

**MAYBANK ISLAMIC BERHAD**  
**(787435-M)**  
**(Incorporated in Malaysia)**

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Income derived from investment of depositors' funds	A21	770,905	554,931	770,905	554,931
Income derived from investment of shareholder's funds	A22	42,503	41,961	42,503	41,961
Allowance for losses on financing and advances	A23	(30,220)	(4,096)	(30,220)	(4,096)
Profit equalisation reserve		-	(41,929)	-	(41,929)
Other expenses directly attributable to depositors & shareholders' fund		(17,104)	(7,067)	(17,104)	(7,067)
<b>Total distributable income</b>		<b>766,084</b>	543,800	<b>766,084</b>	543,800
Income attributable to the depositors	A24	(349,878)	(226,470)	(349,878)	(226,470)
<b>Total net income</b>		<b>416,206</b>	317,330	<b>416,206</b>	317,330
Overhead expenses	A25	(150,251)	(123,743)	(150,251)	(123,743)
Finance cost	A26	(10,579)	-	(10,579)	-
<b>Profit before taxation and zakat</b>		<b>255,376</b>	193,587	<b>255,376</b>	193,587
Taxation	A27	(60,678)	(47,553)	(60,678)	(47,553)
Zakat	A27	(4,506)	(1,544)	(4,506)	(1,544)
<b>Profit for the period</b>		<b>190,192</b>	144,490	<b>190,192</b>	144,490
<b>Profit attributable to :</b>					
Equity holders of the parent		<b>190,192</b>	144,490	<b>190,192</b>	144,490
<b>Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)</b>		<b>171.96</b>	130.64	<b>171.96</b>	130.64

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

**MAYBANK ISLAMIC BERHAD**  
**(787435-M)**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
<b>Profit for the period</b>	<b>190,192</b>	<b>144,490</b>	<b>190,192</b>	<b>144,490</b>
<b>Other comprehensive income:</b>				
Net gain on available-for-sale financial assets	37,259	36,731	37,259	36,731
Income tax relating to components of other comprehensive income	<u>(9,315)</u>	<u>(9,164)</u>	<u>(9,315)</u>	<u>(9,164)</u>
<b>Other comprehensive income for the period, net of tax</b>	<b><u>27,944</u></b>	<b><u>27,567</u></b>	<b><u>27,944</u></b>	<b><u>27,567</u></b>
<b>Total comprehensive income for the period, net of tax</b>	<b><u>218,136</u></b>	<b><u>172,057</u></b>	<b><u>218,136</u></b>	<b><u>172,057</u></b>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the parent	<u>218,136</u>	<u>172,057</u>	<u>218,136</u>	<u>172,057</u>

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011**

	Note	30 September 2011 RM'000	30 June 2011 RM'000
<b>ASSETS</b>			
Cash and short-term funds	A11	2,525,423	9,674,441
Deposits and placements with banks and other financial institutions	A12	489,912	460,595
Securities portfolio	A13	5,553,711	6,365,100
Financing and advances	A14	47,864,010	45,844,219
Derivative assets	A15	36,736	14,615
Other assets	A16	4,731,654	2,494,253
Statutory deposits with Bank Negara Malaysia		1,380,300	913,900
Deferred tax assets		166,626	160,844
<b>TOTAL ASSETS</b>		<b>62,748,372</b>	<b>65,927,967</b>
<b>LIABILITIES</b>			
Deposits from customers	A17	47,139,445	48,334,114
Deposits and placements of banks and other financial institutions	A18	5,131,482	6,022,612
Deposits and placements of holding company		5,028,431	5,319,114
Bills and acceptances payable		311,142	1,053,540
Derivative liabilities	A15	77,952	53,504
Other liabilities	A19	91,432	133,463
Provision for taxation and zakat		66,261	39,571
Subordinated Sukuk	A20	1,000,115	1,010,637
<b>TOTAL LIABILITIES</b>		<b>58,846,260</b>	<b>61,966,555</b>

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**CONDENSED FINANCIAL STATEMENT**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011**

	Note	30 September 2011 RM'000	30 June 2011 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>			
Share capital		110,600	110,600
Reserves		3,791,512	3,850,812
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>3,902,112</b>	3,961,412
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>62,748,372</b>	65,927,967
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	<b>21,587,481</b>	18,588,631
<b><u>CAPITAL ADEQUACY</u></b>	A29		
Based on credit, market and operational risk:			
<b>Basel II</b>			
<b><u>Before deducting proposed dividend:</u></b>			
Core capital ratio		9.58%	10.31% *
Risk-weighted capital ratio		12.34%	13.02% *
<b><u>After deducting proposed dividend:</u></b>			
Core capital ratio		9.58%	9.46%
Risk-weighted capital ratio		12.34%	12.17%

\* In arriving at the capital base used in the ratio calculations of the Bank, the proposed dividends for respective financial years were not deducted.

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

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

	Share capital RM'000	Share premium RM'000	Equity contribution from the holding company RM'000	Statutory reserve RM'000	Unrealised holding reserve/ (deficit) RM'000	Profit equalisation reserve RM'000	Distributable retained profits RM'000	Total equity RM'000
<b>At 1 July 2011</b>	110,600	2,488,400	1,697	147,338	10,720	-	1,202,657	3,961,412
Net profit for the period	-	-	-	-	-	-	190,192	190,192
Other comprehensive income	-	-	-	-	27,944	-	-	27,944
<b>Total comprehensive income for the period</b>	-	-	-	-	27,944	-	190,192	218,136
Dividend on ordinary shares	-	-	-	-	-	-	(311,892)	(311,892)
Reversal of PER under the previous guideline	-	-	-	-	-	-	34,456	34,456
Net transfer for the period (Note A19)	-	-	-	-	-	34,456	(34,456)	-
<b>At 30 September 2011</b>	<b>110,600</b>	<b>2,488,400</b>	<b>1,697</b>	<b>147,338</b>	<b>38,664</b>	<b>34,456</b>	<b>1,080,957</b>	<b>3,902,112</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

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

	Share capital RM'000	Share premium RM'000	Equity contribution from the holding company RM'000	Statutory reserve RM'000	Unrealised holding reserve/ (deficit) RM'000	Distributable retained profits RM'000	Total equity RM'000
<b>At 1 July 2010</b>							
- as previously stated	110,600	2,488,400	1,697	147,338	17,740	531,586	3,297,361
- effect of adopting FRS 139	-	-	-	-	(5,882)	45,627	39,745
<b>At 1 July 2010, as restated</b>	110,600	2,488,400	1,697	147,338	11,858	577,213	3,337,106
Net profit for the period	-	-	-	-	-	144,490	144,490
Other comprehensive income	-	-	-	-	27,567	-	27,567
<b>Total comprehensive income for the period</b>	-	-	-	-	27,567	144,490	172,057
<b>At 30 September 2010</b>	110,600	2,488,400	1,697	147,338	39,425	721,703	3,509,163

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	<b>30 September 2011 RM'000</b>	<b>30 September 2010 RM'000</b>
Profit before taxation and zakat	<b>255,376</b>	193,587
Adjustments for non-cash items		
Allowances for losses on financing and advances	<b>53,360</b>	18,387
Amortisation of premium less accretion of discount	<b>1,454</b>	(199)
Profit equalisation reserves	-	(41,929)
Losses on revaluation of derivatives	<b>15,353</b>	762
Unrealised losses/(gains) on revaluation of securities held-for-trading	<b>345</b>	(1,265)
Gains on sale of securities available-for-sale	<b>(9,193)</b>	(10,605)
Gains on sale of securities held-for-trading	<b>(1,328)</b>	(853)
Gains on foreign exchange translations	<b>(6,829)</b>	(161)
Operating profit before working capital changes	<b>308,538</b>	157,724
Changes in working capital:-		
Net changes in operating assets	<b>(3,971,240)</b>	(2,127,159)
Net changes in operating liabilities	<b>(3,442,040)</b>	696,816
Tax expense and zakat paid	<b>(44,276)</b>	(69,593)
Net cash used in from operations	<b>(7,149,018)</b>	(1,342,212)
Net change in cash and cash equivalents	<b>(7,149,018)</b>	(1,342,212)
Cash and cash equivalents at beginning of period	<b>9,674,441</b>	5,817,989
Cash and cash equivalents at end of period	<b>2,525,423</b>	4,475,777
Cash and cash equivalents comprise :		
Cash and short-term funds	<b>2,525,423</b>	4,475,777

**(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)**

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**Explanatory Notes**

**PART A – Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) and Revised Guidelines on Financial Reporting for Licensed Islamic Banks (BNM/GP8-i) Issued by Bank Negara Malaysia**

**A1. Basis of Preparation**

The unaudited condensed interim financial statements for the first financial quarter ended 30 September 2011 of Maybank Islamic Berhad (“MIB” or “the Bank”) have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading and available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Bank Negara Malaysia Guidelines (BNM/GP8-i) and the principles of Shariah. The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011. The explanatory notes attached provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the year ended 30 June 2011.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the audited financial statements for the year ended 30 June 2011, except for the adoption of the following Financial Reporting Standards (“FRSs”), amendments to FRSs, IC Interpretations and Technical Release (“TR”):

- (i) Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
- (ii) Amendments to FRS 1 : Additional Exemptions for First-time Adopters
- (iii) Amendments to FRS 7: Improving Disclosures about Financial Instruments
- (iv) Amendments to FRSs (Improvements to FRSs (2010))
- (v) Amendments to IC Interpretation 13 : (Improvements to FRSs (2010))
- (vi) Amendments to IC Interpretation 14 : Prepayment of a Minimum Funding Requirement
- (vii) IC Interpretation 18 : Transfer of Assets from Customers
- (viii) IC Interpretation 4 : Determining Whether an Arrangement contains a Lease
- (ix) IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments
- (x) TR i-4: Shariah Compliant Sale Contracts

In addition to these, the Bank have also adopted BNM's Revised Guidelines for Profit Equalisation Reserve (“PER”) issued on May 2011 (“the Revised Guideline”). The Revised Guideline is effective for financial year beginning 1 July 2011 and is required to be applied prospectively. The Bank is in the process of obtaining the required approvals prior to implementing an alternative technique to manage the Displaced Commercial Risk as allowed under the Revised Guideline and currently accounts for PER as follows:

- (i) The creation of PER establishes an obligation to manage distribution to the Investment Account Holders (“IAH”) from a Shariah perspective. The PER of the IAH is classified as a liability and recognised at cost. The subsequent apportionments of profit to the IAH are recognised in the income statement. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH; and
- (ii) The PER of the Islamic Banking Institution (“IBI”) is allocated from retained profits and classified as a separate reserve in equity and is non distributable. Subsequent apportionments from and distributions to retained profits are treated as transfers between reserves.

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial statements of the Bank, except for the adoption of Revised Guideline on PER which resulted in changes in presentation of PER of the IAH and PER of the IBI.



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**A1. Basis of Preparation (contd.)**

The following new FRSS, amendments to FRS and IC Interpretations have been issued but are not yet effective, and have not been adopted by the Bank.

Effective for the financial periods beginning on or after 1 January 2012:

- (i) FRS 124 : Related Party Disclosures
- (ii) IC Interpretation 15: Agreements to the Construction of Real Estate

**A2. Significant Accounting Estimates and Judgments**

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

**(i) Fair Value Estimation of Securities held-for-trading (Note A13(iii)) and available-for-sale (Note A13(i)) and Derivative Financial Instruments (Note A15)**

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flows method.

**(ii) Deferred Tax and Income Taxes (Note A27)**

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 recognized based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice 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.

**(iii) Impairment Losses on Financing and Advances (Note A23)**

The Bank review its individually significant financing and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, judgment by management 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 Bank make judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Financing and advances that have been assessed individually and found not to be impaired and all individually insignificant financing and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the financing portfolio (such as credit quality, levels of arrears, credit utilisation, financing to collateral ratios etc.) and concentrations of risks (such as the performance of different individual groups).

**(iv) Impairment of Securities Portfolio Available-for-Sale and Held-to-Maturity**

The Bank review the Securities Portfolio specifically for Available-for-Sale and Held-to-Maturity and assess at each reporting date whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the assets are subject to impairment review.

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**A2. Significant Accounting Estimates and Judgments (contd.)**

**(iv) Impairment of Securities Portfolio Available-for-Sale and Held-to-Maturity (contd.)**

The impairment review comprises the following judgement made by Management:

- (i) Determination whether its investment is impaired following certain indicators or triggers such as, among 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.
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluates various factors, such as historical fair value movement and the significant reduction in fair value.

**A3. Auditors' Report on Proceeding Annual Financial Statements**

The auditors' report on the audited financial statements for the year ended 30 June 2011 was not qualified.

**A4. Seasonal or Cyclical Factors**

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the first financial quarter ended 30 September 2011.

**A5. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the first financial quarter ended 30 September 2011.

**A6. Changes in Estimates**

There were no material changes in estimates of amount reported in prior financial year that have a material effect in the first financial quarter ended 30 September 2011.

**A7. Issuance and Repayment of Debt and Securities**

There was no repayment of debt and equity securities during the first financial quarter ended 30 September 2011.

**A8. Dividends**

During the Annual General Meeting held on 28 September 2011, a final tax exempt (single-tier) in respect of the financial year ended 30 June 2011 of RM2.82 per share on 110,600,000 ordinary shares was approved by the shareholder. The dividend amounting to RM311,892,000 was paid on 29 September 2011.

The Directors do not recommend the payment of any dividend in respect of the first financial quarter ended 30 September 2011.

**A9. Subsequent Events to the Balance Sheet**

There were no material events subsequent to the balance sheet date that requires disclosure or adjustment to the unaudited condensed interim financial statements.

**A10. Related Party Transaction**

All related party transactions within the Maybank Group had been entered into in the normal course of business and were carried out on normal commercial terms.

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**A11. Cash and Short Term Funds**

	30 September 2011 RM'000	30 June 2011 RM'000
Cash and balances with banks and other financial institutions	1,539,170	1,515,309
Money at call and interbank placements with remaining maturity not exceeding one month	986,253	8,159,132
	<b>2,525,423</b>	<b>9,674,441</b>

**A12. Deposits and Placements with Banks and other  
Financial Institutions**

	30 September 2011 RM'000	30 June 2011 RM'000
Bank Negara Malaysia	145	337
Licensed banks	489,767	460,258
	<b>489,912</b>	<b>460,595</b>

**A13. Securities Portfolio**

	Note	30 September 2011 RM'000	30 June 2011 RM'000
Securities available-for-sale ("AFS")	(i)	4,894,353	5,920,574
Securities held-to-maturity ("HTM")	(ii)	172,442	171,893
Securities held-for-trading ("HFT")	(iii)	486,916	272,633
		<b>5,553,711</b>	<b>6,365,100</b>

**(i) Securities AFS**

	30 September 2011 RM'000	30 June 2011 RM'000
<b>At fair value</b>		
<b>Money market instruments:-</b>		
Cagamas bonds	179,980	183,997
Malaysian Government Investment Issues	2,944,757	3,696,550
Negotiable Islamic instruments of deposits	139,522	249,219
Bankers' acceptances and Islamic accepted bills	4,083	220,933
Khazanah bonds	243,800	236,252
Bank Negara Malaysia Sukuk Ijarah bonds	11,106	11,104
	<b>3,523,248</b>	<b>4,598,055</b>
<b>Unquoted securities :</b>		
Islamic private debt securities in Malaysia	1,371,105	1,322,519
	<b>1,371,105</b>	<b>1,322,519</b>
<b>Total securities AFS</b>	<b>4,894,353</b>	<b>5,920,574</b>

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**A13. Securities Portfolio (contd.)**

**(ii) Securities HTM**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
<b>At amortised cost less impairment losses</b>		
<b>Money market instruments:-</b>		
Malaysian Government Investment Issues	142,442	141,893
<b>Unquoted securities :</b>		
Islamic private debt securities in Malaysia	30,000	30,000
<b>Total securities HTM</b>	<b>172,442</b>	<b>171,893</b>

**(iii) Securities HFT**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
<b>At fair value</b>		
<b>Money market instruments:-</b>		
Malaysian Government Investment Issues	164,245	30,281
Bank Negara Malaysia Monetary Notes	322,671	242,352
	<b>486,916</b>	<b>272,633</b>
<b>Total securities HFT</b>	<b>486,916</b>	<b>272,633</b>

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**A14. Financing and Advances**

**(i) By type**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Cashline	1,940,678	2,019,756
Term financing		
- Housing financing	6,689,849	6,237,944
- Syndicated financing	55,787	59,566
- Hire purchase receivables	17,801,409	18,191,284
- Other term financing	40,581,273	37,380,736
Bills receivable	1,262	2,201
Trust receipts	180,076	170,724
Claims on customers under acceptance credits	3,413,540	3,647,214
Staff financing	832,211	780,325
Credit card receivables	320,131	307,454
Revolving credit	4,370,854	3,319,247
	<b>76,187,070</b>	<b>72,116,451</b>
Unearned income	<b>(27,405,395)</b>	<b>(25,341,649)</b>
Gross financing and advances <sup>^</sup>	<b>48,781,675</b>	<b>46,774,802</b>
Allowances for impaired financing and advances:		
- individual	<b>(309,985)</b>	<b>(354,688)</b>
- collective	<b>(607,680)</b>	<b>(575,895)</b>
Net financing and advances	<b>47,864,010</b>	<b>45,844,219</b>

<sup>^</sup> Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA"), an arrangement between the Bank and its parent, where the risks and rewards of the RPSIA are accounted by the parent, including allowances for impairment arising thereon, if any and the profit is shared based on pre-agreed ratios.

**(ii) By Shariah concepts**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Bai' Bithaman Ajil	18,493,419	17,721,184
Al-Ijarah Thumma Al-Bai (AITAB)	14,763,968	15,173,105
Murabahah	13,248,223	11,850,500
Musyarakah Mutanaqisah	1,849,695	1,625,386
Bai Al-Dayn	1,076	1,740
Al-Ijarah Muntahiyah Bi Tamleek	55,786	59,566
Other concepts	369,508	343,321
Gross financing and advances	<b>48,781,675</b>	<b>46,774,802</b>

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**A14. Financing and Advances (contd.)**

**(iii) By type of customers**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Domestic non-banking institutions	5,092,448	4,422,136
Domestic business enterprises		
- Small and medium enterprises	4,944,954	4,146,536
- Others	7,201,057	7,209,199
Government and statutory bodies	296,827	295,958
Individuals	30,494,546	29,987,306
Other domestic entities	9,295	9,454
Foreign entities in Malaysia	742,548	704,213
Gross financing and advances	<u>48,781,675</u>	<u>46,774,802</u>

**(iv) By profit rate sensitivity**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Fixed rate		
- House financing	2,575,084	2,669,618
- Hire purchase receivables	14,773,992	15,188,904
- Other financing	6,189,824	5,557,055
Floating rate		
- House financing	3,101,880	2,682,323
- Other financing	22,140,894	20,676,902
Gross financing and advances	<u>48,781,675</u>	<u>46,774,802</u>

**(v) By economic purpose**

	<b>30 September 2011</b>		<b>30 June 2011</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities		8,268,904		7,970,308
Purchase of transport vehicles	16,400,015		15,902,341	
Less: Hire purchase receivables sold to Cagamas	<u>(1,597,722)</u>	14,802,293	<u>(682,679)</u>	15,219,662
Purchase of landed properties				
- residential	6,838,712		6,385,360	
- non-residential	<u>1,038,471</u>	7,877,183	<u>901,487</u>	7,286,847
Personal use		928,569		864,967
Consumer durables		16		13
Construction		1,812,581		1,714,608
Working capital		14,486,802		13,128,013
Credit cards		320,131		307,454
Others		<u>285,196</u>		<u>282,930</u>
Gross financing and advances		<u>48,781,675</u>		<u>46,774,802</u>

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**A14. Financing and Advances (contd.)**

(vi) Maturity structure of financing and advances are as follows:

	30 September 2011 RM'000	30 June 2011 RM'000
Maturity within one year	6,930,401	7,200,343
One year to three years	1,823,053	1,501,244
Three years to five years	8,843,179	7,681,833
After five years	31,185,042	30,391,382
Gross financing and advances	<u>48,781,675</u>	<u>46,774,802</u>

(vii) Impaired financing and advances by economic purpose

	30 September 2011		30 June 2011	
	RM'000	RM'000	RM'000	RM'000
Purchase of securities		5,404		4,514
Purchase of transport vehicles		60,524		50,791
Purchase of landed properties				
- residential	185,454		201,824	
- non-residential	<u>16,784</u>	202,238	<u>22,981</u>	224,805
Personal use		16,252		12,101
Credit cards		6,507		4,884
Consumer durables		3		3
Construction		68,422		73,657
Working capital		515,305		557,794
Gross impaired financing and advances		<u>874,655</u>		<u>928,549</u>

(viii) Movement in impaired financing and advances

	30 September 2011 RM'000	30 June 2011 RM'000
At beginning of the year	928,549	1,155,639
Impaired during the period	140,589	770,551
Reclassified as non-impaired during the period	(73,801)	(440,130)
Recovered	(59,445)	(260,176)
Amount written off	(65,230)	(326,880)
Expenses debited to customers' accounts	3,993	29,545
At end of period	<u>874,655</u>	928,549
Less:		
- Individual allowance	<u>(309,985)</u>	<u>(354,688)</u>
Net impaired financing and advances	<u>564,670</u>	<u>573,861</u>

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**A14. Financing and Advances (contd.)**

**(viii) Movement in impaired financing and advances (contd.)**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Gross financing and advances (excluding RPSIA financing)	<b>48,131,675</b>	46,124,802
Less:		
- Individual allowance	<b>(309,985)</b>	<b>(354,688)</b>
Net financing and advances	<b>47,821,690</b>	<b>45,770,114</b>
Net impaired financing and advances as a percentage of net financing and advances	<b>1.18%</b>	1.25%

**(ix) Movement in the allowance for impaired financing and advances are as follows:**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
<u>Individual Allowance</u>		
At beginning of the year	<b>354,688</b>	473,823
Allowance made during the period	<b>14,766</b>	94,775
Amount written back in respect of recoveries	<b>(18,869)</b>	(41,822)
Amount written off	<b>(40,268)</b>	(165,650)
Transfer to collective allowance	<b>(332)</b>	(6,438)
At end of the period	<b>309,985</b>	<b>354,688</b>
	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
<u>Collective Allowance</u>		
At beginning of the year	<b>575,895</b>	713,938
Net allowance made during the period/year*	<b>56,415</b>	16,749
Amount written off	<b>(24,962)</b>	(161,230)
Transfer from individual allowance	<b>332</b>	6,438
At end of the period	<b>607,680</b>	<b>575,895</b>
As a % of gross financing and advances (excluding RPSIA financing) less individual assessment allowance	<b>1.27%</b>	1.26%

\* As at 30 September 2011, the gross exposure of the assets under the RPSIA is RM650.0 million (2011 : RM650.0 million) and the collective allowance relating to this RPSIA amounting RM1.6 million (2010 : RM1.8 million) is accounted for by the parent. There was no individual allowance made on this RPSIA financing by the Bank.



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**A15. Derivative Financial Instruments**

The following tables summarise the contractual or underlying principal amounts of derivatives financial instruments held at fair value through income statement and hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts of risk.

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

	30 September 2011			30 June 2011		
	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
<b><u>Trading derivatives</u></b>						
<u>Foreign exchange contracts:</u>						
Currency forwards						
- Less than one year	917,555	21,852	(21,717)	926,730	8,902	(8,792)
- More than 3 years	300,500	6,903	(6,903)	-	-	-
Currency spot						
- Less than one year	9,709	-	(18)	102,634	30	(70)
<u>Profit rate related contracts:</u>						
Profit rate options						
- Less than one year	314,900	6,012	(1,338)	573,300	2,431	(44,206)
- More than 3 years	150,000	1,581	(30,552)	-	-	-
	<b>1,692,664</b>	<b>36,348</b>	<b>(60,528)</b>	<b>1,602,664</b>	<b>11,363</b>	<b>(53,068)</b>
<b><u>Hedging derivatives</u></b>						
Profit rate swaps						
- one year to three years	1,450,000	388	(11,178)	1,600,000	3,252	(436)
- More than 3 years	350,000	-	(6,246)	-	-	-
	<b>1,800,000</b>	<b>388</b>	<b>(17,424)</b>	<b>1,600,000</b>	<b>3,252</b>	<b>(436)</b>
<b>Total derivative assets/(liabilities)</b>	<b>3,492,664</b>	<b>36,736</b>	<b>(77,952)</b>	<b>3,202,664</b>	<b>14,615</b>	<b>(53,504)</b>

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**A16. Other Assets**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Amount due from holding company	4,133,564	1,575,303
Handling fees	125,599	122,431
Prepayments and deposits	63,394	48,066
Others	409,097	748,453
	<b>4,731,654</b>	<b>2,494,253</b>

**A17. Deposits from Customers**

**i) By type of deposit**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
<u>Mudharabah Fund</u>		
Demand deposits	3,420,647	3,773,787
Savings deposits	448,413	423,089
General investment deposits	13,321,649	14,686,914
Negotiable instruments of deposits	331,514	242,829
	<b>17,522,223</b>	<b>19,126,619</b>
<u>Non-Mudharabah Fund</u>		
Demand deposits	5,288,868	5,647,616
Savings deposits	6,477,495	6,178,284
Fixed return investment deposits	17,401,661	16,839,011
Structured deposits *	449,198	542,584
	<b>29,617,222</b>	<b>29,207,495</b>
	<b>47,139,445</b>	<b>48,334,114</b>

\* Structured deposits represent Ringgit Malaysia time deposits with embedded foreign currency exchange option, commodity-linked time deposits and profit rate options.

**ii) By type of customer**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Business enterprises	19,172,579	19,636,727
Individuals	13,772,894	13,882,390
Government and statutory bodies	6,131,388	6,775,033
Others	8,062,584	8,039,964
	<b>47,139,445</b>	<b>48,334,114</b>

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**A18. Deposits and Placement of Banks and Other Financial Institutions**

	30 September 2011 RM'000	30 June 2011 RM'000
<u>Mudharabah Fund</u>		
Licensed banks	1,326,441	790,101
Other financial institutions	834,494	2,781,872
	<u>2,160,935</u>	<u>3,571,973</u>
<u>Non-Mudharabah Fund</u>		
Licensed banks	72,273	127,709
Other financial institutions	2,898,274	2,322,930
	<u>2,970,547</u>	<u>2,450,639</u>
	<u>5,131,482</u>	<u>6,022,612</u>

Included in the deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent amounting to RM650 million (30 June 2011:RM650 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.

**A19. Other Liabilities**

	Note	30 September 2011 RM'000	30 June 2011 RM'000
Profit equalisation reserve ("PER")	(i)	55,884	90,340
Sundry creditors		4,214	12,773
Deposit on trade financing		17,953	13,639
Provisions and accruals		13,381	16,711
		<u>91,432</u>	<u>133,463</u>

**(i) PER**

	30 September 2011 RM'000	30 June 2011 RM'000
At beginning of period	90,340	-
Transfer to Non-Distributable profit equalisation reserve	(34,456)	-
Provided during the period	-	90,750
Write back during the period	-	(410)
At end of period*	<u>55,884</u>	<u>90,340</u>

\* PER at the end of the first financial quarter of which the shareholder's portion is RMNil (30 June 2011: RM34.5 million).

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**A20. Subordinated Sukuk**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
RM1,000 million Islamic Subordinated Sukuk due in 2021	<b>1,000,115</b>	1,010,637

On 31 March 2011, the Bank issued RM1.0 billion nominal value Islamic Subordinated Sukuk ("the Sukuk") under the Shariah principle of Musyarakah. The Sukuk carries a tenure of 10 years from the issue date on 10 non-callable 5 basis, with a profit rate of 4.22% per annum payable semi-annually in arrears in March and September each year, and are due in March 2021. Under the 10 non-callable 5 basis feature, the Bank 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 Bank 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 the Bank except liabilities of the Bank which by their terms rank pari-passu in right and priority of payment with the Sukuk.

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**A21. Income derived from Investment of Depositors' Funds**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Income derived from investment of:				
i) General investment deposits	502,428	335,305	502,428	335,305
ii) Other deposits	268,477	219,626	268,477	219,626
	<b>770,905</b>	<b>554,931</b>	<b>770,905</b>	<b>554,931</b>

**i) Income derived from investment of general investment deposits**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Financing and advances	418,948	268,692	418,948	268,692
Money at call and deposit with financial institutions	27,355	18,980	27,355	18,980
Securities AFS	31,403	21,803	31,403	21,803
Securities HTM	1,004	976	1,004	976
Securities HFT	444	146	444	146
	<b>479,154</b>	<b>310,597</b>	<b>479,154</b>	<b>310,597</b>
Amortisation of premium less accretion of discounts	<b>(898)</b>	112	<b>(898)</b>	112
Total finance income and hibah	<b>478,256</b>	310,709	<b>478,256</b>	310,709
Other operating income :				
Fee income				
- Processing fees	270	116	270	116
- Commissions	11,876	10,805	11,876	10,805
- Service charges and other fees	11,018	6,867	11,018	6,867
Unrealised losses on revaluation of derivatives	<b>(9,483)</b>	(428)	<b>(9,483)</b>	(428)
Gains on sale of securities AFS	5,678	5,957	5,678	5,957
Gains on sale of securities HFT	821	479	821	479
Unrealised (losses)/gains on revaluation of securities HFT	<b>(213)</b>	710	<b>(213)</b>	710
Gains on foreign exchange:				
- Realised	4,189	90	4,189	90
- Unrealised	16	-	16	-
	<b>502,428</b>	<b>335,305</b>	<b>502,428</b>	<b>335,305</b>

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**A21. Income derived from Investment of Depositors' Funds (contd)**

**ii) Income derived from investment of other deposits**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Financing and advances	223,854	175,995	223,854	175,995
Money at call and deposit with financial institutions	14,617	12,432	14,617	12,432
Securities AFS	16,779	14,281	16,779	14,281
Securities HTM	536	639	536	639
Securities HFT	237	95	237	95
	<b>256,023</b>	203,442	<b>256,023</b>	203,442
Amortisation of premium less accretion of discounts	(480)	73	(480)	73
Total finance income and hibah	<b>255,543</b>	203,515	<b>255,543</b>	203,515
Other operating income :				
Fee income				
- Processing fees	144	76	144	76
- Commissions	6,345	7,077	6,345	7,077
- Service charges and other fees	5,887	4,498	5,887	4,498
Unrealised losses on revaluation of derivatives	(5,067)	(280)	(5,067)	(280)
Gains on sale of securities AFS	3,034	3,902	3,034	3,902
Gains on sale of securities HFT	438	314	438	314
Unrealised (losses)/gains on revaluation of securities HFT	(114)	465	(114)	465
Gains on foreign exchange:				
- Realised	2,238	59	2,238	59
- Unrealised	29	-	29	-
	<b>268,477</b>	219,626	<b>268,477</b>	219,626

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**A22. Income derived from Investment of Shareholder's Funds**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Financing and advances	35,440	33,626	35,440	33,626
Money at call and deposit with financial institutions	2,314	2,375	2,314	2,375
Securities AFS	2,657	2,729	2,657	2,729
Securities HTM	85	122	85	122
Securities HFT	38	18	38	18
	<b>40,534</b>	38,870	<b>40,534</b>	38,870
Amortisation of premium less accretion of discounts	(76)	14	(76)	14
Total finance income and hibah	<b>40,458</b>	38,884	<b>40,458</b>	38,884
Other operating income :				
Fee income				
- Processing fees	23	15	23	15
- Commissions	1,005	1,352	1,005	1,352
- Service charges and other fees	932	859	932	859
Unrealised losses on revaluation of derivatives	(802)	(54)	(802)	(54)
Gains on sale of securities AFS	480	746	480	746
Gains on sale of securities HFT	69	60	69	60
Unrealised (losses)/gains on revaluation of securities HFT	(18)	89	(18)	89
Gains on foreign exchange:				
- Realised	354	10	354	10
- Unrealised	2	-	2	-
	<b>42,503</b>	41,961	<b>42,503</b>	41,961

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**A23. Allowance for Impairment on Financing and Advances**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Allowance for impaired financing:				
Individual Allowance				
- made in the period	14,766	68,932	14,766	68,932
- written back	(18,869)	(19,570)	(18,869)	(19,570)
Collective Allowance	56,416	(32,076)	56,416	(32,076)
Impaired financing				
- written off	1,048	1,101	1,048	1,101
- recovered	(23,141)	(14,291)	(23,141)	(14,291)
	<u>30,220</u>	<u>4,096</u>	<u>30,220</u>	<u>4,096</u>

**A24. Income attributable to Depositors**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Deposits from customers				
- Mudharabah	103,014	93,740	103,014	93,740
- Non-Mudharabah	154,539	71,693	154,539	71,693
	<u>257,553</u>	<u>165,433</u>	<u>257,553</u>	<u>165,433</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah	91,612	60,330	91,612	60,330
- Non-Mudharabah	713	707	713	707
	<u>92,325</u>	<u>61,037</u>	<u>92,325</u>	<u>61,037</u>
	<u>349,878</u>	<u>226,470</u>	<u>349,878</u>	<u>226,470</u>



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**A25. Overhead Expenses**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	5,015	3,416	5,015	3,416
- Salaries, allowances and bonuses	3,545	2,602	3,545	2,602
- Pension costs	1,127	394	1,127	394
- Others	343	420	343	420
Establishment costs	398	358	398	358
- Rental of premises	294	143	294	143
- Information technology expenses	104	215	104	215
Marketing costs	562	1,033	562	1,033
- Advertisement and publicity	524	1,027	524	1,027
- Others	38	6	38	6
Administration and general expenses	144,276	118,936	144,276	118,936
- Fees and brokerage	3,717	3,775	3,717	3,775
- Administrative expenses	1,037	1,352	1,037	1,352
- General expenses	2,655	1,748	2,655	1,748
- Shared service cost paid/payable to Maybank	136,867	112,061	136,867	112,061
	<b>150,251</b>	<b>123,743</b>	<b>150,251</b>	<b>123,743</b>

**A26. Finance Cost**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Islamic subordinated sukuk	10,579	-	10,579	-

**A27. Taxation and Zakat**

The analysis of the taxation and zakat expense for the first financial quarter ended 30 September 2011 are as follows:

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	75,775	43,380	75,775	43,380
Deferred tax expense in relation to origination and reversal of temporary differences	(15,097)	4,173	(15,097)	4,173
Tax expense for the period	60,678	47,553	60,678	47,553
Zakat expense	4,506	1,544	4,506	1,544
	<b>65,184</b>	<b>49,097</b>	<b>65,184</b>	<b>49,097</b>

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**A28. Commitments and Contingencies and Off-Balance Sheet Financial Instruments**

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

The risk-weighted exposures of the Bank as at dates are as follows:

	As at 30 September 2011			As at 30 June 2011		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<b><u>Credit-related</u></b>						
Direct credit substitutes	322,540	322,540	206,065	258,825	258,825	153,932
Certain transaction-related contingent items	1,229,770	477,800	420,220	953,946	474,813	425,774
Short-term self-liquidating trade-related contingencies	142,119	20,270	20,362	103,689	20,696	14,814
Hire purchase financing sold to Cagamas Berhad	1,597,722	1,597,722	469,211	682,679	682,679	226,105
Irrevocable commitments to extend credit:						
- maturity within one year	13,059,391	691,769	295,386	11,800,348	173,764	58,462
- maturity more than one year	1,732,071	408,589	220,764	1,573,404	345,905	208,332
Miscellaneous	11,204	-	-	13,076	-	-
Total credit-related commitments and contingencies	<b>18,094,817</b>	<b>3,518,690</b>	<b>1,632,008</b>	<b>15,385,967</b>	<b>1,956,682</b>	<b>1,087,419</b>
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- less than one year	927,264	74,088	31,158	1,029,364	18,174	3,635
- one year to less than five years	300,500	-	-	-	-	-
Profit rate related contracts:						
- one year to less than five years	2,264,900	51,586	10,317	2,173,300	51,059	10,212
Total treasury-related commitments and contingencies	<b>3,492,664</b>	<b>125,674</b>	<b>41,475</b>	<b>3,202,664</b>	<b>69,233</b>	<b>13,847</b>
	<b>21,587,481</b>	<b>3,644,364</b>	<b>1,673,483</b>	<b>18,588,631</b>	<b>2,025,915</b>	<b>1,101,266</b>

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

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**A29. Capital Adequacy**

**(a) Compliance and Application of Capital Adequacy Ratios**

The Bank's ratios are computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II "RWCAF") as follows:

- (i) Credit risk under Internal-Ratings Based Approach
- (ii) Market risk under Standardised Approach
- (iii) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirement is 8% (2011: 8%) for the risk-weighted capital ratios.

**b) The capital adequacy ratios of the Bank are as follows:**

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
<b>Before deducting proposed dividend:</b>		
Core capital ratio	<b>9.58%</b>	10.31% *
Risk-weighted capital ratio ("RWCR")	<b>12.34%</b>	13.02% *
<b>After deducting proposed dividend:</b>		
Core capital ratio	<b>9.58%</b>	9.46%
Risk-weighted capital ratio ("RWCR")	<b>12.34%</b>	12.17%

\* In arriving at the capital base used in the ratio calculations of the Bank, the proposed dividends for respective financial years were not deducted.

There is no proposed dividend for the financial period quarter ended to 30 September 2011.

**Components of Tier I and Tier II capital:**

<u>Tier I capital</u>		
Paid-up share capital	<b>110,600</b>	110,600
Share premium	<b>2,488,400</b>	2,488,400
Other reserves	<b>1,039,800</b>	1,351,692
Less: Deferred tax assets <sup>1</sup>	<b>(160,844)</b>	(160,844)
Total Tier I capital	<b>3,477,956</b>	3,789,848
<u>Tier II capital</u>		
Subordinated sukuk	<b>1,000,000</b>	1,000,000
Collective allowance on non-impaired financing and advances	<b>92,733</b>	96,557
Total Tier II capital	<b>1,092,733</b>	1,096,557
Total capital	<b>4,570,689</b>	4,886,405
Less: Other deduction	<b>(91,300)</b>	-
Less: Excess of total EL over total EP <sup>2</sup>	-	(101,883)
Capital base	<b>4,479,389</b>	4,784,522

<sup>1</sup> Under Bank Negara Malaysia Guidelines, deferred tax are required to be excluded from Tier I capital.

<sup>2</sup> EL is defined as expected loss and EP is defined as eligible provision.

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**A29. Capital Adequacy (Contd.)**

The breakdown of Assets and Credit Equivalent values (for Off Balance Sheet items) according to Risk Weighted are as follows:

	<b>30 September 2011 RM'000</b>	<b>30 June 2011 RM'000</b>
Standardised Approach exposure	<b>2,955,873</b>	3,753,922
Internal Ratings Based Approach exposure after scaling factor	<b>27,138,528</b>	23,571,746
Total risk-weighted asset for credit risk	<b>30,094,401</b>	27,325,668
Total risk-weighted asset for credit risk absorbed by parent <sup>^</sup>	<b>(205,938)</b>	(206,402)
Total risk-weighted asset for market risk	<b>89,380</b>	149,810
Total risk-weighted asset for operational risk	<b>2,455,726</b>	2,334,044
Additional risk-weighted asset due to capital floor	<b>3,868,674</b>	7,154,554
Total risk-weighted assets	<b>36,302,243</b>	36,757,674

<sup>^</sup> 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 risk weighted capital ratio ("RWCR") calculation.

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**PART B – Review of Performance & Current Year Prospects**

**B1. Performance Review**

The Bank recorded a profit before tax and zakat of RM255.4 million for the quarter ended 30 September 2011, higher by RM61.8 million or 31.9% from that of previous year's corresponding quarter.

Total income of RM813.4 million grew by RM216.5 million or 36.3% from last year's corresponding period, comprising RM770.9 million income derived from investment of depositors' funds and RM42.5 million income derived from investment of shareholder's funds. Income attributable to depositors (including inter-bank) rose by RM123.4 million to RM349.9 million or 54.5% compared to that of previous year.

Overhead expenses jumped by RM26.5 million or 21.4% to RM150.3 million over the amount reported in the prior year on the back of higher shared services in tandem with overall business growth.

Allowance for losses on financing and advances increased from last year by RM26.1 million to RM30.2 million largely due to much higher provision required for Collective Allowances mainly due to increase in allowances provided for high risk accounts.

The Bank's total asset decreased by RM3.2 billion due to significant drop in cash and short term funds especially from placement with Bank Negara Malaysia.

Gross financing surged to RM48.8 billion, a growth of RM2.0 billion or 4% from 30 June 2011 largely from term financing portfolio. Total customer deposits clocked at RM47.1 billion, a fall of RM1.2 billion compared to RM48.3 billion recorded in last financial year ended 30 June 2011 due to major withdrawals from corporate accounts.

The Bank's core capital ratio and risk-weighted capital ratio (under Basel II) dropped to 9.58% and 12.34% respectively from 10.31% and 13.02% as at June 2011 due to expansion in asset size and lower shareholders' equity following payment of final dividend to the Parent Bank in the current quarter.

Net impaired financing stood at 1.18% as at 30 September 2011 as compared to 1.25% in June 2011 due to expansion in financing assets.

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**B2. Prospects**

The Bank, in line with the Group will change its financial year end from 30 June to 31 December, whereby the next financial period will be from 1 July to 31 December 2011, covering a six-month period.

For the current financial period ending 31 December 2011, the outlook for global economic growth remains negative with the prospect of a double dip recession in the developed countries especially the United States and European countries.

Notwithstanding the above, a moderate economic growth for Malaysia, Singapore and Indonesia with 2011 is expected and GDP is forecasted to grow 4.5%, 5.2% and 6.5% respectively. Hence, the Bank's business operations is expected to maintain its momentum growth. Nevertheless, the Bank remains mindful on further pressure on its margin due to continued competitive pricing for some portfolio segments.

The Bank will focus on implementing the various initiatives under its three strategic priorities namely, strategic alignment, innovation and compliance & risk; to continue putting the Bank on a much stronger footing reflecting its leadership position in the home market as well as its aspiration to expand Group Islamic services regionally.

Barring any unforeseen circumstances, the Bank projects its financial performance for the six-month period ending 31 December 2011 to achieve the targeted growth set for key areas given the stronger growth momentum in the next quarter.