

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

	Note	Quarter Ended		Cumulative 3 Months Ended*	
		31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Income derived from investment of depositors' funds	A22	830,706	618,895	830,706	618,895
Income derived from investment of shareholder's funds	A23	35,862	17,936	35,862	17,936
Allowance for losses on financing and advances	A24	38,443	(22,238)	38,443	(22,238)
Profit equalisation reserve		-	(16,307)	-	(16,307)
Other expenses directly attributable to depositors & shareholders' fund		(25,502)	(6,157)	(25,502)	(6,157)
Total distributable income		879,509	592,129	879,509	592,129
Income attributable to the depositors	A25	(415,866)	(264,446)	(415,866)	(264,446)
Total net income		463,643	327,683	463,643	327,683
Overhead expenses	A26	(168,664)	(135,295)	(168,664)	(135,295)
Finance cost	A27	(10,608)	(116)	(10,608)	(116)
Profit before taxation and zakat		284,371	192,272	284,371	192,272
Taxation	A28	(68,942)	(46,959)	(68,942)	(46,959)
Zakat	A28	(3,000)	(4,937)	(3,000)	(4,937)
Profit for the period		212,429	140,376	212,429	140,376
Profit attributable to :					
Equity holders of the parent		212,429	140,376	212,429	140,376
Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)		192.07	126.92	192.07	126.92

(These condensed financial statements should be read in conjunction with the audited financial statements for the period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

* (The Bank has changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 3 months results beginning 1 January 2011 to 31 March 2011 respectively.)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

	Quarter Ended		Cumulative 3 Months Ended*	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Profit for the period	212,429	140,376	212,429	140,376
Other comprehensive income/(loss):				
Net loss on available-for-sale financial assets	(5,398)	(13,105)	(5,398)	(13,105)
Income tax relating to components of other comprehensive income	1,372	3,276	1,372	3,276
Other comprehensive income/(loss) for the period, net of tax	(4,026)	(9,829)	(4,026)	(9,829)
Total comprehensive income for the period, net of tax	208,403	130,547	208,403	130,547
Total comprehensive income attributable to :				
Equity holders of the parent	208,403	130,547	208,403	130,547

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	31 March 2012 RM'000	31 December 2011 RM'000
ASSETS			
Cash and short-term funds	A12	10,515,745	9,419,350
Deposits and placements with banks and other financial institutions	A13	596,462	406,110
Securities portfolio	A14	7,537,625	8,262,282
Financing and advances	A15	50,876,779	49,939,551
Derivative assets	A16	42,280	28,198
Other assets	A17	4,815,541	3,943,593
Statutory deposits with Bank Negara Malaysia		1,926,300	1,834,800
Deferred tax assets		172,379	177,446
TOTAL ASSETS		76,483,111	74,011,330
LIABILITIES			
Deposits from customers	A18	60,205,692	58,740,632
Deposits and placements of banks and other financial institutions	A19	10,511,962	9,362,905
Bills and acceptances payable		324,635	501,753
Derivative liabilities	A16	113,098	96,179
Other liabilities	A20	96,357	109,688
Provision for taxation and zakat		134,788	80,305
Subordinated Sukuk	A21	1,000,231	1,010,723
TOTAL LIABILITIES		72,386,763	69,902,185

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	31 March 2012 RM'000	31 December 2011 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		110,600	110,600
Reserves		3,985,748	3,998,545
TOTAL SHAREHOLDER'S EQUITY		4,096,348	4,109,145
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		76,483,111	74,011,330
COMMITMENTS AND CONTINGENCIES	A29	24,161,892	22,744,187
<u>CAPITAL ADEQUACY</u>	A30		
Based on credit, market and operational risk:			
Basel II			
<u>Before deducting proposed dividend:</u>			
Core capital ratio		9.21%	9.89% *
Risk-weighted capital ratio		11.64%	12.61% *
<u>After deducting proposed dividend:</u>			
Core capital ratio		9.21%	9.32%
Risk-weighted capital ratio		11.64%	12.04%

* 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 FIRST QUARTER ENDED 31 MARCH 2012

<=====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
At 1 January 2012	110,600	2,488,400	1,697	147,338	47,381	34,456	1,279,273	4,109,145
Net profit for the period	-	-	-	-	-	-	212,429	212,429
Other comprehensive loss	-	-	-	-	(4,026)	-	-	(4,026)
Total comprehensive income/(loss) for the period	-	-	-	-	(4,026)	-	212,429	208,403
Dividend payable	-	-	-	-	-	-	(221,200)	(221,200)
Total transactions with shareholders	-	-	-	-	-	-	(221,200)	(221,200)
At 31 March 2012	110,600	2,488,400	1,697	147,338	43,355	34,456	1,270,502	4,096,348

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

<=====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
At 1 July 2010	110,600	2,488,400	1,697	147,338	11,858	577,213	3,337,106
Net profit for the period	-	-	-	-	-	297,958	297,958
Other comprehensive loss	-	-	-	-	(1,390)	-	(1,390)
Total comprehensive income/(loss) for the period	-	-	-	-	(1,390)	297,958	296,568
At 31 December 2010	110,600	2,488,400	1,697	147,338	10,468	875,171	3,633,674
At 1 January 2011	110,600	2,488,400	1,697	147,338	10,468	875,171	3,633,674
Net profit for the period	-	-	-	-	-	140,376	140,376
Other comprehensive loss	-	-	-	-	(9,829)	-	(9,829)
Total comprehensive income/(loss) for the period	-	-	-	-	(9,829)	140,376	130,547
At 31 March 2011	110,600	2,488,400	1,697	147,338	639	1,015,547	3,764,221

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

	31 March 2012 RM'000	31 March 2011 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	284,371	192,272
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	(13,878)	37,364
Amortisation of premium less accretion of discount	19,627	(938)
Profit equalisation reserves	-	16,307
Gains on revaluation of derivatives	(25,610)	(1,814)
Unrealised losses/(gains) on revaluation of securities held-for-trading	849	(337)
Gains on sale of securities available-for-sale	(15,529)	(4,365)
(Gains)/losses on sale of securities held-for-trading	(2,067)	389
Losses/(gains) on foreign exchange translations	3,228	(3,050)
Share options granted under ESS	201	-
Operating profit before working capital changes	251,192	235,828
Change in deposits and placements with banks and other financial institutions	(190,352)	(501)
Change in securities portfolio	716,379	(1,559,557)
Change in financing and advances	(923,350)	(4,350,363)
Change in derivative assets and liabilities	28,447	8,370
Change in other assets	(871,946)	(1,648,862)
Change in statutory deposits with Bank Negara Malaysia	(91,500)	16,000
Change in deposits from customers	1,465,060	9,712,437
Change in deposits and placements of banks and other financial institutions	1,145,829	991,852
Change in bills and acceptances payable	(177,119)	24,645
Change in other liabilities	(213,547)	(614,275)
Cash generated from operations	1,139,093	2,815,574
Taxes and zakat paid	(11,020)	(38,169)
Net cash generated from operating activities	1,128,073	2,777,405
Cash flows from financing activities		
Proceeds from issuance of subordinated sukuk	-	1,000,000
Profit paid for subordinated sukuk	(31,678)	-
Net cash (used in)/generated from investing activities	(31,678)	1,000,000
Net increase in cash and cash equivalents	1,096,395	3,777,405
Cash and cash equivalents at beginning of period	9,419,350	4,577,477
Cash and cash equivalents at end of period	10,515,745	8,354,882
Cash and cash equivalents comprise :		
Cash and short-term funds	10,515,745	8,354,882

(These condensed financial statements should be read in conjunction with the audited financial statements for the period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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Explanatory Notes

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first financial quarter ended 31 March 2012 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 MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Bank Negara Malaysia Guidelines (BNM/GP8-i) and the principles of Shariah, except for the comparative figures for income statements, statements of comprehensive income, statements of changes in equity and cash flows statements, in which the comparable interim period (i.e. the quarter ended 31 March 2011) is in respect of a comparable period in the preceding calendar year (and which is of the previous financial year of 30 June 2011), instead of the quarter ended 30 September 2011 of the immediately preceding financial period of 31 December 2011 as required under MFRS 134. The departure is mainly due to the Bank have changed their financial year-end from 30 June to 31 December in the last financial period. For the periods up to and including the six-month financial period ended 31 December 2011, the Bank prepared its financial statements in accordance with Financial Reporting Standards (“FRS”). These unaudited condensed interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board except for as mentioned above.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for six months period ended 31 December 2011. These 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 period ended 31 December 2011.

First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These are the Bank’s first unaudited condensed interim financial statements for part of the period covered by first MFRS framework annual financial statements of the Bank for the year ending 31 December 2012. MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied except for item (i) as described below.

As required by MFRS 1, the resulting adjustments arose from events and transactions before the date of transition to MFRS were recognised directly through retained earnings (or another category of equity, where appropriate) as at 1 July 2011 (the date of transition). This is the effect of the general principle underlying MFRS 1 which is to apply MFRSs retrospectively. There are some mandatory exceptions provided and some exemptions permitted by MFRS 1. The Bank’s first time adoption decisions regarding these exemptions are detailed below. Other optional exemptions available under MFRS 1, which are not discussed here, are not applicable to the Bank.

(i) Designation of previously recognised financial instruments

MFRS 1 allows a first-time adopter to designate eligible financial assets as available-for-sale at the date of transition.

The Bank is currently assessing and obtaining feedback from the regulator and the auditors to decide whether to adopt the option to re-designate certain of its previously recognised held-to-maturity securities as available-for-sale securities at the transition date of 1 July 2011. The Bank expects to be in the position to make a decision before the end of the financial year ending 31 December 2012.

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A1. Basis of Preparation (contd.)

Explanation of how the transition from FRS to MFRS affects the Bank's financial position, financial performances and cash flows will be set out in the Bank's interim report and financial statements for the financial year ending 31 December 2012 after the assessments of the options and exemptions stated above are completed and the decisions have been made. The explanation will include reconciliations of equity, profit or loss and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS is expecting not to have a material impact on the statement of cash flows.

Estimates

The estimates at 1 July 2011 and at 31 December 2011 are consistent with those made for the same dates in accordance with FRS. The estimates used by the Bank to present these amounts in accordance with MFRS reflect conditions at 1 July 2011, the date transition to MFRS and as of 31 December 2011.

A2. Significant accounting policies

The audited financial statements of the Bank for the six-month financial period ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for financial period ended 31 December 2011 except for those exemptions elected as discussed in Note A1 above.

A3. Significant Accounting Estimates and Judgements

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 A14(iii)) and available-for-sale (Note A14(i)) and Derivative Financial Instruments (Note A16)

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 A28)

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.

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A3. Significant Accounting Estimates and Judgements (contd.)

(iii) Impairment Losses on Financing and Advances (Note A24)

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.

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.

A4. Auditors' Report on Proceeding Annual Financial Statements

The auditors' report on the audited financial statements for the period ended 31 December 2011 was not qualified.

A5. 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 31 March 2012.

A6. 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 31 March 2012.

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A7. 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 31 March 2012.

A8. Issuance and Repayment of Debt and Securities

There was no repayment of debt and equity securities during the first financial quarter ended 31 March 2012.

A9. Dividends

During the Annual General Meeting held on 28 March 2012, a final tax exempt (single-tier) in respect of the financial period ended 31 December 2011 of RM2.00 per share on 110,600,000 ordinary shares was approved by the shareholder.

The Directors do not recommend the payment of any dividend in respect of the first financial quarter ended 31 March 2012.

A10. 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.

A11. 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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A12. Cash and Short Term Funds

	31 March 2012 RM'000	31 December 2011 RM'000
Cash and balances with banks and other financial institutions	1,802,379	1,757,901
Money at call and interbank placements with remaining maturity not exceeding one month	8,713,366	7,661,449
	10,515,745	9,419,350

**A13. Deposits and Placements with Banks and other
Financial Institutions**

	31 March 2012 RM'000	31 December 2011 RM'000
Bank Negara Malaysia	458	211
Licensed banks	50,459	35,079
Licensed islamic banks	455,545	370,820
Other financial institutions	90,000	-
	596,462	406,110

A14. Securities Portfolio

	Note	31 March 2012 RM'000	31 December 2011 RM'000
Securities available-for-sale ("AFS")	(i)	4,869,615	5,875,507
Securities held-to-maturity ("HTM")	(ii)	172,431	171,884
Securities held-for-trading ("HFT")	(iii)	2,495,579	2,214,891
		7,537,625	8,262,282

(i) Securities AFS

	31 March 2012 RM'000	31 December 2011 RM'000
At fair value		
Money market instruments:-		
Cagamas bonds	149,540	149,891
Malaysian Government Investment Issues	2,007,561	3,062,272
Negotiable Islamic instruments of deposits	249,653	952,927
Bankers' acceptances and Islamic accepted bills	244,909	4,117
Khazanah bonds	249,088	246,208
Bank Negara Malaysia Sukuk Ijarah bonds	3,602	11,132
Bank Negara Malaysia Monetary Notes	296,895	-
	3,201,248	4,426,547
Unquoted securities :		
Islamic private debt securities in Malaysia	1,603,298	1,381,658
Malaysia Global Sukuk	65,069	67,302
	1,668,367	1,448,960
Total securities AFS	4,869,615	5,875,507

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A14. Securities Portfolio (contd.)

(ii) Securities HTM

	31 March 2012 RM'000	31 December 2011 RM'000
At amortised cost less impairment losses		
Money market instruments:-		
Malaysian Government Investment Issues	142,381	141,549
Unquoted securities :		
Islamic private debt securities in Malaysia	30,050	30,335
Total securities HTM	172,431	171,884

(iii) Securities HFT

	31 March 2012 RM'000	31 December 2011 RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	-	215,712
Bank Negara Malaysia Monetary Notes	2,445,848	1,882,848
Bank Negara Malaysia Sukuk Ijarah Bonds	-	116,331
	2,445,848	2,214,891
Unquoted securities :		
Islamic private debt securities in Malaysia	49,731	-
Total securities HFT	2,495,579	2,214,891

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A15. Financing and Advances

(i) By type

	31 March 2012 RM'000	31 December 2011 RM'000
Cashline	1,914,997	2,103,900
Term financing		
- Housing financing	7,811,023	7,275,137
- Syndicated financing	48,395	52,071
- Hire purchase receivables	18,005,087	18,167,588
- Other term financing	44,701,053	42,930,498
Bills receivable	4,614	2,125
Trust receipts	165,247	204,263
Claims on customers under acceptance credits	3,297,561	3,507,816
Staff financing	893,636	864,916
Credit card receivables	335,069	340,254
Revolving credit	4,517,921	4,315,880
	81,694,603	79,764,448
Unearned income	(30,075,195)	(28,894,399)
Gross financing and advances [^]	51,619,408	50,870,049
Allowances for impaired financing and advances:		
- individual	(160,068)	(298,840)
- collective	(582,561)	(631,658)
Net financing and advances	50,876,779	49,939,551

[^] 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 amounting to RM650 million (31 December 2011:RM650 million), 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

	31 March 2012 RM'000	31 December 2011 RM'000
Bai' Bithaman Ajil	18,035,746	17,949,940
Al-Ijarah Thumma Al-Bai (AITAB)	15,090,212	15,146,087
Murabahah	14,829,707	14,473,620
Musyarakah Mutanaqisah	3,207,788	2,852,124
Bai Al-Dayn	4,639	2,217
Al-Ijarah Muntahiyah Bi Tamleek	48,395	52,071
Other concepts	402,921	393,990
Gross financing and advances	51,619,408	50,870,049

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A15. Financing and Advances (contd.)

(iii) By type of customers

	31 March 2012 RM'000	31 December 2011 RM'000
Domestic non-banking institutions	5,292,641	5,294,637
Domestic business enterprises		
- Small and medium enterprises	6,132,910	6,262,452
- Others	7,147,409	6,532,255
Government and statutory bodies	250,550	318,878
Individuals	31,853,917	31,501,647
Other domestic entities	4,683	9,129
Foreign entities in Malaysia	937,298	951,051
Gross financing and advances	<u>51,619,408</u>	<u>50,870,049</u>

(iv) By profit rate sensitivity

	31 March 2012 RM'000	31 December 2011 RM'000
Fixed rate		
- House financing	2,791,568	2,886,621
- Hire purchase receivables	15,151,540	15,152,459
- Other financing	11,445,062	10,477,966
Floating rate		
- House financing	5,153,575	4,545,606
- Other financing	17,077,663	17,807,397
Gross financing and advances	<u>51,619,408</u>	<u>50,870,049</u>

(v) By economic purpose

	31 March 2012		31 December 2011	
	RM'000	RM'000	RM'000	RM'000
Purchase of securities		7,676,531		8,062,663
Purchase of transport vehicles	16,573,632		16,676,327	
Less: Hire purchase receivables sold to Cagamas	<u>(1,398,370)</u>	15,175,262	<u>(1,499,270)</u>	15,177,057
Purchase of landed properties				
- residential	7,958,295		7,438,449	
- non-residential	<u>1,491,399</u>	9,449,694	<u>1,269,053</u>	8,707,502
Personal use		1,014,397		1,000,346
Consumer durables		23		3
Construction		2,262,721		2,205,208
Working capital		15,468,047		15,069,544
Credit cards		335,069		340,254
Others		<u>237,664</u>		<u>307,472</u>
Gross financing and advances		<u>51,619,408</u>		<u>50,870,049</u>

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A15. Financing and Advances (contd.)

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

	31 March 2012 RM'000	31 December 2011 RM'000
Maturity within one year	6,296,387	7,173,315
One year to three years	2,058,159	2,085,895
Three years to five years	8,819,184	8,621,309
After five years	<u>34,445,678</u>	<u>32,989,530</u>
Gross financing and advances	<u>51,619,408</u>	<u>50,870,049</u>

(vii) Impaired financing and advances by economic purpose

	31 March 2012		31 December 2011	
	RM'000	RM'000	RM'000	RM'000
Purchase of securities		6,502		7,222
Purchase of transport vehicles		67,526		57,316
Purchase of landed properties				
- residential	137,170		149,843	
- non-residential	<u>39,339</u>	176,509	<u>17,210</u>	167,053
Personal use		12,366		13,197
Credit cards		5,902		6,580
Consumer durables		3		3
Construction		50,112		56,599
Working capital		<u>306,362</u>		<u>504,003</u>
Gross impaired financing and advances		<u>625,282</u>		<u>811,973</u>

(viii) Movement in impaired financing and advances

	31 March 2012 RM'000	31 December 2011 RM'000
At beginning of the year	811,973	928,549
Impaired during the period	146,311	316,586
Reclassified as non-impaired during the period	(73,826)	(220,452)
Recovered	(92,223)	(120,539)
Amount written off	(172,508)	(101,619)
Expenses debited to customers' accounts	5,555	9,448
At end of period	<u>625,282</u>	<u>811,973</u>
Less:		
- Individual allowance	<u>(160,068)</u>	<u>(298,840)</u>
Net impaired financing and advances	<u>465,214</u>	<u>513,133</u>

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A15. Financing and Advances (contd.)

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

	31 March 2012 RM'000	31 December 2011 RM'000
Gross financing and advances (excluding RPSIA financing)	50,969,408	50,220,049
Less:		
- Individual allowance	(160,068)	(298,840)
Net financing and advances	50,809,340	49,921,209
Net impaired financing and advances as a percentage of net financing and advances	0.92%	1.03%

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

	31 March 2012 RM'000	31 December 2011 RM'000
<u>Individual Allowance</u>		
At beginning of the year	298,840	354,688
Allowance made during the period	23,943	28,449
Amount written back in respect of recoveries	(15,587)	(38,004)
Amount written off	(147,128)	(45,554)
Transfer to collective allowance	-	(739)
At end of the period	160,068	298,840
	31 March 2012 RM'000	31 December 2011 RM'000
<u>Collective Allowance</u>		
At beginning of the year	631,658	575,895
Net allowance (written back)/made during the period/year*	(23,718)	111,089
Amount written off	(25,379)	(56,065)
Transfer from individual allowance	-	739
At end of the period	582,561	631,658
As a % of gross financing and advances (excluding RPSIA financing) less individual assessment allowance	1.15%	1.27%

* As at 31 March 2012, the gross exposure of the assets under the RPSIA is RM650.0 million (31 December 2011:RM650.0 million) and the collective allowance relating to this RPSIA amounting RM1.4 million (31 December 2011:RM1.5 million) is accounted for by the parent. There was no individual allowance made on this RPSIA financing by the Bank.

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A16. 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.

	31 March 2012			31 December 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
<u>Trading derivatives</u>						
<u>Foreign exchange contracts:</u>						
Currency forwards						
- Less than one year	784,067	11,563	(11,419)	1,448,253	20,156	(19,673)
Currency spot						
- Less than one year	6,445	12	(2)	50,079	41	(47)
Currency options						
- Less than one year	1,125	2	-	-	-	-
Cross currency profit rate swaps						
- More than 3 years	300,500	5,085	(5,085)	-	-	-
<u>Profit rate related contracts:</u>						
Profit rate options						
- Less than one year	35,450	-	-	-	-	-
- More than 3 years	400,000	-	(75,799)	200,000	722	(40,881)
Cross currency profit rate swaps						
- More than 3 years	-	-	-	300,500	7,104	(7,104)
<u>Commodity related contracts:</u>						
- Less than one year	-	-	-	35,500	-	-
	1,527,587	16,662	(92,305)	2,034,332	28,023	(67,705)
<u>Hedging derivatives</u>						
Profit rate swaps						
- Less than one year	600,000	282	(723)	-	-	-
- one year to three years	850,000	-	(7,714)	1,450,000	175	(15,207)
- More than 3 years	1,192,738	12,588	(6,120)	350,000	-	(9,157)
Cross currency profit rate swaps						
- one year to three years	266,091	7,479	(6,236)	-	-	-
- More than 3 years	317,500	5,269	-	317,500	-	(4,110)
	3,226,329	25,618	(20,793)	2,117,500	175	(28,474)
Total derivative assets/(liabilities)	4,753,916	42,280	(113,098)	4,151,832	28,198	(96,179)

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A17. Other Assets

	31 March 2012 RM'000	31 December 2011 RM'000
Amount due from holding company	4,446,858	3,726,670
Handling fees	126,109	127,490
Prepayments and deposits	80,795	70,581
Others	161,779	18,852
	4,815,541	3,943,593

A18. Deposits from Customers

i) By type of deposit

	31 March 2012 RM'000	31 December 2011 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	4,577,820	3,683,135
Savings deposits	467,519	418,264
General investment deposits	19,959,729	20,671,521
Negotiable instruments of deposits	251,357	257,716
	25,256,425	25,030,636
<u>Non-Mudharabah Fund</u>		
Demand deposits	7,023,742	5,773,749
Savings deposits	7,036,747	6,689,436
Fixed return investment deposits	20,516,229	21,046,377
Structured deposits *	372,549	200,434
	34,949,267	33,709,996
	60,205,692	58,740,632

* 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

	31 March 2012 RM'000	31 December 2011 RM'000
Business enterprises	27,215,439	27,925,083
Individuals	15,790,125	15,052,850
Government and statutory bodies	7,963,405	7,354,080
Others	9,236,723	8,408,619
	60,205,692	58,740,632

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A19. Deposits and Placement of Banks and Other Financial Institutions

	31 March 2012 RM'000	31 December 2011 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	4,297,125	4,892,905
Licensed islamic banks	1,186,311	257,368
Licensed investment banks	86,217	10,202
Other financial institutions	1,010,825	639,147
	6,580,478	5,799,622
<u>Non-Mudharabah Fund</u>		
Licensed banks	77,307	51,953
Licensed islamic banks	-	190,163
Other financial institutions	3,854,177	3,321,167
	3,931,484	3,563,283
	10,511,962	9,362,905

* Deposits and placements of holding company

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 (31 December 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.

A20. Other Liabilities

	Note	31 March 2012 RM'000	31 December 2011 RM'000
Profit equalisation reserve ("PER")	(i)	54,695	54,695
Sundry creditors		4,736	9,024
Deposit on trade financing		19,850	28,757
Provisions and accruals		17,076	17,212
		96,357	109,688

(i) PER

	31 March 2012 RM'000	31 December 2011 RM'000
At beginning of period	90,340	90,340
Transfer to Non-Distributable profit equalisation reserve	(34,456)	(34,456)
Distribution to Investment Account Holder	(1,189)	(1,189)
At end of period	54,695	54,695

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A21. Subordinated Sukuk

	31 March 2012 RM'000	31 December 2011 RM'000
RM1,000 million Islamic Subordinated Sukuk due in 2021	1,000,231	1,010,723

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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A22. Income derived from Investment of Depositors' Funds

	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	558,480	443,755	558,480	443,755
ii) Other deposits	272,226	175,140	272,226	175,140
	830,706	618,895	830,706	618,895

i) Income derived from investment of general investment deposits

	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2,011	2012	2,011
	RM'000	RM'000	RM'000	RM'000
Financing and advances	416,621	350,786	416,621	350,786
Money at call and deposit with financial institutions	44,525	29,076	44,525	29,076
Securities AFS	30,318	29,655	30,318	29,655
Securities HTM	1,045	1,205	1,045	1,205
Securities HFT	1,042	503	1,042	503
	493,551	411,225	493,551	411,225
Amortisation of premium less accretion of discounts	12,649	566	12,649	566
Total finance income and hibah	506,200	411,791	506,200	411,791
Other operating income :				
Fee income				
- Processing fees	367	197	367	197
- Commissions	14,349	14,263	14,349	14,263
- Service charges and other fees	12,346	11,096	12,346	11,096
Unrealised gains on revaluation of derivatives	16,505	1,203	16,505	1,203
Gains on sale of securities AFS	10,008	3,276	10,008	3,276
Gains/(losses) on sale of securities HFT	1,332	(207)	1,332	(207)
Unrealised (losses)/gains on revaluation of securities HFT	(547)	233	(547)	233
Gains/(losses) on foreign exchange:				
- Realised	5,377	1,999	5,377	1,999
- Unrealised	(7,457)	(96)	(7,457)	(96)
	558,480	443,755	558,480	443,755

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A22. Income derived from Investment of Depositors' Funds (contd)

ii) Income derived from investment of other deposits

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2,011 RM'000	31 March 2012 RM'000	31 March 2,011 RM'000
Financing and advances	203,079	137,523	203,079	137,523
Money at call and deposit with financial institutions	21,703	11,995	21,703	11,995
Securities AFS	14,779	11,868	14,779	11,868
Securities HTM	509	467	509	467
Securities HFT	508	225	508	225
	240,578	162,078	240,578	162,078
Amortisation of premium less accretion of discounts	6,166	317	6,166	317
Total finance income and hibah	246,744	162,395	246,744	162,395
Other operating income :				
Fee income				
- Processing fees	179	81	179	81
- Commissions	6,994	5,705	6,994	5,705
- Service charges and other fees	6,018	4,444	6,018	4,444
Unrealised gains on revaluation of derivatives	8,045	540	8,045	540
Gains on sale of securities AFS	4,878	1,043	4,878	1,043
Gains/(losses) on sale of securities HFT	649	(150)	649	(150)
Unrealised (losses)/gains on revaluation of securities HFT	(267)	94	(267)	94
Gains/(losses) on foreign exchange:				
- Realised	2,621	1,029	2,621	1,029
- Unrealised	(3,635)	(41)	(3,635)	(41)
	272,226	175,140	272,226	175,140

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A23. Income derived from Investment of Shareholder's Funds

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Financing and advances	26,752	13,859	26,752	13,859
Money at call and deposit with financial institutions	2,859	1,355	2,859	1,355
Securities AFS	1,947	1,255	1,947	1,255
Securities HTM	67	45	67	45
Securities HFT	67	30	67	30
	31,692	16,544	31,692	16,544
Amortisation of premium less accretion of discounts	812	55	812	55
Total finance income and hibah	32,504	16,599	32,504	16,599
Other operating income :				
Fee income				
- Processing fees	24	9	24	9
- Commissions	921	603	921	603
- Service charges and other fees	793	471	793	471
Unrealised gains on revaluation of derivatives	1,060	71	1,060	71
Gains on sale of securities AFS	643	46	643	46
Gains/(losses) on sale of securities HFT	86	(32)	86	(32)
Unrealised (losses)/gains on revaluation of securities HFT	(35)	10	(35)	10
Gains/(losses) on foreign exchange:				
- Realised	345	164	345	164
- Unrealised	(479)	(5)	(479)	(5)
	35,862	17,936	35,862	17,936

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A24. Allowance for Impairment on Financing and Advances

	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired financing:				
Individual Allowance				
- made in the period	23,943	(5,051)	23,943	(5,051)
- written back	(15,587)	13,795	(15,587)	13,795
Collective Allowance	(23,718)	27,712	(23,718)	27,712
Impaired financing				
- written off	1,484	908	1,484	908
- recovered	(24,565)	(15,126)	(24,565)	(15,126)
	<u>(38,443)</u>	<u>22,238</u>	<u>(38,443)</u>	<u>22,238</u>

A25. Income attributable to Depositors

	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2,011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	165,242	129,996	165,242	129,996
- Non-Mudharabah	172,730	69,610	172,730	69,610
	<u>337,972</u>	<u>199,606</u>	<u>337,972</u>	<u>199,606</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah	63,522	56,506	63,522	56,506
- Non-Mudharabah	14,372	8,334	14,372	8,334
	<u>77,894</u>	<u>64,840</u>	<u>77,894</u>	<u>64,840</u>
	<u>415,866</u>	<u>264,446</u>	<u>415,866</u>	<u>264,446</u>

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A26. Overhead Expenses

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Personnel expenses	6,416	4,192	6,416	4,192
- Salaries, allowances and bonuses	4,162	3,124	4,162	3,124
- Pension costs	924	510	924	510
- Shares/Options granted under Employee's Shares Scheme	201	-	201	-
- Others	1,129	558	1,129	558
Establishment costs	513	436	513	436
- Rental of premises	294	142	294	142
- Repairs, servicing and maintenance	25	-	25	-
- Information technology expenses	194	294	194	294
Marketing costs	401	1,585	401	1,585
- Advertisement and publicity	385	1,582	385	1,582
- Others	16	3	16	3
Administration and general expenses	161,334	129,082	161,334	129,082
- Fees and brokerage	3,705	2,489	3,705	2,489
- Administrative expenses	1,373	1,343	1,373	1,343
- General expenses	2,477	4,623	2,477	4,623
- Shared service cost paid/payable to Maybank	153,779	120,627	153,779	120,627
	168,664	135,295	168,664	135,295

A27. Finance Cost

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Islamic subordinated sukuk	10,608	116	10,608	116

A28. Taxation and Zakat

The analysis of the taxation and zakat expense for the first financial quarter ended 31 March 2012 are as follows:

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Malaysian income tax	62,503	57,156	62,503	57,156
Deferred tax expense in relation to origination and reversal of temporary differences	6,439	(10,197)	6,439	(10,197)
Tax expense for the period	68,942	46,959	68,942	46,959
Zakat expense	3,000	4,937	3,000	4,937
	71,942	51,896	71,942	51,896

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A29. 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 31 March 2012			As at 31 December 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
<u>Credit-related</u>						
Direct credit substitutes	496,932	496,932	295,832	353,389	353,389	218,717
Certain transaction-related contingent items	962,164	478,078	461,876	988,725	488,589	420,439
Short-term self-liquidating trade-related contingencies	203,201	40,356	23,791	275,875	54,868	33,029
Hire purchase financing sold to Cagamas Berhad	1,398,370	1,398,370	452,265	1,499,270	1,499,270	498,592
Irrevocable commitments to extend credit:						
- maturity within one year	13,675,264	1,564,235	921,060	13,278,525	367,560	216,612
- maturity more than one year	2,601,397	2,104,299	526,057	2,183,909	1,117,988	333,118
Miscellaneous	70,648	-	-	12,662	-	-
Total credit-related commitments and contingencies	19,407,976	6,082,270	2,680,881	18,592,355	3,881,664	1,720,507
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	791,637	23,347	7,606	1,498,332	43,650	12,648
- one year to less than five years	884,091	92,079	46,789	618,000	62,723	29,045
Profit rate related contracts:						
- less than one year	635,450	1,817	363	-	-	-
- one year to less than five years	2,292,738	87,297	41,014	1,850,000	39,897	7,979
- five years and above	150,000	9,000	1,800	150,000	9,000	1,800
Commodity related contracts:						
- less than one year	-	-	-	35,500	89	18
Total treasury-related commitments and contingencies	4,753,916	213,540	97,572	4,151,832	155,359	51,490
	24,161,892	6,295,810	2,778,453	22,744,187	4,037,023	1,771,997

* 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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A30. 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:

	31 March 2012 RM'000	31 December 2011 RM'000
Before deducting proposed dividend:		
Core capital ratio	9.21%	9.89% *
Risk-weighted capital ratio ("RWCR")	11.64%	12.61% *
After deducting proposed dividend:		
Core capital ratio	9.21%	9.32%
Risk-weighted capital ratio ("RWCR")	11.64%	12.04%

* 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 31 March 2012.

Components of Tier I and Tier II capital:

<u>Tier I capital</u>		
Paid-up share capital	110,600	110,600
Share premium	2,488,400	2,488,400
Other reserves	1,207,108	1,428,308
Less: Deferred tax assets ¹	(177,446)	(177,446)
Total Tier I capital	3,628,662	3,849,862
<u>Tier II capital</u>		
Subordinated sukuk	1,000,000	1,000,000
Collective allowance on non-impaired financing and advances	46,424	97,411
Total Tier II capital	1,046,424	1,097,411
Total capital	4,675,086	4,947,273
Less: Excess of total EL over total EP ²	(87,366)	(36,645)
Capital base	4,587,720	4,910,628

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

² EL is defined as expected loss and EP is defined as eligible provision.

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A30. Capital Adequacy (Contd.)

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

	31 March 2012 RM'000	31 December 2011 RM'000
Standardised Approach exposure	3,768,050	4,153,679
Internal Ratings Based Approach exposure after scaling factor	29,752,431	28,214,051
Total risk-weighted asset for credit risk	33,520,481	32,367,730
Total risk-weighted asset for credit risk absorbed by parent [^]	(205,906)	(205,926)
Total risk-weighted asset for market risk	367,730	307,942
Total risk-weighted asset for operational risk	2,673,468	2,573,751
Additional risk-weighted asset due to capital floor	3,064,336	3,891,670
Total risk-weighted assets	39,420,109	38,935,167

[^] 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 RM284.4 million for the quarter ended 31 March 2012, higher by RM92.1 million or 47.9% from that of previous year's corresponding quarter.

Total income grew by RM229.7 million or 36.1% to RM866.6 million from last year's corresponding period, comprising of RM830.7 million income derived from investment of depositors' funds and RM35.9 million income derived from investment of shareholder's funds. Income attributable to depositors (including inter-bank) rose by RM151.4 million to RM415.9 million or 57.3% compared to previous year's corresponding quarter.

Overhead expenses jumped by RM33.4 million or 24.7% to RM168.7 million over the amount reported in the prior year on the back of higher shared services in tandem with overall business growth especially from retail segment.

Allowance for losses on financing and advances decreased by RM60.7 million to a RM38.4m writeback from a charge of RM22.2 million. The decrease was mainly due to lower collective allowances by RM51.4 million due to higher recoveries.

The Bank's total asset increased by RM2.5 billion mainly due to growth in financing asset by RM937.2mil and higher placement with BNM by RM1.0 billion.

Gross financing expanded to RM51.6 billion, a growth of RM749.4 million or 1.5% from 31 December 2011 largely from term financing portfolio although retail registered a declining trend. Total customer deposits closed at RM60.2 billion, surged by RM1.5 billion compared to RM58.7 billion recorded in last financial year ended 31 December 2011 due to major placements from corporate accounts.

The Bank's core capital ratio and risk-weighted capital ratio (under Basel II) registered at 9.21% and 11.64% as compared to 9.89% and 12.61% as at December 2011 due to expansion in asset size and lower shareholders' equity following a provision of dividend payable in relation to financial period ended 31 December 2011 in the quarter under review.

Net impaired financing stood at 0.92% as at 31 March 2012 as compared to 1.03% in December 2011 due to improvement in impaired financing as well as expansion in financing assets.

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B2. Prospects

The global economy is forecast to record a slower GDP growth 3.0% in 2012 from an expected growth of 3.8% in 2011 due to recession in the Eurozone and lacklustre growth in other major advanced economies. Asia ex-Japan, however, is expected to outperform the advanced economies with ASEAN growth expected to be resilient.

The economies of the three home markets of Malaysia, Singapore and Indonesia, where Maybank Group operates in, are expected to record GDP growth of 4%, 3% and 6.2% respectively. These three markets collectively contribute more than 90% to the Group's income and profit. We expect to see reasonable business growth in these three markets for the financial year ending 31 December 2012.

Despite the slower external economy, Malaysia's domestic demand should support growth with higher consumer spending, higher government operating expenditure and domestic investment sustained by the various projects under the Economic Transformation Program ("ETP"). Benign inflation and the low profit rate environment with the Overnight Policy Rate (OPR) expected to remain at 3% throughout 2012, will help accommodate growth.

Bank Negara Malaysia (BNM) has recently announced the implementation of Basel III Capital Rules which were essentially in accordance with globally agreed levels and implementation timeline. BNM is expected to release a concept paper detailing out the revised definition of regulatory capital computation for industry consultation soon. Barring unforeseen circumstances, the Bank is well prepared to comply with the BNM requirements for 2013.

Notwithstanding the global challenges, the Bank expects to maintain a satisfactory financial performance for the current financial year ending 31 December 2012 in view of positive economic outlook in domestic demand and key ASEAN markets that the Group operates in.