Qualifying non-controlling interests	112,628	-	-
Less: Shares held-in-trust	(107,248)	(107,248)	-
CET1 Capital before regulatory adjustments	43,188,638	41,310,851	6,435,555
Less: Regulatory adjustments applied on CET1 Capital	(8,449,692)	(5,364,790)	(662,524)
Deferred tax assets	(1,623,489)	(1,053,598)	(267,403)
Goodwill	(4,924,662)	(81,015)	-
Other intangibles	(1,088,882)	(446,805)	-
Profit equalisation reserve	(34,456)	-	(34,456)
Shortfall of total eligible provision over total expected loss	(778,203)	(39,421)	(360,665)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	(3,743,951)	-
Total CET1 Capital	34,738,946	35,946,061	5,773,031
Additional Tier 1 Capital			
Capital securities	5,490,972	5,490,972	-
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	82,848	-	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	(5,490,972)	-
Total Tier 1 Capital	40,312,766	35,946,061	5,773,031
Tier 2 Capital			
Subordinated obligations	10,319,618	10,319,618	900,000
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	12,099	-	-
Collective allowance	535,331	247,746	56,845
Less: Regulatory adjustment not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements	(2,824,682)	(10,567,364)	-
Total Tier 2 Capital	8,042,366	-	956,845
Total Capital	48,355,132	35,946,061	6,729,876
As at 31.12.2012			
CET1 Capital			
Paid-up share capital	8,440,046	8,440,046	132,720
Share premium	15,639,646	15,639,646	2,687,480
Retained profits	8,582,794	4,795,401	1,510,406
Other reserves	7,030,592	8,762,288	214,765
Qualifying non-controlling interests	80,163	-	-
Less: Shares held-in-trust	(102,405)	(102,405)	-
CET1 Capital before regulatory adjustments	39,670,836	37,534,976	4,545,371
Less: Regulatory adjustments applied on CET1 Capital	(8,812,484)	(2,040,885)	(641,104)
Deferred tax assets	(1,281,136)	(810,015)	(199,000)
Goodwill	(5,588,553)	(81,015)	-
Other intangibles	(908,730)	(616,553)	-
Gains on financial instruments classified as 'available-for-sale'	(335,318)	(230,117)	(17,201)
Profit equalisation reserve	(34,456)	-	(34,456)
Shortfall of total eligible provision over total expected loss	(664,291)	(267,032)	(390,447)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	(36,153)	-
Total CET1 Capital	30,858,352	35,494,091	3,904,267
Additional Tier 1 Capital			
Capital securities	6,093,421	6,093,421	-
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	160,545	-	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	(6,093,421)	-
Total Tier 1 Capital	37,112,318	35,494,091	3,904,267
Tier 2 Capital			
Subordinated obligations	11,546,020	11,546,020	1,000,000
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	22,777	-	-
Collective allowance	728,806	294,552	85,396
Surplus of total EP over total EL	-	-	-
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements	(2,709,503)	(11,840,572)	-
Total Tier 2 Capital	9,588,100	-	1,085,396
Total Capital	46,700,418	35,494,091	4,989,663

RISK MANAGEMENT

INTRODUCTION

Effective management of risk within the Group is essential in ensuring sustainable business growth and profitability. During the financial year ended 31 December 2013, Group Risk has continued to play a pivotal role together with the business to manage risk in the best interest of our shareholders and stakeholders. The Group's risk management framework has been reinforced to enable robust and dynamic risk identification, measurement and monitoring of all relevant and material risks on a group-wide basis. The sophistication of the risk management framework is supported by the various risk management systems, tools and methodologies to keep pace with the business expansion and evolving external environment.

OVERVIEW

The objective of the risk management framework, practiced consistently across the Group, is to support the Group's strategies to drive value creation and support the regional expansion. Risk management is well integrated in how we run our business through:

- A strong governance structure, with clear framework of risk ownership, accountability, standards and policy;
- Alignment of risk strategy and business objectives, and integration of risk appetite and stress testing into business planning and capital management;
- Embedding risk culture as the foundation upon which a strong enterprise-wide risk management framework is built on; and
- Independent and integrated risk functions and Centres of Excellence ("COEs").

RISK GOVERNANCE STRUCTURE

In accordance to the Group's structure and regionalisation aspirations, the Group continuously enhances its integrated risk management approach towards the effective management of enterprise-wide risks. During the financial year, Group Risk functions were reorganised to create risk COEs to further enhance the risk governance and streamline risk management practices across the Group to drive efficiency.

The chart illustrating the risk governance structure of Maybank Group can be found on page 167 of the Risk Management write-up under Corporate Governance in the Annual Report.

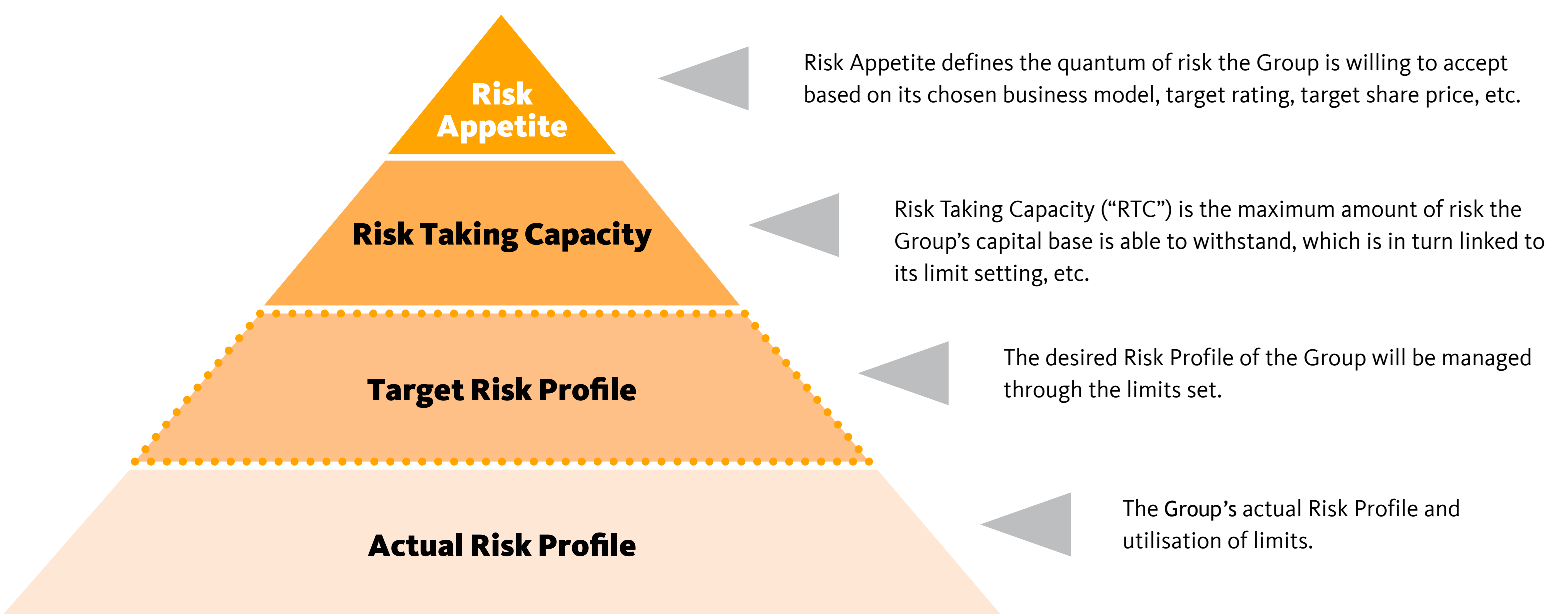
RISK APPETITE

The Group has successfully embedded a Risk Appetite Framework across the Bank, our major subsidiaries and key branches. The Risk Appetite Framework defines our risk capacity, establishes and regularly confirms our risk appetite, translates risk appetite into risk limits and tolerances as guidance, and regularly measures and evaluates our risk profile.

A key element of the Risk Appetite Framework is a set of Board-approved Risk Appetite Statements ("RAS") that defines the boundaries and drivers that the Group has chosen to limit or otherwise influence the amount of risk it is willing to take. The Group's Risk Appetite Framework and RAS were first approved by the Board in 2011 and have since been reviewed and updated annually.

The goal of risk management is not to eliminate risk, but to manage it effectively to provide our stakeholders with long-term returns that commensurate with the risk. Hence, The Group's RAS, is in essence, the Board and Senior Management's statement of intent and "posture" on its risk taking activities as well as the management of it.

Risk Appetite Building Blocks



Balancing Risk Strategy and Business Strategy

From an organisational perspective, the Risk Appetite links the risk strategy of the Group to the business strategy through desired target ratings (solvency), earnings volatility and risk limits, amongst other factors. The process of developing the RAS has been integrated into the Group's annual budget and business planning cycle as we continue to ensure that our risks, returns and capital are managed on an integrated basis.

The Risk Appetite Setting process has also put in place the concept of 'Risk Posture', which is a description of the business' willingness to take risk considering internal and external factors and is forward-looking. The Risk Posture will be determined by the business strategy, which in turn will drive the Group's risk-taking capacity and finally the setting of the RAS.

RISK CULTURE

Risk Culture is defined by the Institute of International Finance ("IIF") as "the norms and traditions of behaviour of individuals and of groups within an organisation which determine the way in which they identify, understand, discuss and act on the risks the organisation confronts and assumes".

We view Risk Culture as the foundation upon which a strong enterprise-wide risk management framework is built and it is an essential building block for effective risk governance. The 'Risk Culture Index' aimed at measuring our current state of risk culture across the Group was successfully launched in the fourth quarter of 2012. The survey results were cascaded to the Board, Group EXCO, Management Committees, Strategic Business Units and entities throughout the Group in 2013.

Arising from the survey results, specific action plans and initiatives have been developed and operationalised across the Group in 2013. At the industry level, strong advocacy on embracing the 'Right Risk Culture' is demonstrated by our active participation as a key member in the IIF's Effective Supervision Advisory Group on issuing the Financial Stability Board Guidance on Risk Culture. We endeavour that the 'Right Risk Culture' is continuously embedded across the Group in complementing our sustainable growth with a responsible and risk-aware manner.

INDEPENDENT GROUP RISK FUNCTION

The Group Risk function, headed by Group Chief Risk Officer ("GCRO"), plays an independent role with the following distinct key responsibilities:

- Supporting the Group's regional expansion and businesses in the development and achievement of strategic objectives;
- Acting as a strategic partner with business in budget planning and risk appetite setting and 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
- Becoming a strategic partner to the business in addressing external stakeholders including regulators and analysts pertaining to risk issues.

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

CREDIT RISK

CREDIT RISK DEFINITION

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

REGULATORY CAPITAL REQUIREMENTS

The Group's credit risk attracts the largest regulatory capital requirement as compared to various other risk types the Group engages in.

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.

Table 3: Disclosure on Capital Adequacy for Maybank Group

Item	Exposure Class As at 31.12.2013	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	RWA 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 Mortgage	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 Exposure	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**	**144,917,047**	**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
	Commodity Risk			-	-
	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**

Table 3: Disclosure on Capital Adequacy for Maybank Group (cont'd.)

Item	Exposure Class As at 31.12.2012	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	RWA 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	56,634,064	56,634,064	1,810,034	144,803
	Public Sector Entities	1,797,557	1,794,015	949,400	75,952
	Banks, Development Financial Institutions & MDBs	3,420,615	3,417,704	1,609,508	128,761
	Insurance Cos, Securities Firms & Fund Managers	792,996	792,251	792,251	63,380
	Corporates	34,251,637	33,304,211	32,821,068	2,625,685
	Regulatory Retail	16,968,402	16,884,155	11,906,530	952,522
	Residential Mortgage	2,301,724	2,301,724	896,046	71,684
	Higher Risk Assets	458,029	458,029	687,044	54,963
	Other Assets	7,552,034	7,552,034	1,380,699	110,456
	Securitisation Exposures	296,629	296,629	59,326	4,746
	Equity Exposure	108,742	108,742	117,242	9,379
	Defaulted Exposures	2,150,396	2,150,002	3,191,547	255,325
	Total On-Balance Sheet Exposures	126,732,825	125,693,558	56,220,695	4,497,656
	Off-Balance Sheet Exposures				
	OTC Derivatives	625,448	625,448	426,249	34,100
	Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	4,680,619	4,402,765	3,293,766	263,502
	Defaulted Exposures	29	29	18	1
	Total Off-Balance Sheet Exposures	5,306,096	5,028,242	3,720,033	297,603
	Total On and Off-Balance Sheet Exposures	132,038,921	130,721,800	59,940,728	4,795,259
1.2	**Exposures under the IRB Approach**				
	On-Balance Sheet Exposures				
	Banks, Development Financial Institutions & MDBs	57,631,179	57,631,179	17,325,205	1,386,016
	Corporate Exposures	137,070,729	137,070,729	86,398,539	6,911,883
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	81,460,170	81,460,170	51,100,502	4,088,040
	b) Corporates (with firm-size adjustment)	52,094,035	52,094,035	32,916,498	2,633,320
	c) Specialised Lending (Slotting Approach)				
	- Project Finance	3,516,524	3,516,524	2,381,539	190,523
	Retail Exposures	123,089,904	123,089,904	40,917,062	3,273,365
	a) Residential Mortgages	40,500,105	40,500,105	15,112,839	1,209,027
	b) Qualifying Revolving Retail Exposures	4,544,108	4,544,108	2,414,682	193,175
	c) Hire Purchase Exposures	34,089,521	34,089,521	11,662,898	933,032
	d) Other Retail Exposures	43,956,170	43,956,170	11,726,643	938,131
	Defaulted Exposures	2,816,747	2,816,747	571,910	45,753
	Total On-Balance Sheet Exposures	320,608,559	320,608,559	145,212,716	11,617,017
	Off-Balance Sheet Exposures				
	OTC Derivatives	9,117,245	9,117,245	3,230,775	258,462
	Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	48,256,502	48,256,502	25,862,160	2,068,973
	Defaulted Exposures	22,636	22,636	14,869	1,190
	Total Off-Balance Sheet Exposures	57,396,383	57,396,383	29,107,804	2,328,625
	Total On and Off-Balance Sheet Exposures	378,004,942	378,004,942	174,320,520	13,945,642
	Total IRB Approach after Scaling Factor of 1.06	-	-	184,779,753	14,782,380
	Total (Exposures under Standardised Approach & IRB Approach)	510,043,863	508,726,742	244,720,481	19,577,638
2.0	**Market Risk**				
	Interest Rate Risk			4,106,931	328,554
	Foreign Currency Risk			4,199,619	335,968
	Equity Risk			173,850	13,908
	Commodity Risk			2,525	202
	Option Risk			430,925	34,474
3.0	**Operational Risk**			27,685,920	2,214,874
4.0	**Total RWA and Capital Requirements**			281,320,251	22,505,620

CREDIT RISK

Table 4: Disclosure on Capital Adequacy for Maybank

Item	Exposure Class As at 31.12.2013	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	RWA 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	-	-
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
	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 Mortgage	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 Exposure	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	353,243,721	353,243,721	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

Table 4: Disclosure on Capital Adequacy for Maybank (cont'd.)

Item	Exposure Class As at 31.12.2012	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	RWA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk**				
1.1	**Exempted Exposures (Standardised Approach)**				
	On-Balance Sheet Exposures				
	Sovereigns/Central Banks	31,341,304	31,341,304	370,667	29,653
	Public Sector Entities	1,128,923	1,128,923	819,354	65,548
	Banks, Development Financial Institutions & MDBs	-	-	-	-
	Insurance Cos, Securities Firms & Fund Managers	494	494	494	40
	Corporates	14,051,035	14,033,801	13,682,325	1,094,586
	Regulatory Retail	6,646,438	6,639,400	4,331,852	346,548
	Residential Mortgage	889,835	889,835	391,658	31,333
	Higher Risk Assets	252,582	252,582	378,873	30,310
	Other Assets	8,538,938	8,538,938	3,652,512	292,201
	Securitisation Exposures	296,629	296,629	59,326	4,746
	Equity Exposure	173,615	173,615	182,113	14,569
	Defaulted Exposures	190,556	190,456	268,290	21,463
	Total On-Balance Sheet Exposures	63,510,349	63,485,977	24,137,464	1,930,997
	Off-Balance Sheet Exposures				
	OTC Derivatives	254,653	254,653	233,348	18,668
	Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	2,744,301	2,744,301	2,438,754	195,100
	Defaulted Exposures	29	29	18	2
	Total Off-Balance Sheet Exposures	2,998,983	2,998,983	2,672,120	213,770
	Total On and Off-Balance Sheet Exposures	66,509,332	66,484,960	26,809,584	2,144,767
1.2	**Exposures under the IRB Approach**				
	On-Balance Sheet Exposures				
	Banks, Development Financial Institutions & MDBs	56,739,292	56,739,292	17,551,973	1,404,158
	Corporate Exposures	119,200,475	119,200,474	74,747,103	5,979,768
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	72,305,941	72,305,940	45,191,352	3,615,308
	b) Corporates (with firm-size adjustment)	44,446,396	44,446,396	28,050,651	2,244,052
	c) Specialised Lending (Slotting Approach) - Project Finance	2,448,138	2,448,138	1,505,100	120,408
	Retail Exposures	83,953,051	83,953,051	27,075,604	2,166,048
	a) Residential Mortgages	32,074,705	32,074,705	10,198,843	815,907
	b) Qualifying Revolving Retail Exposures	4,205,587	4,205,587	2,234,913	178,793
	c) Hire Purchase Exposures	18,798,030	18,798,030	6,872,074	549,766
	d) Other Retail Exposures	28,874,729	28,874,729	7,769,774	621,582
	Defaulted Exposures	2,435,799	2,435,799	461,103	36,888
	Total On-Balance Sheet Exposures	262,328,617	262,328,617	119,835,783	9,586,862
	Off-Balance Sheet Exposures				
	OTC Derivatives	8,926,671	8,926,671	3,106,257	248,501
	Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	43,006,447	43,006,447	22,933,647	1,834,692
	Defaulted Exposures	16,985	16,985	11,014	880
	Total Off-Balance Sheet Exposures	51,950,103	51,950,103	26,050,918	2,084,073
	Total On and Off-Balance Sheet Exposures	314,278,720	314,278,720	145,886,701	11,670,935
	Total IRB Approach after Scaling Factor of 1.06	-	-	154,639,906	12,371,192
	Total (Exposures under Standardised Approach & IRB Approach)	380,788,052	380,763,680	181,449,490	14,515,959
2.0	**Market Risk**				
	Interest Rate Risk			3,345,024	267,602
	Foreign Currency Risk			2,443,975	195,518
	Option Risk			411,950	32,956
3.0	**Operational Risk**			18,180,446	1,454,436
4.0	**Total RWA and Capital Requirements**			205,830,885	16,466,471

CREDIT RISK

Table 5: Disclosure on Capital Adequacy for Maybank Islamic

Item	Exposure Class As at 31.12.2013	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	RWA RM'000	RWA Absorbed by PSIA RM'000	Total RWA 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
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
	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 Mortgage	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**						
	Benchmark 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	**Additional RWA due to Capital Floor**			-	-	-	-
5.0	**Total RWA and Capital Requirements**			**50,294,998**	**(1,210,230)**	**49,084,768**	**3,926,781**

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

Item	Exposure Class As at 31.12.2012	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	RWA RM'000	RWA Absorbed by PSIA RM'000	Total RWA 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	16,867,117	16,867,117	12,461	-	12,461	997
	Public Sector Entities	647,515	647,515	115,256	-	115,256	9,220
	Insurance Cos, Securities Firms & Fund Managers	229	229	229	-	229	18
	Corporates	961,929	961,929	954,354	-	954,354	76,348
	Regulatory Retail	880,629	880,629	514,558	-	514,558	41,165
	Residential Mortgage	510,664	510,664	188,850	-	188,850	15,108
	Higher Risk Assets	36	36	54	-	54	4
	Other Assets	892,925	892,925	486,882	-	486,882	38,951
	Defaulted Exposures	6,294	6,294	5,421	-	5,421	434
	Total On-Balance Sheet Exposures	20,767,338	20,767,338	2,278,065	-	2,278,065	182,245
	Off-Balance Sheet Exposures						
	OTC Derivatives	43,193	43,193	33,100	-	33,100	2,648
	Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	853,206	853,206	100,193	-	100,193	8,015
	Total Off-Balance Sheet Exposures	896,399	896,399	133,293	-	133,293	10,663
	Total On and Off-Balance Sheet Exposures	21,663,737	21,663,737	2,411,358	-	2,411,358	192,908
1.2	**Exposures under the IRB Approach**						
	On-Balance Sheet Exposures						
	Banks, Development Financial Institutions & MDBs	9,336,048	9,336,048	3,023,182	-	3,023,182	241,855
	Corporate Exposures	17,951,852	17,951,852	10,923,073	(120,110)	10,802,963	864,237
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	9,235,827	9,235,827	5,180,787	(120,110)	5,060,677	404,854
	b) Corporates (with firm-size adjustment)	7,647,639	7,647,639	4,865,847	-	4,865,847	389,268
	c) Specialised Lending (Slotting Approach) - Project Finance	1,068,386	1,068,386	876,439	-	876,439	70,115
	Retail Exposures	38,509,521	38,509,521	13,591,337	-	13,591,337	1,087,308
	a) Residential Mortgages	7,798,068	7,798,068	4,663,875	-	4,663,875	373,110
	b) Qualifying Revolving Retail Exposures	338,521	338,521	179,769	-	179,769	14,382
	c) Hire Purchase Exposures	15,291,491	15,291,491	4,790,824	-	4,790,824	383,266
	d) Other Retail Exposures	15,081,441	15,081,441	3,956,869	-	3,956,869	316,550
	Defaulted Exposures	380,948	380,948	110,807	-	110,807	8,865
	Total On-Balance Sheet Exposures	66,178,369	66,178,369	27,648,399	(120,110)	27,528,289	2,202,263
	Off-Balance Sheet Exposures						
	OTC Derivatives	187,137	187,137	120,357	-	120,357	9,629
	Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	5,722,703	5,722,703	2,948,052	-	2,948,052	235,844
	Defaulted Exposures	5,652	5,652	3,856	-	3,856	308
	Total Off-Balance Sheet Exposures	5,915,492	5,915,492	3,072,265	-	3,072,265	245,781
	Total On and Off-Balance Sheet Exposures	72,093,861	72,093,861	30,720,664	(120,110)	30,600,554	2,448,044
	Total IRB Approach after Scaling Factor of 1.06	-	-	32,563,904	(127,317)	32,436,587	2,594,927
	Total (Exposures under Standardised Approach & IRB Approach)	93,757,598	93,757,598	34,975,262	(127,317)	34,847,945	2,787,836
2.0	**Market Risk**						
	Benchmark Rate Risk			126,089	-	126,089	10,087
	Foreign Exchange Risk			621,816	-	621,816	49,745
3.0	**Operational Risk**			2,959,425	-	2,959,425	236,754
4.0	**Additional RWA due to Capital Floor**			968,148	-	968,148	77,452
5.0	**Total RWA and Capital Requirements**			39,650,740	(127,317)	39,523,423	3,161,874

CREDIT RISK

MANAGEMENT OF CREDIT RISK

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

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

A two-pronged approach is adopted:

- Managing the Credit Risk; and
- Managing the Credit Portfolio.

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

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

Management of Concentration Risk

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 established dedicated teams comprising Corporate Remedial Management at Head Office and Regional Corporate Remedial Management at regions to effectively manage vulnerable corporate and institutional credits of the Group. Vulnerable consumer credits are managed by the Asset Quality Management at Head Office and Regional Asset Quality Management at regions. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial actions.

Credit Risk Management ("CRM") Framework

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

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

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

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

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

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

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

Table 6: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Group

Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others Overseas Units RM'000	Total RM'000
As at 31.12.2013					
Exposures under 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 Mortgage	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 Exposure	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 IRB Approach					
Banks, Development Financial Institutions & MDBs	38,620,690	14,177,219	1,798,865	11,796,197	66,392,971
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
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
As at 31.12.2012					
Exposures under Standardised Approach					
Sovereigns/Central Banks	34,832,971	13,442,562	6,787,670	2,417,071	57,480,274
Public Sector Entities	1,147,744	665,777	3,483	17,672	1,834,676
Banks, Development Financial Institutions & MDBs	88,919	573,644	2,566,059	762,049	3,990,671
Insurance Cos, Securities Firms & Fund Managers	42,078	791,528	-	37,657	871,263
Corporates	6,872,519	2,168,819	18,160,480	10,592,869	37,794,687
Regulatory Retail	4,417,099	5,915,293	7,150,054	1,650,987	19,133,433
Residential Mortgage	1,217,049	106,876	894,420	91,306	2,309,651
Higher Risk Assets	511,210	62,518	-	1,573	575,301
Other Assets	179,847	1,396,956	2,413,769	3,653,020	7,643,592
Securitisation Exposures	296,629	-	-	-	296,629
Equity Exposure	81,411	26,531	-	802	108,744
Total Standardised Approach	49,687,476	25,150,504	37,975,935	19,225,006	132,038,921
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	44,930,152	12,579,297	-	12,497,092	70,006,541
Insurance Cos, Securities Firms & Fund Managers	5	-	-	-	5
Corporate Exposures	112,396,920	51,054,720	-	11,466,010	174,917,650
a) Corporates (excluding Specialised Lending and firm-size adjustments)	66,073,008	27,225,235	-	11,101,364	104,399,607
b) Corporates (with firm-size adjustment)	42,807,387	23,829,485	-	364,646	67,001,518
c) Specialised Lending (Slotting Approach)					
- Project Finance	3,516,525	-	-	-	3,516,525
Retail Exposures	109,391,199	23,689,547	-	-	133,080,746
a) Residential Mortgages	30,342,965	10,175,460	-	-	40,518,425
b) Qualifying Revolving Retail Exposures	5,304,839	3,053,059	-	-	8,357,898
c) Hire Purchase Exposures	27,211,292	7,775,234	-	-	34,986,525
d) Other Retail Exposures	46,532,104	2,685,794	-	-	49,217,898
Total IRB Approach	266,718,276	87,323,564	-	23,963,102	378,004,942
Total Standardised and IRB Approaches	316,405,752	112,474,068	37,975,935	43,188,108	510,043,863

CREDIT RISK

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

Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others Overseas Units RM'000	Total RM'000
As at 31.12.2013					
Exposures under 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**	**3,674,108**	**-**	**1,591,267**	**13,592,074**
Regulatory Retail	**4,612,532**	**2,095,171**	**-**	**180,765**	**6,888,467**
Residential Mortgage	**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 Exposure	**179,084**	**12,992**	**-**	**-**	**192,076**
Total Standardised Approach	**56,661,182**	**26,814,255**	**-**	**4,118,320**	**87,593,756**
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	**50,741,246**	**14,177,218**	**-**	**11,796,196**	**76,714,661**
Insurance Cos, Securities Firms & Fund Managers					
Corporate Exposures	**95,686,047**	**61,646,763**	**-**	**25,063,112**	**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**
As at 31.12.2012					
Exposures under Standardised Approach					
Sovereigns/Central Banks	17,215,486	13,430,910	-	787,757	31,434,153
Public Sector Entities	485,809	665,777	-	-	1,151,585
Insurance Cos, Securities Firms & Fund Managers	40,420	-	-	36,913	77,333
Corporates	5,438,345	1,935,145	-	9,073,531	16,447,021
Regulatory Retail	3,329,660	3,418,660	-	287,795	7,036,116
Residential Mortgage	703,486	106,876	-	84,501	894,863
Higher Risk Assets	351,835	15,981	-	-	367,816
Other Assets	7,744,003	519,572	-	366,625	8,630,200
Securitisation Exposures	296,629	-	-	-	296,629
Equity Exposure	147,085	26,531	-	-	173,616
Total Standardised Approach	35,752,758	20,119,452	-	10,637,122	66,509,332
Exposures under IRB Approach					
Banks, Development Financial Institutions & MDBs	43,922,131	12,579,298	-	12,497,094	68,998,523
Insurance Cos, Securities Firms & Fund Managers	5	-	-	-	5
Corporate Exposures	91,356,662	51,054,720	-	10,738,278	153,149,660
a) Corporates (excluding Specialised Lending and firm-size adjustments)	55,444,781	27,225,235	-	10,373,632	93,043,647
b) Corporates (with firm-size adjustment)	33,463,744	23,829,485	-	364,646	57,657,875
c) Specialised Lending (Slotting Approach)					
- Project Finance	2,448,138	-	-	-	2,448,138
Retail Exposures	68,440,987	23,689,545	-	-	92,130,532
a) Residential Mortgages	22,384,693	10,175,458	-	-	32,560,151
b) Qualifying Revolving Retail Exposures	4,891,301	3,053,059	-	-	7,944,360
c) Hire Purchase Exposures	11,094,763	7,775,234	-	-	18,869,997
d) Other Retail Exposures	30,070,230	2,685,794	-	-	32,756,024
Total IRB Approach	203,719,785	87,323,563	-	23,235,372	314,278,720
Total Standardised and IRB Approaches	239,472,543	107,443,015	-	33,872,494	380,788,052

Table 8: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Islamic

Exposure Class	As at 31.12.2013 Malaysia/Total RM'000	As at 31.12.2012 Malaysia/Total RM'000
Exposures under Standardised Approach		
Sovereigns/Central Banks	**21,559,062**	17,617,177
Public Sector Entities	**1,096,539**	661,934
Insurance Cos, Securities Firms & Fund Managers	**-**	1,657
Corporates	**2,424,267**	1,081,313
Regulatory Retail	**1,484,032**	893,152
Residential Mortgage	**490,837**	513,563
Higher Risk Assets	**3,365**	2,075
Other Assets	**548,683**	892,926
Total Standardised Approach	**27,606,785**	21,663,737
Exposures under IRB Approach		
Banks, Development Financial Institutions & MDBs	**14,679,854**	9,452,183
Corporate Exposures	**25,507,429**	21,691,465
a) Corporates (excluding Specialised Lending and firm-size adjustments)	**14,041,440**	11,279,436
b) Corporates (with firm-size adjustment)	**9,759,959**	9,343,643
c) Specialised Lending (Slotting Approach)		
- Project Finance	**1,706,030**	1,068,386
Retail Exposures	**58,425,380**	40,950,214
a) Residential Mortgages	**10,654,606**	7,958,273
b) Qualifying Revolving Retail Exposures	**449,871**	413,539
c) Hire Purchase Exposures	**21,291,095**	16,116,527
d) Other Retail Exposures	**26,029,808**	16,461,875
Total IRB Approach	**98,612,663**	72,093,862
Total Standardised and IRB Approaches	**126,219,448**	93,757,599

CREDIT RISK

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

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
As at 31.12.2013												
Exposures under 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 Mortgage	-	-	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 Exposure	-	-	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 IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	58,469,100	-	5,550	-	7,918,321	66,392,971
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
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
As at 31.12.2012												
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	18,494,556	263	28,695,263	106,888	5,524,057	-	4,659,247	57,480,274
Public Sector Entities	340,890	-	-	1,455	851	-	775,320	-	678,717	-	37,443	1,834,676
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	3,482,517	-	-	-	508,154	3,990,671
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	4,961	42,070	-	-	824,232	871,263
Corporates	687,943	586,961	1,756,087	1,712,993	2,505,648	6,158,008	3,538,317	4,755,514	419,606	2,757,864	12,915,746	37,794,687
Regulatory Retail	5,004	1,292	155,824	34,098	1,190	296,708	526,089	15,974	25,894	10,936,382	7,134,978	19,133,433
Residential Mortgage	-	-	-	-	-	-	-	-	-	2,219,074	90,577	2,309,651
Higher Risk Assets	22,331	-	-	-	-	-	228,988	-	-	214,300	109,682	575,301
Other Assets	-	-	-	-	-	2	287,949	337	-	943,727	6,411,577	7,643,592
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	296,629	296,629
Equity Exposure	-	-	11,613	4,269	-	-	12,967	-	-	61,453	18,442	108,744
Total Standardised Approach	1,056,168	588,253	1,923,524	1,752,815	21,002,245	6,454,981	37,552,371	4,920,783	6,648,274	17,132,800	33,006,707	132,038,921
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	63,097,684	-	-	-	6,908,857	70,006,541
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	5	-	-	-	-	5
Corporate Exposures	6,874,000	1,305,976	33,982,714	19,160,650	5,381,618	26,405,268	60,155,263	12,162,824	2,621,148	506	6,867,683	174,917,650
a) Corporates (excluding Specialised Lending and firm-size adjustments)	2,957,988	481,538	19,897,150	10,527,192	4,450,333	13,875,027	37,837,897	7,040,587	863,153	506	6,468,236	104,399,607
b) Corporates (with firm-size adjustment)	3,916,012	824,438	10,569,039	8,633,458	931,285	12,530,241	22,317,366	5,122,237	1,757,995	-	399,447	67,001,518
c) Specialised Lending (Slotting Approach)												
- Project Finance	-	-	3,516,525	-	-	-	-	-	-	-	-	3,516,525
Retail Exposures	347,720	41,170	878,192	867,425	18,070	2,601,375	1,136,857	392,222	308,200	126,025,045	464,470	133,080,746
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	40,518,425	-	40,518,425
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	8,357,898	-	8,357,898
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	34,986,525	-	34,986,525
d) Other Retail Exposures	347,720	41,170	878,192	867,425	18,070	2,601,375	1,136,857	392,222	308,200	42,162,197	464,470	49,217,898
Total IRB Approach	7,221,720	1,347,146	34,860,906	20,028,075	5,399,688	29,006,643	124,389,809	12,555,046	2,929,348	126,025,551	14,241,010	378,004,942
Total Standardised and IRB Approaches	8,277,888	1,935,399	36,784,430	21,780,890	26,401,933	35,461,624	161,942,180	17,475,829	9,577,622	143,158,351	48,247,717	510,043,863

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 31.12.2013												
Exposures under 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 Mortgage	-	-	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 Exposure	-	-	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 IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	76,503,688	-	5,550	-	205,424	76,714,662
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
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
As at 31.12.2012												
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	6,987,116	263	20,208,606	106,888	3,133,364	-	997,916	31,434,153
Public Sector Entities	235,697	-	-	90	851	-	745,431	-	158,597	-	10,919	1,151,585
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	8	40,412	-	-	36,913	77,333
Corporates	66,610	4,505	739,097	734,463	1,158,187	486,595	610,474	957,208	234,340	2,049,885	9,405,657	16,447,021
Regulatory Retail	-	-	-	-	-	-	-	-	-	6,869,202	166,914	7,036,116
Residential Mortgage	-	-	-	-	-	-	-	-	-	810,362	84,501	894,863
Higher Risk Assets	22,331	-	-	-	-	-	90,439	-	-	145,364	109,682	367,816
Other Assets	-	-	-	-	-	-	-	-	-	8,263,575	366,625	8,630,200
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	296,629	296,629
Equity Exposure	-	-	11,613	4,269	-	-	12,734	-	-	127,360	17,640	173,616
Total Standardised Approach	324,638	4,505	750,710	738,822	8,146,154	486,858	21,667,692	1,104,508	3,526,301	18,265,748	11,493,396	66,509,332
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	68,262,652	-	-	-	735,871	68,998,523
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	5	-	-	-	-	5
Corporate Exposures	5,511,185	1,167,441	28,072,542	15,776,391	4,227,671	23,309,030	56,517,574	10,340,582	2,038,501	504	6,188,239	153,149,660
a) Corporates (excluding Specialised Lending and firm-size adjustments)	2,085,082	473,845	16,614,117	8,405,554	3,786,198	12,514,024	36,112,628	6,452,424	783,549	504	5,815,722	93,043,647
b) Corporates (with firm-size adjustment)	3,426,103	693,596	9,010,287	7,370,837	441,473	10,795,006	20,404,946	3,888,158	1,254,952	-	372,517	57,657,875
c) Specialised Lending (Slotting Approach)												
- Project Finance	-	-	2,448,138	-	-	-	-	-	-	-	-	2,448,138
Retail Exposures	275,074	32,596	725,744	667,626	13,324	2,163,209	806,734	260,698	223,410	86,666,962	295,155	92,130,532
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	32,560,151	-	32,560,151
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	7,944,360	-	7,944,360
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	18,869,997	-	18,869,997
d) Other Retail Exposures	275,074	32,596	725,744	667,626	13,324	2,163,209	806,734	260,698	223,410	27,292,454	295,155	32,756,024
Total IRB Approach	5,786,259	1,200,037	28,798,286	16,444,017	4,240,995	25,472,239	125,586,965	10,601,280	2,261,911	86,667,466	7,219,265	314,278,720
Total Standardised and IRB Approaches	6,110,897	1,204,542	29,548,996	17,182,839	12,387,149	25,959,097	147,254,657	11,705,788	5,788,212	104,933,214	18,712,661	380,788,052

CREDIT RISK

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

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail trade, restaurants & hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, health & others RM'000	Household RM'000	NEC RM'000	Total RM'000
As at 31.12.2013												
Exposures under 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
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
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 Mortgage	-	-	-	-	-	-	-	-	-	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 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
As at 31.12.2012												
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	11,507,440	-	1,864,370	-	2,390,693	-	1,854,614	17,617,117
Public Sector Entities	105,193	-	-	1,365	-	-	29,889	-	520,120	-	5,367	661,934
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	1,657	-	-	-	1,657
Corporates	141,972	378	-	58,832	119,478	16,770	10,284	381,985	25,106	185,516	140,993	1,081,314
Regulatory Retail	-	-	-	-	-	-	-	-	-	893,152	-	893,152
Residential Mortgage	-	-	-	-	-	-	-	-	-	513,563	-	513,563
Higher Risk Assets	-	-	-	-	-	-	-	-	-	2,075	-	2,075
Other Assets	-	-	-	-	-	-	-	-	-	892,926	-	892,926
Total Standardised Approach	247,165	378	-	60,197	11,626,918	16,770	1,904,543	383,642	2,935,919	2,487,232	2,000,974	21,663,738
Exposures under IRB Approach												
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	3,279,197	-	-	-	6,172,986	9,452,183
Corporate Exposures	1,357,318	131,216	5,761,991	3,384,259	1,151,922	3,096,089	4,279,435	1,646,138	581,771	-	301,326	21,691,465
a) Corporates (excluding Specialised Lending and firm-size adjustments)	867,409	374	3,134,853	2,121,638	662,110	1,360,854	2,367,015	412,059	78,728	-	274,396	11,279,436
b) Corporates (with firm-size adjustment)	489,909	130,842	1,558,752	1,262,621	489,812	1,735,235	1,912,420	1,234,079	503,043	-	26,930	9,343,643
c) Specialised Lending (Slotting Approach)												
- Project Finance	-	-	1,068,386	-	-	-	-	-	-	-	-	1,068,386
Retail Exposures	72,646	8,574	152,448	199,799	4,746	438,166	330,123	131,524	84,791	39,358,081	169,315	40,950,213
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	7,958,273	-	7,958,273
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	413,539	-	413,539
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	16,116,527	-	16,116,527
d) Other Retail Exposures	72,646	8,574	152,448	199,799	4,746	438,166	330,123	131,524	84,791	14,869,742	169,315	16,461,874
Total IRB Approach	1,429,964	139,790	5,914,439	3,584,058	1,156,668	3,534,255	7,888,755	1,777,662	666,562	39,358,081	6,643,627	72,093,861
Total Standardised and IRB Approaches	1,677,129	140,168	5,914,439	3,644,255	12,783,586	3,551,025	9,793,298	2,161,304	3,602,481	41,845,313	8,644,601	93,757,599

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 31.12.2013				
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 Mortgage	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 Exposure	-	202,943	-	202,943
Total Standardised Approach	61,423,217	46,606,173	40,027,244	148,056,634
IRB Approach				
Banks, Development Financial Institutions & MDBs	59,152,495	2,617,631	4,622,845	66,392,971
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
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
As at 31.12.2012				
Standardised Approach				
Sovereigns/Central Banks	31,090,793	14,640,610	11,748,871	57,480,274
Public Sector Entities	109,056	676,103	1,049,517	1,834,676
Banks, Development Financial Institutions & MDBs	2,855,926	866,947	267,798	3,990,671
Insurance Cos, Securities Firms & Fund Managers	52,220	812,912	6,131	871,263
Corporates	13,850,663	17,093,880	6,850,144	37,794,687
Regulatory Retail	6,958,287	8,177,426	3,997,720	19,133,433
Residential Mortgage	12,573	335,019	1,962,059	2,309,651
Higher Risk Assets	139,863	427,123	8,315	575,301
Other Assets	1,451,873	6,191,719	-	7,643,592
Securitisation Exposures	-	296,629	-	296,629
Equity Exposure	61,453	47,291	-	108,744
Total Standardised Approach	56,582,707	49,565,659	25,890,555	132,038,921
IRB Approach				
Banks, Development Financial Institutions & MDBs	47,522,018	17,582,710	4,901,813	70,006,541
Insurance Cos, Securities Firms & Fund Managers	5	-	-	5
Corporate Exposures	73,685,514	51,750,996	49,481,140	174,917,650
a) Corporates (excluding Specialised Lending and firm-size adjustments)	45,867,429	28,177,829	30,354,349	104,399,607
b) Corporates (with firm-size adjustment)	27,818,085	20,056,642	19,126,791	67,001,518
c) Specialised Lending (Slotting Approach)				
- Project Finance	-	3,516,525	-	3,516,525
Retail Exposures	6,266,399	22,623,160	104,191,187	133,080,746
a) Residential Mortgages	43,845	1,562,183	38,912,397	40,518,425
b) Qualifying Revolving Retail Exposures	2,260,247	5,908,806	188,845	8,357,898
c) Hire Purchase Exposures	297,199	11,542,408	23,146,918	34,986,525
d) Other Retail Exposures	3,665,108	3,609,763	41,943,027	49,217,898
Total IRB Approach	127,473,936	91,956,866	158,574,140	378,004,942
Total Standardised and IRB Approaches	184,056,643	141,522,525	184,464,695	510,043,863

CREDIT RISK

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

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31.12.2013				
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 Mortgage	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 Exposure	-	192,076	-	192,076
Total Standardised Approach	37,291,835	21,317,409	28,984,512	87,593,756
IRB Approach				
Banks, Development Financial Institutions & MDBs	48,100,730	24,494,841	4,119,091	76,714,662
Insurance Cos, Securities Firms & Fund Managers				
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
As at 31.12.2012				
Standardised Approach				
Sovereigns/Central Banks	14,436,001	8,200,080	8,798,072	31,434,153
Public Sector Entities	86,685	630,562	434,338	1,151,585
Banks, Development Financial Institutions & MDBs	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	49,980	21,222	6,131	77,333
Corporates	3,843,176	8,848,487	3,755,358	16,447,021
Regulatory Retail	3,464,872	1,091,107	2,480,137	7,036,116
Residential Mortgage	2,653	65,822	826,388	894,863
Higher Risk Assets	138,791	221,576	7,449	367,816
Other Assets	8,372,653	257,547	-	8,630,200
Securitisation Exposures	-	296,629	-	296,629
Equity Exposure	127,360	46,256	-	173,616
Total Standardised Approach	30,522,171	19,679,288	16,307,873	66,509,332
IRB Approach				
Banks, Development Financial Institutions & MDBs	39,308,654	24,828,562	4,861,307	68,998,523
Insurance Cos, Securities Firms & Fund Managers	5	-	-	5
Corporate Exposures	63,349,698	48,471,937	41,328,025	153,149,660
a) Corporates (excluding Specialised Lending and firm-size adjustments)	39,205,297	27,548,554	26,289,797	93,043,648
b) Corporates (with firm-size adjustment)	24,144,401	18,475,245	15,038,228	57,657,874
c) Specialised Lending (Slotting Approach)				
- Project Finance	-	2,448,138	-	2,448,138
Retail Exposures	5,678,198	16,822,833	69,629,501	92,130,532
a) Residential Mortgages	39,339	1,312,684	31,208,128	32,560,151
b) Qualifying Revolving Retail Exposures	2,229,582	5,530,114	184,664	7,944,360
c) Hire Purchase Exposures	203,616	7,284,673	11,381,708	18,869,997
d) Other Retail Exposures	3,205,661	2,695,362	26,855,001	32,756,024
Total IRB Approach	108,336,555	90,123,332	115,818,833	314,278,720
Total Standardised and IRB Approaches	138,858,726	109,802,620	132,126,706	380,788,052

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 31.12.2013				
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
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	367,220	650,206	1,406,841	2,424,267
Regulatory Retail	234,887	120,518	1,128,627	1,484,032
Residential Mortgage	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
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
As at 31.12.2012				
Standardised Approach				
Sovereigns/Central Banks	11,895,970	4,504,670	1,216,477	17,617,117
Public Sector Entities	18,886	27,869	615,179	661,934
Insurance Cos, Securities Firms & Fund Managers	1,495	162	-	1,657
Corporates	792,853	-	288,461	1,081,314
Regulatory Retail	207,892	84,375	600,885	893,152
Residential Mortgage	309	23,682	489,572	513,563
Higher Risk Assets	1,072	137	866	2,075
Other Assets	892,926	-	-	892,926
Total Standardised Approach	13,811,403	4,640,895	3,211,440	21,663,738
IRB Approach				
Banks, Development Financial Institutions & MDBs	8,213,366	1,198,311	40,506	9,452,183
Corporate Exposures	10,335,814	3,202,536	8,153,115	21,691,465
a) Corporates (excluding Specialised Lending and firm-size adjustments)	6,662,132	552,752	4,064,552	11,279,436
b) Corporates (with firm-size adjustment)	3,673,682	1,581,398	4,088,563	9,343,643
c) Specialised Lending (Slotting Approach)				
- Project Finance	-	1,068,386	-	1,068,386
Retail Exposures	588,201	5,800,326	34,561,686	40,950,213
a) Residential Mortgages	4,506	249,498	7,704,269	7,958,273
b) Qualifying Revolving Retail Exposures	30,666	378,692	4,181	413,539
c) Hire Purchase Exposures	93,582	4,257,735	11,765,210	16,116,527
d) Other Retail Exposures	459,447	914,401	15,088,026	16,461,874
Total IRB Approach	19,137,381	10,201,173	42,755,307	72,093,861
Total Standardised and IRB Approaches	32,948,784	14,842,068	45,966,747	93,757,599

CREDIT RISK

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

Refer to Note 2.3 and Note 3.4 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 48(c)(10) of the financial statements. This credit impairment policy shall be applicable to Maybank Group.

BASEL II REQUIREMENTS

The Group has obtained BNM's approval to use internal credit models for evaluating majority of its credit risk exposures. For the RWA computation of Corporate and Bank portfolios, the Group has adopted 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 on mostly 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 periods. 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 crisis period is 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 has been 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 has been 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 sector are being produced and monitored by the Group;
- **Capital Management** – The Group has put in place risk-based capital management ICAAP programme and uses regulatory capital charge for decision-making and budgeting process;
- **Risk Governance** – Internal ratings are being used for various risk governance activities such as the setting of group exposure limits under the Maybank Group Sectoral (MGS) Policy, threshold limit for CRC review, sectoral limit framework, sampling methodology for credit review and policy breach framework; and
- **Pricing decision** – Internal ratings are being used as basis for pricing of credit facilities.

NON-RETAIL PORTFOLIOS

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

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

- **Default History Based ("Good-Bad" analysis)**

  This approach is adopted when the Group has sufficient default data. Under this approach, statistical method is employed to determine the likelihood of default on existing exposures. The Group's CRRS models were developed using this approach;

- **Shadow Rating Approach**

  This approach is usually applied when there are few or no default data is 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 were 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 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 a borrower, where relevant. In view that the risk rating is based on historical financial data, judgmental override is allowed on the BRR by the relevant parties. Rating judgmental override is permissible but subject to a maximum 3 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

Rating Coverage for Corporate Exposures

The CRRS was implemented in 2005, subsequent to which additional scorecards were developed to bring more corporate exposures under the purview of internal rating.

Bank Risk Rating Scorecard ("BRRS")

The Group has developed BRRS to risk grade the Group's bank counterparties.

As the Group's portfolio falls under low default portfolio category, normal statistical modelling such as Good-Bad analysis could not be applied. Instead, 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 in the table 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 has been designed to generate eight internal grades which will then be mapped to the four BNM slotting grades to derive the respective risk-weights for RWA computation.

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

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

The objectives of developing this scorecard are:

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

Special Purpose Vehicles ("SPV")

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

Tables 15 through 18 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.

CREDIT RISK

Table 15: 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 31.12.2013					
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	**17,535,976**	**45.00**	**19.76**	**18,705**	**3,464,592**
0.0715 - 0.3335	**43,217,038**	**45.00**	**25.79**	**4,591**	**11,147,698**
0.3335 - 4.8305	**5,126,084**	**45.00**	**79.74**	**434**	**4,087,430**
4.8305 - 24.0203	**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**
Insurance Cos, Securities Firms & Fund Managers					
0.0000 - 0.1200	**-**	**-**	**-**	**-**	**-**
0.1200 - 0.6440	**-**	**-**	**-**	**-**	**-**
0.6440 - 2.4750	**-**	**-**	**-**	**-**	**-**
2.4750 - 100	**-**	**-**	**-**	**-**	**-**
100	**-**	**-**	**-**	**-**	**-**
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	**-**			**-**	**-**
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	**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 - 2.4750	**39,875,166**	**45.00**	**95.64**	**2,660,630**	**38,138,240**
2.4750 - 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 - 2.4750	**32,058,084**	**45.00**	**77.20**	**2,252,982**	**24,749,183**
2.4750 - 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**
As at 31.12.2012					
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	17,097,684	45.00	21.49	2,458,470	3,673,888
0.0715 - 0.3335	44,119,952	45.00	27.86	3,730	12,291,621
0.3335 - 4.8305	8,588,807	45.00	78.31	433	6,725,848
4.8305 - 24.0203	46,900	45.00	153.30	-	71,896
100	153,198	45.00	-	-	-
Total for Bank Exposures	70,006,541			2,462,633	22,763,253
Insurance Cos, Securities Firms & Fund Managers					
0.0000 - 0.1200	-	45.00	-	-	-
0.1200 - 0.6440	-	45.00	-	-	-
0.6440 - 2.4750	-	45.00	-	-	-
2.4750 - 100	5	45.00	201.85	2	11
100	-	45.00	-	-	-
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	5			2	11
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	23,118,462	45.00	20.49	3,506,414	4,617,579
0.1200 - 0.6440	44,550,296	45.00	53.76	5,959,181	23,950,713
0.6440 - 2.4750	27,419,587	45.00	92.78	3,230,585	24,065,531
2.4750 - 100	6,519,132	45.00	159.60	237,515	11,778,878
100	2,792,130	45.00	0.20	38,673	5,589
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	104,399,607			12,972,368	64,418,290
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	4,494,681	45.03	20.74	1,577,268	932,016
0.1200 - 0.6440	26,660,745	43.89	45.12	3,476,178	12,030,483
0.6440 - 2.4750	25,365,431	43.82	73.19	2,549,780	18,565,728
2.4750 - 100	8,130,968	44.46	112.23	564,334	9,125,348
100	2,349,693	43.79	-	44,175	-
Total for Corporate (with firm-size adjustment)	67,001,518			8,211,735	40,653,575
Total Non-Retail Exposures	241,407,671			23,646,738	127,835,129

Table 16: 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 31.12.2013					
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	14,614,884	46.25	19.79	5	2,892,355
0.0715 - 0.3335	56,179,967	45.30	27.35	3,222	15,367,532
0.3335 - 4.8305	5,218,116	45.23	80.60	434	4,205,822
4.8305 - 24.0203	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
Insurance Cos, Securities Firms & Fund Managers					
0.0000 - 0.1200	-	-	-	-	-
0.1200 - 0.6440	-	-	-	-	-
0.6440 - 2.4750	-	-	-	-	-
2.4750 - 100	-	-	-	-	-
100	-	-	-	-	-
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	-			-	-
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	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 - 2.4750	35,658,475	43.06	95.20	2,438,731	33,947,448
2.4750 - 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 - 2.4750	24,263,961	42.65	74.33	2,038,198	18,036,256
2.4750 - 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
As at 31.12.2012					
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	15,024,286	45.00	21.34	2,458,470	3,206,706
0.0715 - 0.3335	45,348,827	45.00	28.26	2,850	12,911,507
0.3335 - 4.8305	8,404,533	45.00	79.94	433	6,718,954
4.8305 - 24.0203	67,679	45.00	178.95	-	121,104
100	153,198	45.00	-	-	-
Total for Bank Exposures	68,998,523			2,461,753	22,958,271
Insurance Cos, Securities Firms & Fund Managers					
0.0000 - 0.1200	-	-	-	-	-
0.1200 - 0.6440	-	-	-	-	-
0.6440 - 2.4750	-	-	-	-	-
2.4750 - 100	5	45.00	20.85	2	11
100	-	-	-	-	-
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	5			2	11
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	20,908,005	45.00	19.78	3,264,827	4,135,668
0.1200 - 0.6440	39,639,148	45.00	53.30	4,947,570	21,126,332
0.6440 - 2.4750	24,562,600	45.00	93.42	3,000,272	22,947,080
2.4750 - 100	5,430,354	45.00	161.95	229,296	8,794,595
100	2,503,540	45.00	0.22	38,673	5,589
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	93,043,647			11,480,638	57,009,264
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	3,975,249	45.00	20.67	1,464,216	821,573
0.1200 - 0.6440	23,174,361	45.00	45.47	3,121,508	10,538,308
0.6440 - 2.4750	22,090,850	45.00	72.80	2,385,101	16,101,354
2.4750 - 100	6,538,580	45.00	110.82	518,708	7,246,131
100	1,878,835	45.00	-	42,818	-
Total for Corporate (with firm-size adjustment)	57,657,875			7,532,351	34,707,366
Total Non-Retail Exposures	219,700,050			21,474,744	114,674,912

CREDIT RISK

Table 17: 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 31.12.2013					
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	**2,740,379**	**45.00**	**19.68**	**18,700**	**539,368**
0.0715 - 0.3335	**11,503,801**	**65.99**	**23.21**	**1,369**	**2,670,350**
0.3335 - 4.8305	**435,674**	**45.00**	**77.01**	**-**	**335,508**
4.8305 - 24.0203	**-**	**-**	**-**	**-**	**-**
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 - 2.4750	**3,379,777**	**44.90**	**95.88**	**221,899**	**3,240,450**
2.4750 - 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 - 2.4750	**3,928,501**	**43.75**	**74.61**	**200,919**	**2,931,206**
2.4750 - 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**
As at 31.12.2012					
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	2,073,398	45.00	22.53	-	467,182
0.0715 - 0.3335	6,387,013	45.00	29.63	879	1,892,370
0.3335 - 4.8305	988,909	45.00	69.75	-	689,772
4.8305 - 24.0203	2,863	45.00	195.87	-	5,609
100	-	-	-	-	-
Total for Bank Exposures	9,452,183			879	3,054,933
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	2,861,665	45.00	21.04	241,587	602,021
0.1200 - 0.6440	4,908,756	45.00	57.51	1,011,610	2,823,218
0.6440 - 2.4750	2,695,014	45.00	85.11	230,312	2,293,831
2.4750 - 100	525,413	45.00	138.34	8,219	726,849
100	288,588	45.00	-	-	-
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	11,279,436			1,491,728	6,445,919
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	519,431	45.06	21.26	113,052	110,443
0.1200 - 0.6440	3,486,385	42.77	42.80	354,671	1,492,176
0.6440 - 2.4750	3,274,580	42.64	75.26	164,679	2,464,374
2.4750 - 100	1,592,388	43.91	118.01	45,626	1,879,217
100	470,859	42.58	-	1,357	-
Total for Corporate (with firm-size adjustment)	9,343,643			679,385	5,946,210
Total Non-Retail Exposures	30,075,262			2,171,992	15,447,062

Table 18a: 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
As at 31.12.2013					
Specialised Lending					
- Project Finance	**2,545,280**	**320,860**	**591,997**	**1,512,167**	**883,228**
EAD after CRM	**2,545,280**	**320,860**	**591,997**	**1,512,167**	**883,228**
As at 31.12.2012					
Supervisory Categories/Risk-Weights					
Specialised Lending					
- Project Finance	1,614,272	111,288	576,831	1,214,134	-
EAD after CRM	1,614,272	111,288	576,831	1,214,134	-

Table 18b: 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
As at 31.12.2013					
Specialised Lending					
- Project Finance	**2,285,508**	**320,860**	**89,997**	**1,451,060**	**77**
EAD after CRM	**2,285,508**	**320,860**	**89,997**	**1,451,060**	**77**
As at 31.12.2012					
Supervisory Categories/Risk-Weights					
Specialised Lending					
- Project Finance	1,494,285	101,250	401,302	451,301	-
EAD after CRM	1,494,285	101,250	401,302	451,301	-

Table 18c: 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
As at 31.12.2013					
Specialised Lending					
- Project Finance	**259,772**	**-**	**502,000**	**61,107**	**883,151**
EAD after CRM	**259,772**	**-**	**502,000**	**61,107**	**883,151**
As at 31.12.2012					
Supervisory Categories/Risk-Weights					
Specialised Lending					
- Project Finance	119,988	10,037	175,528	762,833	-
EAD after CRM	119,988	10,037	175,528	762,833	-

CREDIT RISK

Table 19a: Disclosure on 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 Allowance RM'000
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**
As at 31.12.2012				
Agriculture	118,868	-	-	-
Mining & quarrying	148,873	-	-	-
Manufacturing	2,212,490	-	-	-
Construction	351,303	-	-	-
Electricity, gas & water supply	27,760	-	-	-
Wholesale, retail trade, restaurants & hotels	564,082	-	-	-
Finance, insurance, real estate & business	627,043	-	-	-
Transport, storage & communication	413,003	-	-	-
Education, health & others	52,759	-	-	-
Household	829,936	-	-	-
Others	308,235	-	-	-
Total	5,654,352	19,239,760	2,228,535	3,744,994

Table 19b: Disclosure on 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 Allowance RM'000
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**
As at 31.12.2012				
Agriculture	100,185	-	-	-
Mining & quarrying	10,500	-	-	-
Manufacturing	1,889,932	-	-	-
Construction	272,416	-	-	-
Electricity, gas & water supply	26,117	-	-	-
Wholesale, retail trade, restaurants & hotels	386,138	-	-	-
Finance, insurance, real estate & business	437,241	-	-	-
Transport, storage & communication	285,099	-	-	-
Education, health & others	28,311	-	-	-
Household	606,651	-	-	-
Others	119,711	-	-	-
Total	4,162,301	11,638,655	1,719,455	2,726,849

Table 19c: Disclosure on Impaired loans, advances and financing by industry for Maybank Islamic

Group	Impaired loans, advances and financing RM'000	Past Due Loans RM'000	Individual Allowance RM'000	Collective Allowance RM'000
As at 31.12.2013				
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**
As at 31.12.2012				
Agriculture	11,277	-	-	-
Mining & quarrying	-	-	-	-
Manufacturing	99,832	-	-	-
Construction	33,028	-	-	-
Electricity, gas & water supply	250	-	-	-
Wholesale, retail trade, restaurants & hotels	44,062	-	-	-
Finance, insurance, real estate & business	35,480	-	-	-
Transport, storage & communication	117,575	-	-	-
Education, health & others	1,186	-	-	-
Household	174,815	-	-	-
Others	2,474	-	-	-
Total	519,979	6,537,142	94,176	595,517

CREDIT RISK

RETAIL PORTFOLIOS

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

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

AIRB coverage for Retail Portfolios

Currently the following material retail portfolios are under Retail IRB:

Basel II Retail Sub-portfolio Category	Maybank Retail Portfolios
Residential Mortgage	• Housing Loan (Malaysia & Singapore) • Other Property Based Loan (Malaysia) • Staff Housing Loan (Malaysia)
Qualifying Revolving Retail Exposure (QRRE)	• Credit Card (Malaysia & Singapore)
Other Retail	• Auto Loan (Malaysia & Singapore) • Unit Trust Loan (Malaysia) • Commercial Property Loan (Malaysia)

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

Retail Masterscale

A retail masterscale with mapping to PD and external ratings like S&P and RAM is used to promote a common risk language across the Group's retail portfolios as shown in the table below:

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

Other Risk Measurement for Retail Portfolios

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

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

Application Scorecard

With application scorecards, at the point of time when an applicant applies for the credit facility, each applicant is assigned a score that corresponds to the 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 pattern. A customer is able to utilise any portion of the granted limit and pay any amount of the outstanding balance. Due to the volatile nature of the product, a more robust risk measurement tool is required to manage the portfolio.

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

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

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

Tables 20 through 22 show the exposures by PD bands for Retail Portfolios of the Group, the Bank and MIB, respectively.

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 31.12.2013					
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 - 18.750	4,338,338	26.73	90.95	53,070	3,945,904
18.750 - 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 Exposure					
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 - 18.750	971,237	76.40	116.61	181,176	1,132,593
18.750 - 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 Exposure					
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 - 18.750	2,192,818	47.62	75.64	-	1,658,578
18.750 - 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 Exposure					
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 - 18.750	17,834,216	18.73	29.98	655,367	5,345,866
18.750 - 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
As at 31.12.2012					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	18,703,330	18.49	20.37	17,623	3,810,119
0.5900 - 3.3330	17,148,061	25.36	42.62	167,935	7,308,406
3.3330 - 18.750	3,391,868	28.11	86.55	68,480	2,935,520
18.750 - 100	947,785	20.60	107.82	1,532	1,021,898
100	327,379	70.60	73.24	4,359	239,780
Total for Residential Mortgages Exposures	40,518,423			259,929	15,315,723
Qualifying Revolving Retail Exposure					
0.0000 - 0.5900	4,200,753	78.62	13.63	2,532,552	572,501
0.5900 - 3.3330	2,963,663	77.20	40.83	1,059,095	1,210,147
3.3330 - 18.750	919,853	76.19	116.25	165,513	1,069,335
18.750 - 100	271,136	77.11	229.89	55,533	623,325
100	2,493	75.30	65.23	104	1,626
Total for Qualifying Revolving Retail Exposures	8,357,898			3,812,797	3,476,934
Hire Purchase Exposure					
0.0000 - 0.5900	26,686,288	51.42	25.37	-	6,771,021
0.5900 - 3.3330	6,656,792	49.02	57.86	-	3,851,727
3.3330 - 18.750	1,366,554	49.51	74.04	-	1,011,814
18.750 - 100	204,924	71.22	97.40	-	199,599
100	71,967	47.20	69.47	-	49,993
Total Hire Purchase Exposures	34,986,525			-	11,884,154
Other Retail Exposure					
0.0000 - 0.5900	15,563,353	27.89	20.40	833,169	3,174,881
0.5900 - 3.3330	22,341,525	21.09	25.52	3,187,475	5,701,268
3.3330 - 18.750	9,160,737	15.50	31.15	547,388	2,853,303
18.750 - 100	1,979,919	36.01	76.83	108,933	1,521,252
100	172,364	68.72	102.31	16,575	176,337
Total Other Retail Exposures	49,217,898			4,693,540	13,427,041
Total Retail Exposures	133,080,744			8,766,266	44,103,852

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 31.12.2013					
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 - 18.750	**2,759,729**	**20.81**	**77.60**	**25,119**	**2,141,625**
18.750 - 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 Exposure					
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 - 18.750	**899,120**	**78.17**	**117.23**	**177,826**	**1,054,025**
18.750 - 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 Exposure					
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 - 18.750	**1,150,488**	**46.53**	**74.59**	**-**	**858,166**
18.750 - 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 Exposure					
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 - 18.750	**6,333,138**	**21.90**	**37.07**	**358,399**	**2,347,391**
18.750 - 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**
As at 31.12.2012					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	12,503,569	13.86	8.88	15,012	1,111,146
0.5900 - 3.3330	15,582,428	22.39	34.86	101,355	5,432,388
3.3330 - 18.750	3,261,690	23.37	85.29	40,650	2,781,849
18.750 - 100	885,085	19.69	110.46	1,049	977,653
100	327,379	68.95	73.24	3,504	239,780
Total for Residential Mortgages Exposures	32,560,151			161,570	10,542,816
Qualifying Revolving Retail Exposure					
0.0000 - 0.5900	3,875,592	82.24	12.52	2,488,581	485,136
0.5900 - 3.3330	2,877,796	79.40	38.31	1,033,603	1,102,494
3.3330 - 18.750	917,557	77.37	115.97	161,494	1,064,101
18.750 - 100	270,921	79.22	229.94	54,191	622,963
100	2,493	75.30	65.23	104	1,626
Total for Qualifying Revolving Retail Exposures	7,944,359			3,737,973	3,276,320
Hire Purchase Exposure					
0.0000 - 0.5900	11,697,139	51.05	23.17	-	2,710,564
0.5900 - 3.3330	5,587,954	50.61	53.47	-	2,988,043
3.3330 - 18.750	1,361,622	46.41	73.81	-	1,004,993
18.750 - 100	151,315	45.44	111.34	-	168,475
100	71,967	94.41	69.47	-	49,993
Total Hire Purchase Exposures	18,869,997			-	6,922,068
Other Retail Exposure					
0.0000 - 0.5900	6,214,209	24.73	15.29	755,348	950,141
0.5900 - 3.3330	15,985,680	21.30	25.58	2,221,853	4,089,302
3.3330 - 18.750	8,453,746	16.34	26.85	390,168	2,269,693
18.750 - 100	1,930,025	35.81	76.68	71,185	1,480,015
100	172,364	70.63	102.31	11,777	176,337
Total Other Retail Exposures	32,756,024			3,450,331	8,965,488
Total Retail Exposures	92,130,531			7,349,874	29,706,692

Table 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 31.12.2013					
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 - 18.750	**1,578,608**	**32.66**	**114.30**	**27,951**	**1,804,279**
18.750 - 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 Exposure					
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 - 18.750	**72,117**	**74.63**	**108.95**	**3,350**	**78,568**
18.750 - 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 Exposure					
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 - 18.750	**1,042,331**	**48.70**	**76.79**	**-**	**800,412**
18.750 - 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 Exposure					
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 - 18.750	**11,501,078**	**15.55**	**26.07**	**296,968**	**2,998,475**
18.750 - 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**
As at 31.12.2012					
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	825,186	23.12	15.86	2,611	130,906
0.5900 - 3.3330	5,374,576	29.12	47.78	66,580	2,568,067
3.3330 - 18.750	1,453,416	33.44	117.81	27,830	1,712,302
18.750 - 100	242,396	23.22	130.94	483	317,387
100	62,700	72.26	70.57	855	44,245
Total for Residential Mortgages Exposures	7,958,274			98,359	4,772,907
Qualifying Revolving Retail Exposure					
0.0000 - 0.5900	132,536	74.63	10.76	43,970	14,267
0.5900 - 3.3330	192,625	74.63	37.95	25,492	73,098
3.3330 - 18.750	72,964	74.63	109.48	4,020	79,884
18.750 - 100	15,199	74.63	217.15	1,342	33,004
100	215	74.63	168.37	-	362
Total for Qualifying Revolving Retail Exposures	413,539			74,824	200,615
Hire Purchase Exposure					
0.0000 - 0.5900	12,112,354	51.31	20.41	-	2,471,879
0.5900 - 3.3330	2,876,794	53.81	55.22	-	1,588,578
3.3330 - 18.750	920,618	47.52	75.66	-	696,561
18.750 - 100	153,153	47.05	113.58	-	173,944
100	53,608	96.99	58.06	-	31,124
Total Hire Purchase Exposures	16,116,527			-	4,962,086
Other Retail Exposure					
0.0000 - 0.5900	865,197	34.47	21.62	77,820	187,060
0.5900 - 3.3330	8,483,948	19.50	24.02	965,623	2,037,680
3.3330 - 18.750	6,159,463	14.58	24.89	157,220	1,532,923
18.750 - 100	903,372	31.98	73.35	37,749	662,653
100	49,894	66.81	82.65	4,797	41,239
Total Other Retail Exposures	16,461,874			1,243,209	4,461,555
Total Retail Exposures	40,950,214			1,416,392	14,397,163

CREDIT RISK

INDEPENDENT MODEL VALIDATION

Use of models will give rise to model risk. To manage this risk, model validation is performed to assess whether the model is performing according to expectations.

At Maybank Group, all credit IRB models are subject to an independent validation by the Model Validation team. Model Validation's findings are presented to the technical committee known as Model Validation and Acceptance Committee ("MVAC") for deliberation and subsequently to the ERC for endorsement and RMC for approval. Similarly any new models and model revisions are presented and deliberated at MVAC prior to being tabled for approval.

Scope and Frequency of Model Validation

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

Model validation is conducted at two stages:

- Pre-implementation model validation which is conducted prior to launch of the model; and
- Post-implementation validation which must be carried out at least annually from the model implementation date or from the previous validation date. Where necessary, 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 standing and the type of product, facilities may be provided unsecured. Nevertheless, collateral is taken whenever possible to mitigate the credit risk assumed. The Group's general policy is to promote the use of credit risk mitigation, justified by commercial prudence and good practice as well as capital efficiency. The value of collateral taken is also monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The main types of collateral taken by the Group include cash, marketable securities, real estate, equipment, inventory and receivables. For IRB purposes, personal guarantees are not recognised as an eligible credit risk protection.

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

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

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

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

Table 23: Disclosure on Credit Risk Mitigation Analysis (SA 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 31.12.2013				
Credit Risk				
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 Mortgage	**1,574,779**	**-**	**-**	**1,281,066**
Higher Risk Assets	**312,107**	**-**	**-**	**-**
Other Assets	**7,372,343**	**-**	**-**	**-**
Securitisation Exposures	**262,117**	**-**	**-**	**-**
Equity Exposure	**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**
As at 31.12.2012				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	56,634,064	-	-	7,392,764
Public Sector Entities	1,797,557	-	11,143	3,484
Banks, Development Financial Institutions & MDBs	3,420,615	-	2,911	2,041,262
Insurance Cos, Securities Firms & Fund Managers	792,996	-	328	-
Corporates	34,251,637	29,575	997,431	24,666,270
Regulatory Retail	16,968,402	-	1,287,764	7,236,632
Residential Mortgage	2,301,724	-	-	2,294,919
Higher Risk Assets	458,029	-	-	-
Other Assets	7,552,034	-	-	2,783,005
Securitisation Exposures	296,629	-	-	-
Equity Exposure	108,742	-	-	-
Defaulted Exposures	2,150,396	-	1,951	286,928
Total On-Balance Sheet Exposures	126,732,825	29,575	2,301,528	46,705,264
Off-Balance Sheet Exposures				
OTC Derivatives	625,448	-	-	299,139
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	4,680,619	919	387,145	1,927,804
Defaulted Exposures	29	-	-	-
Total for Off-Balance Sheet Exposures	5,306,096	919	387,145	2,226,943
Total On and Off-Balance Sheet Exposures	132,038,921	30,494	2,688,673	48,932,207

CREDIT RISK

Table 24: Disclosure on Credit Risk Mitigation Analysis (SA 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 31.12.2013				
Credit Risk				
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**	**-**	**-**	**-**
Insurance Cos, Securities Firms & Fund Managers	**-**	**-**	**-**	**-**
Corporates	**12,551,812**	**38**	**53,164**	**8,390**
Regulatory Retail	**6,712,904**	**-**	**780,400**	**-**
Residential Mortgage	**897,431**	**-**	**-**	**790,115**
Higher Risk Assets	**244,562**	**-**	**-**	**-**
Other Assets	**8,160,526**	**-**	**-**	**-**
Securitisation Exposures	**262,117**	**-**	**-**	**-**
Equity Exposure	**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**
As at 31.12.2012				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	31,341,304	-	-	785,855
Public Sector Entities	1,128,923	-	7,125	-
Banks, Development Financial Institutions & MDBs	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	494	-	328	-
Corporates	14,051,035	29,569	92,452	8,015,971
Regulatory Retail	6,646,438	-	1,027,340	281,122
Residential Mortgage	889,835	-	-	889,835
Higher Risk Assets	252,582	-	-	-
Other Assets	8,538,938	-	-	275,363
Securitisation Exposures	296,629	-	-	-
Equity Exposure	173,615	-	-	-
Defaulted Exposures	190,556	-	650	58,948
Total On-Balance Sheet Exposures	63,510,349	29,569	1,127,895	10,307,094
Off-Balance Sheet Exposures				
OTC Derivatives	254,653	-	-	3,583
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	2,744,301	919	108,825	1,344,180
Defaulted Exposures	29	-	-	-
Total for Off-Balance Sheet Exposures	2,998,983	919	108,825	1,347,763
Total On and Off-Balance Sheet Exposures	66,509,332	30,488	1,236,720	11,654,857

Table 25: Disclosure on Credit Risk Mitigation Analysis (SA 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 31.12.2013				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**21,559,062**	**-**	**-**	**-**
Public Sector Entities	**1,010,456**	**245,855**	**1,732**	**-**
Insurance Cos, Securities Firms & Fund Managers	**-**	**-**	**-**	**-**
Corporates	**2,373,360**	**-**	**-**	**-**
Regulatory Retail	**1,483,441**	**-**	**189,338**	**-**
Residential Mortgage	**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**
As at 31.12.2012				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	16,867,117	-	-	-
Public Sector Entities	647,515	-	4,018	-
Insurance Cos, Securities Firms & Fund Managers	229	-	-	-
Corporates	961,929	7	4,406	543,441
Regulatory Retail	880,629	-	205,661	-
Residential Mortgage	510,664	-	-	510,664
Higher Risk Assets	36	-	-	-
Other Assets	892,925	-	-	-
Defaulted Exposures	6,294	-	1,006	2,899
Total On-Balance Sheet Exposures	20,767,338	7	215,091	1,057,004
Off-Balance Sheet Exposures				
OTC Derivatives	43,194	-	-	-
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	853,206	-	467	150
Total for Off-Balance Sheet Exposures	896,400	-	467	150
Total On and Off-Balance Sheet Exposures	21,663,738	7	215,558	1,057,154

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 31.12.2013				
Credit Risk				
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
As at 31.12.2012				
Credit Risk				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	57,631,179	-	-	-
Corporate Exposures	137,070,729	435,535	3,242,004	2,734,638
a) Corporates (excluding Specialised Lending and firm-size adjustments)	81,460,170	435,535	3,242,004	2,734,638
b) Corporates (with firm-size adjustment)	52,094,035	-	-	-
c) Specialised Lending (Slotting Approach)				
- Project Finance	3,516,524	-	-	-
Retail Exposures	123,089,904	312,324	-	-
a) Residential Mortgages	40,500,105	-	-	-
b) Qualifying Revolving Retail Exposures	4,544,108	-	-	-
c) Hire Purchase Exposures	34,089,521	-	-	-
d) Other Retail Exposures	43,956,170	312,324	-	-
Defaulted Exposures	2,816,747	32,455	2,419	60,510
Total On-Balance Sheet Exposures	320,608,559	780,314	3,244,423	2,795,148
Off-Balance Sheet Exposures				
OTC Derivatives	9,117,245	-	-	-
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	48,256,502	42,608	56,483	152,341
Defaulted Exposures	22,636	-	-	-
Total for Off-Balance Sheet Exposures	57,396,383	42,608	56,483	152,341
Total On and Off-Balance Sheet Exposures	378,004,942	822,922	3,300,906	2,947,489

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 31.12.2013				
Credit Risk				
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
As at 31.12.2012				
Credit Risk				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	56,739,292	-	-	-
Corporate Exposures	119,200,475	418,467	3,237,849	2,592,054
a) Corporates (excluding Specialised Lending and firm-size adjustments)	72,305,941	418,467	3,237,849	2,592,054
b) Corporates (with firm-size adjustment)	44,446,396	-	-	-
c) Specialised Lending (Slotting Approach)				
- Project Finance	2,448,138	-	-	-
Retail Exposures	83,953,051	296,096	-	-
a) Residential Mortgages	32,074,705	-	-	-
b) Qualifying Revolving Retail Exposures	4,205,587	-	-	-
c) Hire Purchase Exposures	18,798,030	-	-	-
d) Other Retail Exposures	28,874,729	296,096	-	-
Defaulted Exposures	2,435,799	30,741	2,419	60,510
Total On-Balance Sheet Exposures	262,328,617	745,304	3,240,268	2,652,564
Off-Balance Sheet Exposures				
OTC Derivatives	8,926,671	-	-	-
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	43,006,447	41,812	52,477	152,341
Defaulted Exposures	16,985	-	-	-
Total for Off-Balance Sheet Exposures	51,950,103	41,812	52,477	152,341
Total On and Off-Balance Sheet Exposures	314,278,720	787,116	3,292,745	2,804,905

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 31.12.2013				
Credit Risk				
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	**5,986,473**	**-**	**-**	**-**
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**
As at 31.12.2012				
Credit Risk				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	9,336,048	-	-	-
Corporate Exposures	17,951,852	17,068	4,155	142,583
a) Corporates (excluding Specialised Lending and firm-size adjustments)	9,235,827	17,068	4,155	142,583
b) Corporates (with firm-size adjustment)	7,647,639	-	-	
c) Specialised Lending (Slotting Approach)				
- Project Finance	1,068,386	-	-	-
Retail Exposures	38,509,521	16,227	-	-
a) Residential Mortgages	7,798,068	-	-	-
b) Qualifying Revolving Retail Exposures	338,521	-	-	-
c) Hire Purchase Exposures	15,291,491	-	-	-
d) Other Retail Exposures	15,081,441	16,227	-	-
Defaulted Exposures	380,948	1,714	-	-
Total On-Balance Sheet Exposures	66,178,369	35,009	4,155	142,583
Off-Balance Sheet Exposures				
OTC Derivatives	187,137	-	-	-
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	5,722,703	797	4,006	-
Defaulted Exposures	5,652	-	-	-
Total for Off-Balance Sheet Exposures	5,915,492	797	4,006	-
Total On and Off-Balance Sheet Exposures	72,093,861	35,806	8,161	142,583

CREDIT EXPOSURES SUBJECT TO SA APPROACH

The SA 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 SA Approach measures credit risk based on fixed risk-weights and is the least sophisticated of the capital calculation methodologies. The risk-weights applied under SA Approach is prescribed by BNM and is based on the asset class to which the exposure is assigned. For exposures subject to SA 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 SA 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 SA 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 31.12.2013													
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**
110%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**
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***
As at 31.12.2012													
0%	55,282,171	352,267	-	-	3,577	1,249,127	-	-	6,115,989		-	63,003,131	-
20%	404,294	649,656	1,381,595	-	198,509	-	-	-	82,584		-	2,716,638	543,328
35%	-	-	-	-	-	-	1,865,468	-	-		-	1,865,468	652,914
50%	92,144	-	1,746,825	-	692,022	8,005	337,622	-	593		-	2,877,211	1,438,605
75%	-	-	-	-	-	16,030,472	99,988	-	-		-	16,130,460	12,097,844
100%	1,701,666	829,210	551,291	870,518	35,565,799	156,430	10,338	-	1,421,917		91,748	41,198,917	41,198,917
150%	-	-	2,652	-	425,924	1,589,966	-	575,301	22,053		16,995	2,632,891	3,949,340
Total	57,480,275	1,831,133	3,682,363	870,518	36,885,831	19,034,000	2,313,416	575,301	7,643,136	296,629	108,743	130,424,716*	59,880,948*

* Total EAD and RWA without securitisation.

CREDIT RISK

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

	Exposures after Netting and Credit Risk Mitigation													
Risk-Weights	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing/ Investment RM'000	Securitisation RM'000	Equity RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
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***
As at 31.12.2012														
0%	30,725,262	243,031	-	-	3,577	1,042,452	-	-	4,886,417	-		-	36,900,739	-
20%	341,988	104,619	-	-	100,367	-	-	-	-	-		-	546,974	109,394
35%	-	-	-	-	-	-	521,758	-	-	-		-	521,758	182,614
50%	92,144	-	-	-	570,121	7,265	269,325	-	-	-		-	938,855	469,427
75%	-	-	-	-	-	5,970,399	99,987	-	-	-		-	6,070,386	4,552,790
100%	274,759	803,935	-	77,333	15,687,913	8,656	3,793	-	3,743,783	-		156,620	20,756,792	20,756,792
150%	-	-	-	-	67,715	300	-	367,817	-	-		16,995	452,827	679,241
Total	31,434,153	1,151,585	-	77,333	16,429,694	7,029,072	894,863	367,817	8,630,200	-	296,629	173,615	66,188,331*	26,750,258*

* Total EAD and RWA without securitisation.

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

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

* Total EAD and RWA without securitisation.

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 31.12.2013						
On and Off-Balance Sheet Exposures						
1 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**
As at 31.12.2012						
On and Off-Balance Sheet Exposures						
1 Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	352,267	649,656	-	-	829,210	1,831,133
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	870,518	870,518
Corporates	3,577	198,509	692,022	425,924	35,565,799	36,885,831
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	55,282,171	404,294	92,144	-	1,701,666	57,480,275
C) Ratings of Banking Institutions						
Banks, MDBs and FDIs	-	1,381,595	1,746,825	2,652	551,291	3,682,363
Total Exposures	55,638,015	2,634,054	2,530,991	428,576	39,518,484	100,750,120

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 31.12.2013						
On and Off-Balance Sheet Exposures						
1 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	**1,530,623**	**1,080,222**	**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**
As at 31.12.2012						
On and Off-Balance Sheet Exposures						
1 Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	243,031	104,619	-	-	803,935	1,151,585
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	77,333	77,333
Corporates	3,577	100,367	570,121	67,715	15,687,913	16,429,693
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	30,725,262	341,988	92,144	-	274,759	31,434,153
Total Exposures	30,971,870	546,974	662,265	67,715	16,843,940	49,092,764

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 31.12.2013						
On and Off-Balance Sheet Exposures						
1 Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	**247,595**	**626,046**	**-**	**-**	**222,898**	**1,096,539**
Insurance Cos, Securities Firms & Fund Managers	**-**	**-**	**-**	**-**	**-**	**-**
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**
As at 31.12.2012						
On and Off-Balance Sheet Exposures						
1 Rated Exposures						
A) Ratings of Corporate:						
Public Sector Entities	109,236	541,553	-	11,145	-	661,934
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	1,657	1,657
Corporates	-	-	-	-	1,081,313	1,081,313
B) Ratings of Sovereigns and Central Banks:						
Sovereigns and Central Banks	17,554,811	62,305	-	-	-	17,617,116
Total Exposures	17,664,047	603,858	-	11,145	1,082,970	19,362,020

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 the 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 with other forms of credit risk is that the value of the underlying contract in the future is uncertain and maybe positive or negative depending on the value of all future cashflows.

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"). These exposures are actively monitored to protect the Group's balance sheet in the event of counterparty default. The Group monitors and manages its exposures to counterparties on a day-to-day basis.

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 BNM guidelines and Basel II requirements.

Credit Risk Mitigation

To mitigate counterparty credit risks, the Group adopts credit risk mitigation methods using bilateral netting and collateral netting. The Group typically engages with entities of strong credit quality and a comprehensive approach of limit setting by trade level, counterparty level 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 the counterparty (derivative assets and liabilities) are settled on a net basis or offset.

The ISDA Master Agreement is used for documenting OTC derivative transactions 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.

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 31.12.2013			
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**	**653,222**
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**	**1,951,0076**
- 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**
As at 31.12.2012			
Direct credit substitutes	9,630,321	9,330,230	5,923,432
Transaction related contingent items	12,507,481	6,086,424	4,548,217
Short term self liquidating trade related contingencies	4,866,380	968,455	702,003
NIFs and obligations under an ongoing underwriting agreement	30,000	15,000	3,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	798,196	411,598	50,963
Foreign exchange related contracts	170,105,729	7,069,561	2,856,296
- One year or less	88,143,896	1,897,261	520,511
- Over one year to five years	63,778,648	3,119,888	1,444,007
- Over five years	18,183,185	2,052,412	891,778
Interest/profit rate related contracts	41,079,672	2,385,332	770,938
- One year or less	24,701,618	550,359	199,287
- Over one year to five years	16,104,820	1,824,999	569,365
- Over five years	273,234	9,974	2,286
Commodity contracts	-	-	-
- One year or less	-	-	-
- Over one year to five years	-	-	-
- Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,779,967	20,418,739	8,169,932
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	23,567,299	15,352,562	9,652,404
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	27,403,696	271,032	63,766
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	578,462	115,692	86,888
Total	326,347,203	62,424,625	32,827,839

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 31.12.2013			
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**
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**
As at 31.12.2012			
Direct credit substitutes	8,455,342	8,168,415	5,193,382
Transaction related contingent items	10,620,361	5,156,128	3,749,803
Short term self liquidating trade related contingencies	4,130,112	821,410	574,337
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	650,330	263,732	21,390
Foreign exchange related contracts	167,946,656	6,918,110	2,750,638
- One year or less	86,733,931	1,848,562	505,478
- Over one year to five years	63,050,929	3,019,275	1,354,451
- Over five years	18,161,796	2,050,273	890,709
Interest/profit rate related contracts	36,201,906	2,113,314	6,189,754
- One year or less	24,065,323	513,495	2,057,781
- Over one year to five years	11,863,349	1,589,845	4,129,687
- Over five years	273,234	9,974	2,286
Commodity contracts	-	-	-
- One year or less	-	-	-
- Over one year to five years	-	-	-
- Over five years	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	30,916,957	17,858,307	7,406,546
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	20,229,080	13,300,347	8,313,711
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	18,377,624	233,629	40,958
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	578,462	115,692	86,888
Total	298,106,830	54,949,084	34,327,407

Table 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 31.12.2013			
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**
As at 31.12.2012			
Direct credit substitutes	786,803	773,639	519,972
Transaction related contingent items	1,083,954	528,713	506,466
Short term self liquidating trade related contingencies	127,152	25,222	16,097
Foreign exchange related contracts	1,003,290	33,499	8,169
- One year or less	1,003,290	33,499	8,169
- Over one year to five years	-	-	-
- Over five years	-	-	-
Interest/profit rate related contracts	4,559,103	198,593	145,288
- One year or less	600,000	568	153
- Over one year to five years	3,959,103	198,025	145,135
- Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,773,179	3,414,552	958,692
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,552,943	1,800,273	1,028,067
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,905,325	37,403	22,807
Total	16,791,749	6,811,894	3,205,558

MARKET RISK

The Group recognises market risk 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 Group sets risk appetite to provide a clear direction for the current and future business activities in undertaking market risk. Strategy level planning allows market risk policy to be defined clearly in a manner that supports the business strategies. A strong and comprehensive risk management structure is in place to drive the key guiding principles, practices and processes consistently across the Group, as illustrated below:

RMC is the overall risk oversight governing body. The management of market and liquidity risks is delegated to ERC and ALCO, where the former defines the group standards and risk tolerance level and the latter is responsible for the formulation and execution of both strategic and tactical actions to meet the risk and reward objectives of the Group.

Market risk, being one of the major risks associated in the Group's statement of financial position ("balance sheet") is managed distinctly according to the idiosyncratic characteristic of the portfolio. Generally, the Group manages the market risk of the Trading and Non Trading 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. These activities are held intentionally for short term resale and/or with the intention to benefit from actual or expected price movements or to lock in arbitrage profits.

Dealers are strictly prohibited from breaching the stop loss limits, Value-at-Risk ("VaR") limits and transacting any non-permissible instruments/activities as stipulated in the approved trading book policy and limits.

VaR limit controls 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 situations. The VaR model is backtested on a daily basis and is subject to a periodic independent validation to ensure it meets its intended use.

The Group also uses other non-statistical risk measures such as exposure to a one basis point increase in yield ("PV01") for managing portfolio sensitivity to market rate movements, Greek limits for managing options risk and stressed profit/loss for adverse impact to trading profit due to stress events. Notional limits such as net open position ("NOP") caps the foreign currency exposures while portfolio limits control the concentration exposures.

The trading exposures are subject to intraday limits, daily limits and robust escalation processes to designated authorities for prompt actions. Monthly reports are also escalated to Senior Management/Committee for further deliberation.

NON TRADED MARKET RISK

Non traded market risk is primarily inherent risk arising from the 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 arises 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 statement of financial position. Sources of IRR/RoR include repricing, basis, yield curve, optionality and price risk. In addition, Islamic operation is exposed to displaced commercial risk.

It is important to manage the IRR/RoR in the banking book as most of the statement of financial position items of the Group generate interest income and interest expense which are indexed to interest rates/profit rates. Accepting IRR/RoR is the normal part of banking and can be an important source of profitability and shareholders value. However, excesses of this risk can be detrimental to the Group's earnings, capital, liquidity and solvency.

With the supervision of ALCO, the lines of businesses are insulated from IRR/RoR through fund transfer pricing whereby the non traded market and liquidity risks are centralised at treasury/funding unit for active risk management and statement of financial position optimisation. The treasury/funding unit reviews the risk exposures regularly and recommends strategies to mitigate any unwarranted risk exposures in accordance to the non traded book policy statement.

Aligning to the budget cycle, the Group reviews and sets the maximum tolerance for earnings and capital based on a combination of techniques such as Earnings-at-Risk ("EaR"), Economic Value-at-Risk ("EVaR") and sensitivity measures to ensure the risk exposures are within the approved risk appetite.

Repricing gap analysis remains one of the building blocks for the IRR/RoR assessment for the Group. Through the business plans, the Group recognises the specific growth drivers that are vulnerable to the changes in current and forecasted market rate movements. Certain portfolios such as products with non-deterministic characteristics are also subject to a periodic statistical modelling 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)

	31.12.2013			31.12.2012		
	Group	Bank	MIB	Group	Bank	MIB
	±200bps RM'000	±200bps RM'000	±200bps RM'000	±200bps RM'000	±200bps RM'000	±200bps RM'000
Impact on Earnings of which,	503,021	546,871	108,977	561,401	567,145	(122,564)
MYR	222,428	331,556	108,977	529,163	651,728	(122,564)
USD	(33,358)	(79,877)	-	38,537	(25,600)	-
SGD	267,917	267,916	-	89,806	89,806	-
IDR	16,280	-	-	49,736	-	-
OTHERS*	29,754	27,276	-	(145,841)	(148,789)	-

Table 38b: Interest Rate Risk/Rate of Return Risk in the Banking Book for Maybank Group, Maybank and Maybank Islamic (Impact on Capital)

	31.12.2013			31.12.2012		
	Group	Bank	MIB	Group	Bank	MIB
	±200bps RM'000	±200bps RM'000	±200bps RM'000	±200bps RM'000	±200bps RM'000	±200bps RM'000
Impact on Capital of which,	4,660,351	3,668,596	1,005,182	2,684,634	2,007,847	809,645
MYR	4,001,583	2,996,368	1,005,182	2,026,318	1,216,637	809,645
USD	456,655	459,253	-	52,228	77,973	-
SGD	264,400	264,400	-	531,994	531,994	-
IDR	(17,786)	-	-	(106,493)	-	-
OTHERS*	(44,501)	(51,425)	-	180,587	181,243	-

Notes:
1. The sensitivity analyses above are not directly comparable with the sensitivity analyses in Note 48(d) to the financial statements which are prepared in accordance with MFRS 7 due to difference in the internal model and assumptions used for risk reporting.
2. * Inclusive of GBP, HKD, BND, VND, CNY, EUR, PHP, PGK and other currencies.
3. In comparison to financial year ended 31 December 2012, the sensitivity analyses factored in several enhancement and major activities, e.g. changes in methodologies for Behavioral Assumptions, maturity of hedges and shift in business portfolio.
4. EaR is the potential gain/loss against total earnings of the Bank while EVaR is the potential impact of economic value of the statement of financial position to the capital.

Foreign Exchange Risk in the Banking Book

Foreign exchange ("FX") risk arises from changes in foreign exchange rates or adverse movements/mismatches in currencies where the operating business is denominated in other than the functional currency of the Group.

FX risk exposures can be attributed to structural and non-structural positions. Structural FX positions are primarily net investments 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.

As a principle in the FX risk policy, 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 the FX risk, etc.

The FX risk is primarily assessed from both earnings and capital perspectives. The ALCO plays an active role in ensuring the FX risk is managed within the stipulated limits.

EQUITY EXPOSURES IN BANKING BOOK

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

- **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 of decrease in the particular investments arising from unfavourable movements in the stock market dynamics or other specific factors.

MARKET RISK

CAPITAL TREATMENT FOR MARKET RISK

At the Group and Global level, Maybank computes the minimum capital requirements against market risk as per BNM's updated guidelines for Capital Adequacy Framework (Basel II - Risk Weighted Assets) requirements under Standardised Approach and for MIB, BNM's updated guidelines for Capital Adequacy Framework for Islamic Bank (Risk-Weighted Assets) applies. This is imperative as capital serves as a financial buffer to withstand any adverse market risk movements. Interest rate risk, foreign currency risk and options risk are the primary risk factors experienced in the Group's Trading and Non Trading activities. Other risk factors such as commodity and equity are generally attributed to structured products which are transacted on a Back-to-Back basis.

Table 39: Market Risk RWA and Minimum Capital Charge at 8% for the Group, the Bank and MIB

Market Risk Categories As at 31.12.2013	Maybank Group		Maybank		Maybank Islamic	
	RWA RM'000	Capital RM'000	RWA RM'000	Capital RM'000	RWA RM'000	Capital RM'000
Interest/Benchmark Rate Risk	3,736,706	298,936	3,214,896	257,192	244,100	19,528
Foreign Currency Risk	3,648,000	291,840	1,786,449	142,916	485,412	38,833
Equity Risk	128,455	10,276	-	-	-	-
Commodity Risk	-	-	-	-	-	-
Options Risk	414,988	33,199	336,850	26,948	-	-

LIQUIDITY RISK MANAGEMENT

The Group defines liquidity risk as the adverse impact to the firm's financial condition or overall safety and soundness that could arise from its inability (or perceived inability) to meet its obligations.

The liquidity risk arises from mismatches in the timing of cash flows between assets and liabilities in the statement of financial position. It is also known as consequential risk, triggered by underlying problems which can be endogenous, e.g. credit risk deterioration, rating downgrades, operational risk events, etc; or exogenous, e.g. market disruption, default in the banking payment system and deterioration of sovereign risk.

Whilst the RMC sets the tone for liquidity risk appetite, the ERC and ALCO are executive management committees that are responsible for the overall operational implementation and controls that are guided by the approved liquidity risk management framework and policy.

The Group's statement of financial position is mainly driven by deposits provided by retail deposits, institutional clients and bank borrowings. Excess deposits generated by deposit driven businesses are either placed in short-term placements with central banks and financial institutions or held in high quality liquid assets. Liquidity ratio is maintained conservatively at all times.

Statement of financial position risk measures structurally maintain a diverse and stable funding base as well as achieve an optimal statement of financial position portfolio. These measures drive the desired targets for loans to deposits ratio, sources of funds through term borrowing, wholesale borrowing and swaps markets and so forth 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 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 Group reviews the sources of fund providers to maintain a wide diversification by currency, provider, product and term, thus minimising excessive funding concentration. A range of tools such as early warning signals and key risk indicators also complement the assessment of liquidity risk.

The Group runs liquidity stress scenarios to assess the areas of vulnerabilities and determines its funding capacity and adequacy for normal and stressed market situations. The Group continuously reviews and maintains the availability of unencumbered high quality liquid assets that can be easily sold or pledged as readily available sources of funds for immediate cash.

The Group activates Contingency Funding Plan ("CFP") to avert any potential liquidity disasters affecting its liquidity soundness and financial solvency. The CFP encompasses detailed planned funding strategies, decision-making authorities, communication channels and processes and courses of action for management to make prompt decisions. The plan is being tested regularly to ensure its effectiveness and robustness in response to different liquidity crisis scenarios.

In line with the leading practices, the Group is in preparation to meet the Basel III Liquidity Coverage Ratio ("LCR") compliance by 1 January 2015 while considering the requirements for the Net Stable Funding Ratio ("NSFR") which is only in effect from 1 January 2018.

OPERATIONAL RISK

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

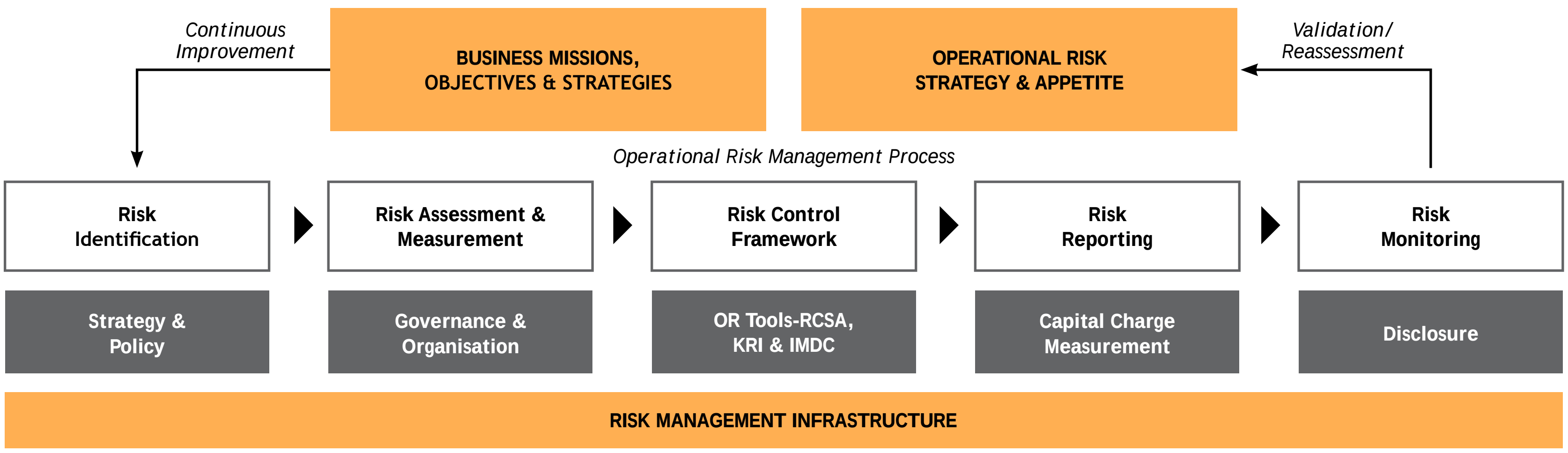
MANAGEMENT OF OPERATIONAL RISK

Group Operational Risk is responsible for the formulation and implementation of the operational risk framework within Maybank Group, which encompasses the operational risk management strategy and governance structure. Another key function is the development and implementation of operational risk management tools and methodologies to identify, measure, monitor and control operational risks.

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

Operational Risk Officers ("OROs") have been appointed within the various SBUs of Maybank Group and they are responsible for implementing and executing the operational risk management processes and tools. They are also responsible for the investigation of operational losses.

Business Risks have been established within key SBUs of Maybank Group and are responsible for driving the implementation of the operational risk management framework, policies, procedures and tools. 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 FRAMEWORK

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

OPERATIONAL RISK MANAGEMENT METHODOLOGIES AND TOOLS

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

Operational Risk Identification and Assessment

- Risk identification is the recognition of operational risk scenarios that may give rise to operational losses. For example, under Maybank Group's product approval programme, all risks inherent in new/enhanced products/services are identified prior to the launch of the products/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 risk taking units to identify inherent operational risks specific to their environment and assist them in assessing the effectiveness of controls in place.

Operational Risk Measurement and Monitoring

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

- **Risk & Control Self-Assessment ("RCSA")**

  RCSA is a process of continual assessment of inherent operational risks and controls to identify control gaps and to develop action plans to close the gaps. It is a risk-profiling tool which facilitates effective operational risk management for Maybank Group.

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

  The 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.

OPERATIONAL RISK

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

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

  SBUs monitor their risk exposures via KRIs and are required to develop specific and concrete action plans for those indicators that fall under 'Caution' and 'Alert'. OROs and the Business Risks assist the SBUs to develop and validate the KRIs to ensure appropriate thresholds are set.

  KRIs are tracked at Group, Business and Operating levels. The main sources of KRIs are from the periodic RCSA process, IMDC database, SBUs' experiences, internal/external audit findings and BNM examination findings.

- **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 MITIGATION AND CONTROL

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

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

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

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

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

  In line with the BCM Framework requirements, Business Continuity Plans ("BCP") were developed for all critical sectors including other countries. The BCP documents and exercises are reviewed on a yearly basis. The Maybank Group's Board also provides attestation on Maybank Group BCM's yearly performance and readiness.

  Apart from regular Crisis Simulation Exercise ("CSE") for each sector, Maybank Group has completed BCP Exercises for a total 16 countries. Additionally, Maybank Group has successfully conducted its BCP 'Live Run' Activation with the objective to test the BCM elements (People, Building, IT, Services and Reputation) without prior notification.

  The Group has also successfully conducted a liquidity event simulation exercise, i.e. Contingency Funding Plan ("CFP") testing in May 2013, involving the Group's Liquidity Event Management Committee ("LEMC") and various sectors including MIB. The exercise was designed to familiarise the LEMC and their alternates with their respective roles and responsibilities in the event of a financial crisis, as well as to gauge the operational effectiveness of the CFP. Similar exercises will be conducted in other countries.

  Another initiative to enhance the Group BCM Programme is BCM Automation. The BCM Automation will provide competitive advantages to Maybank Group as the first bank in Malaysia to implement a fully automated BCM process and this solution will be implemented regionally.

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

- **Outsourcing**

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

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

  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 develop effective fraud management approaches to deal with fraud incidences in a decisive, timely and systematic manner.

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

TREATMENT FOR OPERATIONAL RISK ("OR") CAPITAL CHARGE

OR Capital Charge is calculated using the Basic Indicator Approach ("BIA") as per the BNM's updated guidelines for Capital Adequacy Framework (Basel II - Risk Weighted Assets).

Maybank Group intends to adopt The Standardised Approach ("TSA") for OR Capital Charge calculation. The use of TSA is subject to BNM's approval.

For this purpose, the Group has mapped its business activities into the eight business lines as prescribed by Basel II and the BNM's updated guidelines for Capital Adequacy Framework (Basel II - Risk Weighted Assets).

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 Group Shariah Committee. Comprehensive compliance with Shariah principles will ensure stakeholders confidence in Islamic banking business activities and operations.

In accordance with BNM regulatory requirements, Maybank Group had implemented a comprehensive Shariah Governance Framework ("SGF") to ensure effective and efficient oversight by the Board of Directors, Board Committees and the Group Shariah Committee, on the business activities and operations of Islamic products and services carried out by the Group's Islamic banking businesses.

IMPLEMENTATION OF THE SHARIAH GOVERNANCE FRAMEWORK ("SGF")

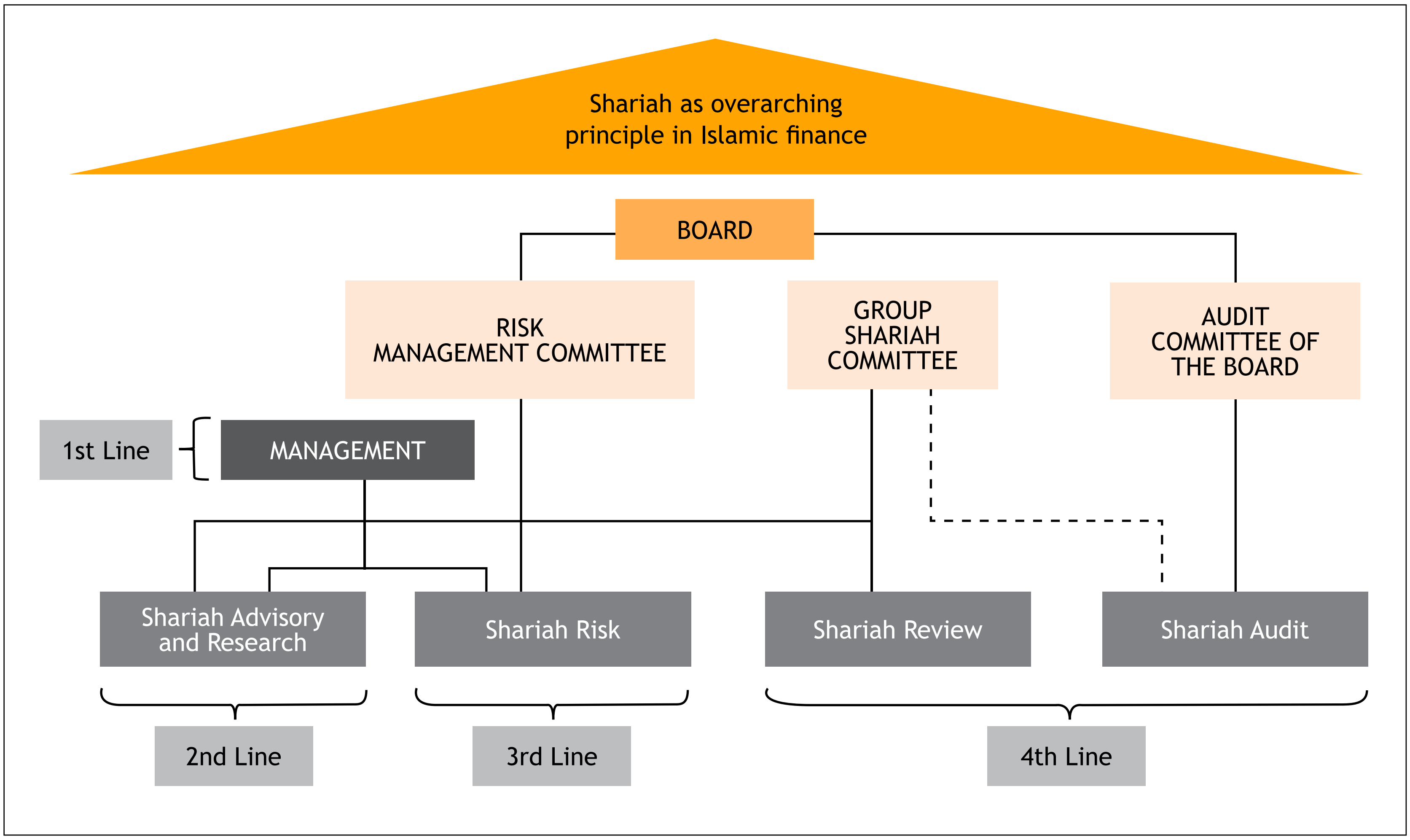
The implementation of the SGF is through the following approach:

- Broad oversight, accountability and responsibility of the Board of Directors, Group Shariah Committee and Board Committees;
- Oversight, guidance and observance by Executive Committees and the Shariah Working Committees; and
- Lines of defence as detailed in the table below:

1st Line	**Management and Business Units** • Provide adequate resources and capable manpower. • Identify and manage the risks inherent in the products, services and activities which they are responsible. • Create and enhance policies and operational process flow relating to the products offered. Acts as the key liaison person to various process owners for syndication prior to roll-out.
2nd Line	**Shariah Advisory and Research Function** • Ensures that all structures, terms & conditions, legal documentation and operational process flow & procedures are Shariah compliant.
3rd Line	**Shariah Risk Function** • Systematically identifies, measures, monitors and controls Shariah non-compliance risks to mitigate any possible non-compliance events.
4th Line	**Shariah Audit and Shariah Review Functions** • Provide an independent and periodical assessment to improve the degree of compliance in ensuring a sound and effective internal control system for Shariah compliance. • Ensure continuous review of processes and deliverables, as well as determining that such processes and outcomes satisfy the needs of Shariah principles.

The holistic representation of Maybank Group's SGF is as shown as below:

SHARIAH GOVERNANCE FRAMEWORK MODEL FOR THE GROUP



SHARIAH GOVERNANCE

GROUP SHARIAH COMMITTEE

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

- Advising the Board on Shariah matters in its business operations;
- Endorsing Shariah compliance policies and procedures;
- Endorsing and validating relevant documentations;
- Assisting related parties on Shariah matters for advice upon request;
- Assessing work carried out by Shariah Review, Shariah Compliance and Shariah Audit;
- Advising on matters to be referred to the SAC;
- Providing written Shariah opinion; and
- Assisting the SAC on reference for advice.

Name of Member	Designation
Tan Sri Dato' Seri Dr. Hj. Harussani Hj. Zakaria	Chairman
Dr. Mohammad Deen Mohd Napiah	Member
Dr. Ismail Mohd @ Abu Hassan	Member
Associate Professor Dr. Ahcene Lahsasna	Member
Encik Sarip Adul	Member
Dr. Marjan Muhammad	Member
Dr. Mohamed Fairooz Abdul Khir	Member

RECTIFICATION PROCESS OF SHARIAH NON-COMPLIANT INCOME

The control structure for handling and reporting of Shariah non-compliance and potential Shariah non-compliance has been emplaced in the Group. As at 31 December 2013, based on the on-going review of the Group's operational activities, MIB has reported a sum of RM51,863.43 that need to be purified due to Shariah non-compliance activities whereby the amount had been fully channelled to charity.

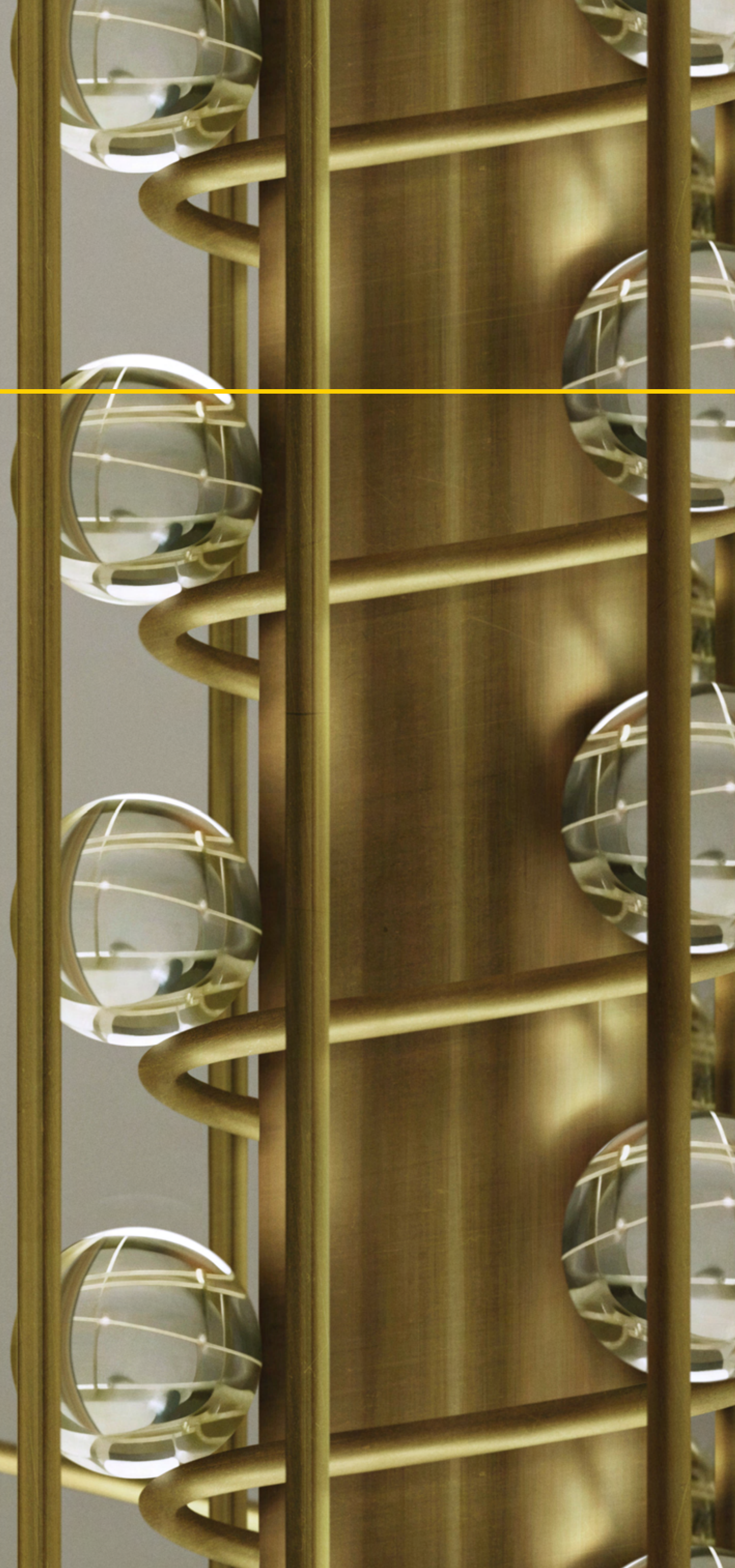
FORWARD-LOOKING STATEMENTS

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

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

This page has been intentionally left blank.



Raising the bar across Southeast Asia.

Alpha Southeast Asia Awards 2013
- Best Trade Finance Bank : Malaysia
- Best Cash Management Bank : Malaysia
- Best Retail Broker : Philippines, Thailand, Vietnam
- Best Institutional Broker : Philippines, Thailand

Asian Banking & Finance Wholesale Banking Awards 2013
- Malaysia Domestic Trade Finance Bank Of The Year

Global Finance World's Best Internet Bank Awards 2013
- Best Corporate/Institutional Internet Banks : Malaysia

The Asset Triple A Awards 2013
- Best Custodian by Country – Rising Star
- Best Islamic Trade Finance Bank
- Best Islamic Project Finance (Malakoff Tanjung Bin Energy)
- Best Islamic Equity (IHH Healthcare)
- Highly Commended – Best Islamic Equity (Felda Global Ventures)
- Best Local Currency Sukuk

Bloomberg Markets 2013
- 13th World's Strongest Bank

Euromoney Awards for Excellence 2013
- Best Bank in Malaysia

Asian Banker Leadership Achievement Awards 2013
- Best Managed Bank : Malaysia
- Leadership Achievement : Malaysia

Asiamoney Awards 2013
- Best Domestic Bank : Malaysia
- Best Debt House : Malaysia

Continuously innovating new ways to strengthen the partnerships we've built is at the heart of everything we do. In 10 Southeast Asian markets, Greater China and across our global network of 2,200 offices worldwide, Maybank's reputation for world's best systems, cross-border connectivity, client knowledge and developing innovative financial solutions won us over 140 awards in 2013 alone. Each one, a testimony to the strength of the relationships we have built with our 22 million customers, partners and stakeholders worldwide.

www.maybank.com

Humanising Financial Services Across Asia.

Maybank

Write-up on “Banking Regulation and Supervision” section of the Offering Circular

BANKING REGULATION AND SUPERVISION

The Bank is regulated by BNM, which was established on 26 January 1959 pursuant to the Central Bank of Malaya Ordinance, 1958 (now the Central Bank of Malaysia Act, 1958, which has been repealed by the Central Bank of Malaysia Act, 2009 on 25 November 2009) as the central bank of Malaysia. BNM is directly involved in the regulation and supervision of Malaysia's financial system. Its principal functions are to (i) act as a banker and financial adviser to the Government; (ii) issue currency and keep reserves to safeguard the value of the currency; (iii) promote monetary stability and a sound financial structure; (iv) influence the credit situation to the advantage of Malaysia; and (v) manage public debt, administer exchange controls, supervise and regulate banks (including subsidiaries of foreign banks incorporated in Malaysia), insurance companies and certain other financial intermediaries and deal with international monetary institutions.

BNM and the Minister of Finance of Malaysia (the **MOF**) have extensive powers under the Financial Services Act, 2013 (the **FSA**) and the Islamic Financial Services Act, 2013 (the **IFSA**). The FSA is the principal statute that sets out the laws for the licensing and regulation of institutions carrying on banking and the IFSA is the principal statute that sets out the laws for the licensing and regulation of institutions carrying on Islamic banking. In addition to the FSA and the IFSA, Malaysian licensed banks and Islamic banks are subject to guidelines issued by BNM from time to time.

The following discussion sets out information with respect to the some regulations of the banking industry in Malaysia:

Licensing and Limitation of Business Activities of Banks

Under the FSA, banking business, which is defined to include deposit taking and provision of financing, can only be conducted by an entity which has obtained a licence from the MOF on the recommendation of BNM under the FSA. Similarly, under the IFSA, Islamic banking business, which is generally defined as banking business carried out in accordance with Shariah, can only be conducted by an entity which has obtained a licence from the MOF on the recommendation of BNM under the IFSA.

Banks are also subject to a number of other restrictions on the operation of their business. Amongst others, a bank may not: (i) pay any dividend on its shares except with the prior written approval of BNM or where BNM has specified standards on prudential matters permitting the declaration of payments of any dividend; (ii) grant any credit facilities to any of its directors or officers except in accordance with the Connected Parties Guidelines (as defined below); (iii) establish or acquire a subsidiary in or outside Malaysia or acquire or hold any material interest in any other corporation without the prior written approval of BNM; and (iv) unless otherwise specified by BNM, establish or relocate an office (including a branch) in or outside Malaysia without the prior written approval of BNM.

Statutory Reserves

BNM requires Malaysian banks to maintain a sum equivalent to the Statutory Reserve Requirement ratio (**SRR**) in the form of non-interest bearing reserves with BNM. The SRR is currently set at 4.0 per cent. of total eligible liabilities.

Capital Adequacy Requirements

BNM has issued Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) (the **Frameworks**) which set out the capital adequacy requirements for conventional banks and Islamic banks respectively. The banks and Islamic banks are required to comply with the Frameworks from 1 January 2013.

The Frameworks specify that for the following years the ratios of the following categories of capital to the total risk weighted assets (RWA) shall be as follows:

Calendar Year	Core Equity Tier 1 Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015 onwards	4.5%	6.0%	8.0%

The total RWA shall be calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II – Risk Weighted Assets) or the Capital Adequacy Framework (Basel II – Risk Weighted Assets) for Islamic Banks, as the case may be.

Further, the Frameworks specify certain capital buffer requirements which must be complied with by 2019 with certain transitional arrangements.

Single Counterparty Exposure Limit

Banks are prohibited from extending credit facilities to a single counterparty (including the exposure to any group connected to such single counterparty) in excess of the prescribed percentage in relation to the capital funds of the bank, subject to certain exemptions. These are provided in the Guidelines on Single Counterparty Exposure Limit and the Guidelines on Single Counterparty Exposure Limit for Islamic Banks issued by BNM.

Lending to Connected Parties

Effective 1 January 2008, BNM revised the "Guidelines on Credit Transactions and Exposures with Connected Parties" and "Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks" (collectively as **Connected Parties Guidelines**) to provide greater flexibility for licensed institutions, including banks, to extend credit and make investments in the ordinary course of business to/in connected parties which are of good credit standing, while ensuring that connected parties, who by virtue of their positions which could potentially exert influence over the credit approval process, do not inappropriately derive more favourable terms and conditions than other loan customers. The Connected Parties Guidelines sets out the broad parameters and conditions relating to the conduct of such transactions with connected parties to ensure an appropriate level of prudence. It also outlines the roles and responsibilities of the management and the board of the licensed institution.

Corporate Appointments

Under the FSA or the IFSA (as the case may be), any appointment of chairman, director or chief executive officer of a bank or an Islamic bank must be with the prior approval of BNM. The legislations provide some qualification criteria for the appointments, including the person cannot be an undischarged bankrupt, must not have been convicted of a criminal offence relating to dishonesty or fraud under any law of any country and must have complied with the fit and proper requirements as may be specified by BNM.

Interest Rate Regulation

On 18 October 2013, BNM announced the introduction of a new interest rate framework. The new interest rate framework represents a change in the system of implementing monetary policy and promotes more efficient pricing by banking institutions. Under the new framework, each banking institution will now announce its own base lending rate (**BLR**) based on its cost structure and business strategies. Banking institutions will also no longer be subject to the maximum spread of 2.5 percentage points above BLR. However, to ensure that certain sectors have access to financing at reasonable costs, the prescribed lending rates for (i) special funds for small and medium enterprises, (ii) lending to priority sector and (iii) credit cards will be maintained.

On 19 March 2014, BNM announced that effective 2 January 2015, the base rate (**Base Rate**) will replace the BLR as the main reference rate for new retail floating rate loans. The Base Rate will be determined by the banking institutions' benchmark cost of funds and the SRR. Other components of loan pricing such as borrower credit risk, liquidity risk premium, operating costs and profit margin will be reflected in a spread above the Base Rate. The Base Rate will be used for new retail floating rate loans and the refinancing of existing loans extended from 2 January 2015 onwards. After the effective date, BLR based loans prior to 2015 will continue to be referenced against the BLR. However, when a banking institution makes any adjustments to the Base Rate, a corresponding adjustment to the BLR will also be made. As such, banking institutions would be required to display both their Base Rate and BLR at all branches and websites.

Exchange Control Policy

Malaysia has historically maintained a liberal system of exchange controls. Prior to September 1998, the few exchange control rules that were in place were aimed at monitoring the settlement of payments and receipts for compilation of balance of payments statistics and to ensure that funds raised abroad were channelled to finance productive investments in Malaysia which either directly or indirectly generate foreign exchange.

On 1 September 1998, the Government introduced a series of selective exchange control measures. These measures were designed to eliminate the internationalisation of the Ringgit to contain speculation and to stabilise short-term capital flows. On 2 September 1998, the exchange rate was fixed at RM3.80 to U.S.$1.00. With effect from 22 July 2005, the exchange rate had been allowed to operate in a managed float by BNM with its value being determined by various economic factors. BNM will monitor the exchange rate against a currency basket.

BNM has also introduced several exchange control liberalisation measures since then. Exchange control regulations in most parts are now set out in the Foreign Exchange Administration Notices issued by BNM.

Priority Sector Lending Guidelines

There are currently three priority sector lending guidelines issued by BNM which are applicable to commercial banks, including the Bank. These are (i) loans for houses costing up to RM100,000 (for Peninsular Malaysia) and an additional 20.0 per cent. on the value of houses for the states of Sabah and Sarawak, (ii) lending to SMEs and Bumiputera SMEs; and (iii) agriculture financing. The housing loan lending guideline is to ensure that financing of home ownership is available to lower income groups. The prescribed interest rate on such loans is Base Lending Rate (**BLR**) plus 1.75 per cent. The guidelines on lending to SMEs aim to provide financial assistance to SMEs, including Bumiputera SMEs, to obtain financing for their business operations. The guideline for Bumiputera SMEs lending is to ensure a minimum level of loans is extended to this community. For this lending guideline, SME is defined as domestic business enterprises under three sectors, these being manufacturing (including agro-based and manufacturing related services), primary agriculture and the services sector (including information and communications technology) where the number of full-time employees must not be more than 150, 50 and 50 employees, respectively or annual sales turnover must not exceed RM25 million, RM5 million and RM5 million, respectively. The agriculture financing guideline will ensure the sector continues to have access to financing at reasonable cost. In this guideline, the agriculture sector refers to amongst others, agriculture (i.e. growing of crops, market gardening, horticulture, livestock farming, fisheries), agriculture related services and activities.

Powers of Enforcement

BNM has broad powers to enforce the FSA and the IFSA. In particular, where a bank is insolvent or is likely to become insolvent or is likely to become unable to meet all or any of its obligations, BNM may, with the prior approval of the MOF, by an order in writing assume control of the whole or part of the business, affairs or property of the bank, or appoint any person to do so on behalf of BNM. BNM may also make an application to the High Court for an order to appoint a receiver and manager to manage the whole or part of the business, affairs or property of the bank.

BNM also has the power to issue a direction of compliance to a bank, its director, chief executive officer or senior officer is committing or pursuing an unsafe act or unsound practice in conducting the business of the bank and/or has failed to manage its business and affairs in a manner that is consistent with sound risk management and good governance. If the bank, its director, chief executive officer or senior officer fails to comply with any such direction of compliance, it will be an offence and upon conviction, shall be liable to imprisonment for a term not exceeding 10 years or to a fine not exceeding RM50 million or both.

Inspections by BNM

BNM is empowered to examine, without any prior notice, the business and affairs of a bank and its offices, related corporations and agents in or outside Malaysia. For this purpose, BNM shall have access to the bank's documents including documents of title to its assets, all securities held by it in respect of its customers' transactions and investments held by it, cash, premises, apparatus, equipment or machinery, and the bank shall produce to BNM all such documents or cash, as BNM may require within such time as BNM may specify.

Deposit Insurance

Deposit insurance is a system established by the Government to protect depositors against the loss of their deposits in the event a member institution is unable to meet its obligations to depositors. As an integral component of an effective financial safety net, a deposit insurance system enhances consumer protection by providing explicit protection to depositors.

In Malaysia, the deposit insurance system was brought into effect in September 2005 and is managed by Perbadanan Insurans Deposit Malaysia (**PIDM**) or MDIC within the international context. PIDM/ MDIC is an independent statutory body established under the Malaysia Deposit Insurance Corporation Act 2005 (**PIDM Act**).

Benefits to insurance depositors include:

- PIDM insures depositors holding insured deposits with member institutions;
- deposit insurance is automatic;
- there are no direct costs to depositors for deposit insurance protection; and
- should a member institution fail, PIDM will promptly reimburse depositors up to the limit of the deposit insurance coverage provided under the PIDM Act.

Benefits to the financial system include:

- PIDM promotes public confidence in Malaysia's financial system by protecting depositors against the loss of their deposits;
- PIDM reinforces and complements the existing regulatory and supervisory framework by providing incentives for sound risk management in the financial system;
- PIDM minimises costs to the financial system by finding least cost solutions to resolve failing member institutions; and
- PIDM contributes to the stability of the financial system by dealing with member institution failures expeditiously and reimbursing depositors as soon as possible.

With effect from 31 December 2010, the Malaysia Deposit Insurance Corporation Act 2011 ("**2011 Act**") came into effect and replaced the PIDM Act.

The 2011 Act was enacted to implement an enhanced financial consumer protection package, whereby, amongst others, the deposit insurance limit was increased to RM250,000 per depositor per member bank. In addition, under the 2011 Act, foreign currency deposits will now benefit from deposit insurance protection.

The 2011 Act widens PIDM's mandate, roles and responsibilities, and provide it with a wider toolkit to fulfil its mandate to protect depositors in the event of a member institution failure.