

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Income derived from investment of depositors' funds	A22	1,101,716	862,692	2,111,787	1,668,951
Income derived from investment of shareholder's funds	A23	45,673	39,729	85,593	74,536
Allowance for impairment on financing and advances	A24	(18,632)	(28,563)	(12,623)	9,880
<b>Total distributable income</b>		<b>1,128,757</b>	<b>873,858</b>	<b>2,184,757</b>	<b>1,753,367</b>
Income attributable to depositors	A25	(541,238)	(424,838)	(1,037,206)	(840,704)
<b>Total net income</b>		<b>587,519</b>	<b>449,020</b>	<b>1,147,551</b>	<b>912,663</b>
Overhead expenses	A26	(208,899)	(137,708)	(418,871)	(306,372)
Finance cost	A27	(10,377)	(10,146)	(20,926)	(20,754)
<b>Profit before taxation and zakat</b>		<b>368,243</b>	<b>301,166</b>	<b>707,754</b>	<b>585,537</b>
Taxation	A28	(85,436)	(73,214)	(169,156)	(142,156)
Zakat	A28	(4,007)	(6,332)	(7,139)	(9,332)
<b>Profit for the period</b>		<b>278,800</b>	<b>221,620</b>	<b>531,459</b>	<b>434,049</b>
<b>Profit attributable to :</b>					
Equity holders of the parent		<b>278,800</b>	221,620	<b>531,459</b>	434,049
<b>Earnings per share attributable to equity holder of the Bank</b>					
- Basic/diluted (sen)		<b>210.07</b>	186.64	<b>400.44</b>	365.54

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>Profit for the period</b>	<b>278,800</b>	221,620	<b>531,459</b>	434,049
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net (loss)/gain on financial investments available-for-sale	<b>(62,021)</b>	4,053	<b>(69,406)</b>	(1,373)
Income tax relating to components of other comprehensive income	<b>15,505</b>	(1,035)	<b>17,351</b>	343
<b>Other comprehensive income for the period, net of tax</b>	<b>(46,516)</b>	3,018	<b>(52,055)</b>	(1,030)
<b>Total comprehensive income for the period, net of tax</b>	<b>232,284</b>	224,638	<b>479,404</b>	433,019
<b>Total comprehensive income attributable to :</b>				
Equity holders of the parent	<b>232,284</b>	224,638	<b>479,404</b>	433,019

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	Note	30 June 2013 RM'000	31 December 2012 RM'000
<b>ASSETS</b>			
Cash and short-term funds		12,981,277	13,017,323
Deposits and placements with banks and other financial institutions	A12	70,372	271,334
Financial assets at fair value through profit or loss	A13(i)	4,019,300	4,098,406
Financial investments available-for-sale	A13(ii)	7,204,481	5,411,549
Financing and advances	A14	71,220,642	61,308,071
Derivative assets	A15	70,375	48,227
Other assets	A16	6,356,938	4,679,460
Statutory deposits with Bank Negara Malaysia		2,685,000	2,399,000
Deferred tax assets		222,703	199,000
<b>TOTAL ASSETS</b>		<b>104,831,088</b>	<b>91,432,370</b>
<b>LIABILITIES</b>			
Deposits from customers	A17	69,581,003	70,984,469
Deposits and placements of banks and other financial institutions	A18	27,961,726	13,133,630
Bills and acceptances payable		157,737	419,749
Derivative liabilities	A15	154,181	113,980
Other liabilities	A19	135,752	185,340
Provision for taxation and zakat		97,051	133,868
Subordinated Sukuk	A21	1,010,608	1,010,782
Recourse obligation on financing sold to Cagamas		708,255	905,181
<b>TOTAL LIABILITIES</b>		<b>99,806,313</b>	<b>86,886,999</b>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	Note	30 June 2013 RM'000	31 December 2012 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>			
Share capital		132,720	132,720
Share premium		2,687,480	2,687,480
Retained profits		2,041,865	1,510,406
Other reserves		162,710	214,765
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>5,024,775</b>	<b>4,545,371</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>104,831,088</b>	<b>91,432,370</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>33,035,271</b>	<b>29,130,401</b>
<b><u>CAPITAL ADEQUACY</u></b>	A31		
Based on credit, market and operational risk:			
CET1 capital ratio		10.092%	-
Tier 1 capital ratio		10.092%	-
Total capital ratio		<b>12.289%</b>	-
Core capital ratio		-	10.83%
Risk-weighted capital ratio		-	<b>12.59%</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

<=====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 January 2013</b>	132,720	2,687,480	1,697	147,338	31,274	34,456	1,510,406	4,545,371
Net profit for the period	-	-	-	-	-	-	531,459	531,459
Other comprehensive income	-	-	-	-	(52,055)	-	-	(52,055)
<b>Total comprehensive income for the period</b>	-	-	-	-	(52,055)	-	531,459	479,404
<b>At 30 June 2013</b>	132,720	2,687,480	1,697	147,338	(20,781)	34,456	2,041,865	5,024,775

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

<=====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 January 2012</b>	110,600	2,488,400	1,697	147,338	49,719	34,456	1,279,273	4,111,483
Net profit for the period	-	-	-	-	-	-	434,049	434,049
Other comprehensive income	-	-	-	-	(1,030)	-	-	(1,030)
<b>Total comprehensive income for the period</b>	-	-	-	-	(1,030)	-	434,049	433,019
Dividend on ordinary shares	-	-	-	-	-	-	(221,200)	(221,200)
Issue of ordinary shares	22,120	199,080	-	-	-	-	-	221,200
<b>Total transactions with shareholders</b>	22,120	199,080	-	-	-	-	(221,200)	-
<b>At 30 June 2012</b>	132,720	2,687,480	1,697	147,338	48,689	34,456	1,492,122	4,544,502

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

	<b>30 June</b>	<b>30 June</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	<b>707,754</b>	585,537
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	<b>94,001</b>	37,216
Amortisation of premium less accretion of discount	<b>(21,895)</b>	(45,106)
Gain on revaluation of derivatives	<b>(3,989)</b>	(21,062)
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss	<b>796</b>	(1,013)
Gain on disposal of financial investments available-for-sale	<b>(18,053)</b>	(27,920)
Gain on disposal of financial assets at fair value through profit or loss	<b>(39,859)</b>	(3,278)
Gain on foreign exchange translations	<b>(47,981)</b>	(11,410)
Share options granted under ESS	<b>831</b>	495
Operating profit before working capital changes	<b>671,605</b>	513,459
Change in deposits and placements with banks and other financial institutions	<b>200,962</b>	35,302
Change in financial investments portfolio	<b>(1,704,220)</b>	1,997,328
Change in financing and advances	<b>(10,006,573)</b>	(3,797,563)
Change in derivative assets and liabilities	<b>22,042</b>	29,407
Change in other assets	<b>(1,677,480)</b>	1,129,982
Change in statutory deposits with Bank Negara Malaysia	<b>(286,000)</b>	(133,700)
Change in deposits from customers	<b>(1,403,466)</b>	4,406,939
Change in deposits and placements of banks and other financial institutions	<b>14,876,079</b>	3,997,262
Change in bills and acceptances payable	<b>(262,011)</b>	(83,288)
Change in other liabilities	<b>(29,495)</b>	670,935
Cash generated from operations	<b>401,443</b>	8,766,063
Taxes and zakat paid	<b>(219,463)</b>	(23,714)
<b>Net cash generated from operating activities</b>	<b>181,980</b>	8,742,349
<b>Cash flows from financing activities</b>		
Profit paid for subordinated sukuk	<b>(21,100)</b>	(21,186)
Financing sold to Cagamas, net	<b>(196,926)</b>	(204,064)
Proceeds from issuance of shares	-	221,200
Dividend paid	-	(221,200)
<b>Net cash used in investing activities</b>	<b>(218,026)</b>	(225,250)
<b>Net decrease in cash and cash equivalents</b>	<b>(36,046)</b>	8,517,099
Cash and cash equivalents at beginning of year	<b>13,017,323</b>	9,419,350
<b>Cash and cash equivalents at end of year</b>	<b>12,981,277</b>	17,936,449

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**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

Cash and cash equivalents included in the cash flow statements comprise the following amounts in Statements of Financial Position:

	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Cash and short-term funds	<b><u>12,981,277</u></b>	<b><u>17,936,449</u></b>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 financial half year ended 30 June 2013 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: financial investments available-for-sale, financial assets at fair value through profit or loss and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”), 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 31 December 2012. These explanatory notes attached to the unaudited condensed interim financial statements 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 financial year ended 31 December 2012.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2012 except for adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), amendments to MFRSs, Interpretations of the Issues Committee (“IC Interpretations”) and Annual Improvements 2009-2011 Cycle with effective dates of 1 July 2012 and 1 January 2013:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans (Amendments to MFRS 1)*
- MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*
- MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*

**Annual Improvements 2009-2011 Cycle:**

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Repeated application of MFRS 1 and borrowing costs*
- MFRS 101 *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- MFRS 132 *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- MFRS 134 *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

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**A1. Basis of preparation (cont'd.)**

The adoption of the above MFRSs, amendments to MFRSs, IC Interpretation and Annual Improvements 2009-2011 Cycle did not have any material impact on the financial statements of the Bank, except for the adoption of following MFRSs and amendments to MFRSs:

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

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on financial investments available-for-sale) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

The Bank has adopted the amendment and the new presentation requirements for other comprehensive income has been effected retrospectively, as disclosed in Statement of Comprehensive Income of the Bank.

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

MFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. MFRS 13 also requires fair value disclosures for financial instruments to be included in the interim financial report.

The Bank has adopted the above standard and the fair value disclosures for financial instruments are disclosed in Note A32.

***New Financial Reporting for Islamic Banking Institutions Guidelines issued by Bank Negara Malaysia ("BNM")***

Pursuant to the Islamic Financial Services Act 2013 that came into force on 30 June 2013, BNM has issued a new Financial Reporting for Islamic Banking Institutions Guidelines which set out the financial reporting requirements for Islamic banking institutions. An Islamic banking institution is required to comply with these new guidelines beginning on and after 30 June 2013 except for the following requirements shall apply to financial years beginning on and after 1 January 2014:

- Paragraph 11.6(a)(i) - Disclosure on the recognition and measurement accounting policies for each Shariah contract or main class of Shariah contract based on mutual accounting policy according to the nature of transactions;
- Paragraph 11.7(b) - Disclosure of financing, receivables and other financings with a breakdown by types of financing and further breakdown by main Shariah contracts as disclosed in Note A14(i);
- Paragraph 11.10 to 11.12 - Disclosure of a movement schedule of the Qard financing, transactions that reflect acquisition or transfer of ownership prior to its subsequent sale, the carrying amount held for the purpose of Murabahah (cost plus sale) which can be transacted at spot or deferred basis and disclosure on Ijarah (leasing that does not lead to transfer of ownership at the end of the leasing period);
- Paragraph 11.21 - Disclosure of sources donations/charities funds and uses of such funds as disclosed in Note A20.

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**A2. Significant accounting policies**

The audited financial statements of the Bank for the financial year ended 31 December 2012 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS"). The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for financial year ended 31 December 2012 except for those as disclosed in Note A1 above.

**A3. Significant accounting estimates and judgments**

The preparation of financial statements requires management to make judgments, 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 judgment and complexity, are as follows:

**(i) Fair value estimation of financial assets at fair value through profit or loss (Note A13(i)) and financial investments available-for-sale (Note A13(ii)) and derivative financial instruments (Note A15)**

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

**(ii) Deferred tax and income taxes (Note A28)**

The Bank is subject to income taxes in Malaysia and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking 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.

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

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**A3. Significant accounting estimates and judgments (cont'd.)**

**(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 but for which no impairment is required and all individually insignificant financing and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowances 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 judgements on the effects of concentrations of risks (such as the performance of different individual groups).

**(iv) Impairment of financial investments portfolio**

The Bank reviews the financial investments portfolio of financial investments AFS at each reporting date to assess 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.

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

- (i) Determination of whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuers or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of "significant" or "prolonged" requires judgment and management evaluation on various factors, such as historical fair value movement, the duration and extent of 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 2012 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 financial half year ended 30 June 2013.

**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 financial half year ended 30 June 2013.

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**A7. Changes in estimates**

There were no material changes in estimates during the financial half year ended 30 June 2013.

**A8. Issuance and repayment of debt and securities**

There was no repayment of debt and equity securities during the financial half year ended 30 June 2013.

**A9. Dividends**

In respect of financial year ended 31 December 2012, an interim tax-exempt (single-tier) dividend of RM3.27 per share on 132,720,000 ordinary shares, amounting to a dividend payable of RM433,994,400 was approved and declared on 18 December 2012, the dividend has been paid on 10 January 2013.

An interim tax-exempt (single tier) dividend in respect of the financial half year ended 30 June 2013 of RM0.94 per share on 132,720,000 ordinary shares, amounting to a dividend payable of RM124,756,800 will be proposed for the shareholder's approval.

The financial statements for the current financial half year ended 30 June 2013 do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2013.

**A10. Subsequent events to the Balance Sheet**

There were no material events subsequent to the reporting 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. Deposits and Placements with banks and other financial institutions**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Bank Negara Malaysia	10,041	-
Licensed Islamic banks	60,331	271,334
	<b>70,372</b>	<b>271,334</b>

**A13. Financial investments portfolio**

	<b>Note</b>	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Financial assets at fair value through profit or loss	(i)	4,019,300	4,098,406
Financial investments available-for-sale	(ii)	7,204,481	5,411,549
		<b>11,223,781</b>	<b>9,509,955</b>

**(i) Financial assets at fair value through profit or loss**

Financial assets held-for-trading are as follows:

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>At fair value</b>		
<b>Money market instruments:-</b>		
Malaysian Government Investment Issues	142,050	-
Bank Negara Malaysia Monetary Notes	3,877,250	4,048,385
	<b>4,019,300</b>	<b>4,048,385</b>
<b>Unquoted securities :</b>		
Islamic private debt securities in Malaysia	-	50,021
<b>Total financial assets held-for-trading</b>	<b>4,019,300</b>	<b>4,098,406</b>

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**A13. Financial investments portfolio (cont'd.)**

**(ii) Financial investments available-for-sale**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>At fair value</b>		
<b>Money market instruments:-</b>		
Cagamas bonds	10,215	30,584
Malaysian Government Investment Issues	3,676,614	1,814,145
Negotiable Islamic instruments of deposits	843,208	582,396
Bankers' acceptances and Islamic accepted bills	298,758	520,789
Khazanah bonds	279,385	102,186
Bank Negara Malaysia Monetary Notes	-	267,011
	<b>5,108,180</b>	<b>3,317,111</b>
<b>Unquoted securities :</b>		
Islamic private debt securities in Malaysia	2,005,135	2,026,161
Foreign private debt securities	24,291	-
Malaysian Government bond	66,875	68,277
	<b>2,096,301</b>	<b>2,094,438</b>
<b>Total financial investments available-for-sale</b>	<b>7,204,481</b>	<b>5,411,549</b>

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**A14. Financing and advances**

**(i) By type and Shariah concepts**

<b>30.06.2013</b>	<b>Bai'^</b>	<b>Murabahah</b>	<b>Musharakah</b>	<b>Al-Ijarah Thumma AI- Bai (AITAB)</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total financing and advances</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cashline	-	2,490,579	-	-	-	-	-	2,490,579
Term financing								
- House financing	19,628,036	8,283,647	2,591,728	-	-	-	-	30,503,411
- Syndicated financing	-	-	30,772	-	-	-	-	30,772
- Hire purchase receivables	-	-	-	22,747,415	-	-	-	22,747,415
- Other term financing	42,881,860	15,420,738	1,907,912	-	238,079	182,324	297	60,631,210
Bills receivable	-	2,242	-	-	-	-	186	2,428
Trust receipts	-	228,078	-	-	-	-	-	228,078
Claims on customers under acceptance credits	-	3,400,836	-	-	-	-	-	3,400,836
Staff financing	1,043,774	36,453	9,907	88,221	-	-	5	1,178,360
Credit card receivables	-	-	-	-	-	-	369,697	369,697
Revolving credit	-	5,277,684	-	-	-	-	-	5,277,684
	<b>63,553,670</b>	<b>35,140,257</b>	<b>4,540,319</b>	<b>22,835,636</b>	<b>238,079</b>	<b>182,324</b>	<b>370,185</b>	<b>126,860,470</b>
Unearned income								(54,895,274)
Gross financing and advances <sup>^^</sup>								71,965,196
Allowances for impaired financing and advances:								
- individual								(158,546)
- collective								(586,008)
Net financing and advances								<u>71,220,642</u>

<b>31.12.2012</b>	<b>Bai'^</b>	<b>Murabahah</b>	<b>Musharakah</b>	<b>Al-Ijarah Thumma AI- Bai (AITAB)</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total financing and advances</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cashline	-	2,327,525	-	-	-	-	-	2,327,525
Term financing								
- House financing	18,905,248	2,924,409	2,306,624	-	-	-	-	24,136,281
- Syndicated financing	-	-	37,662	-	-	-	-	37,662
- Hire purchase receivables	-	-	-	20,072,695	-	-	-	20,072,695
- Other term financing	33,414,805	12,026,600	1,975,216	-	266,261	149,197	-	47,832,079
Bills receivable	-	123	-	-	-	-	-	123
Trust receipts	-	184,782	-	-	-	-	-	184,782
Claims on customers under acceptance credits	-	3,706,533	-	-	-	-	-	3,706,533
Staff financing	953,381	8,453	10,107	74,157	-	-	77	1,046,175
Credit card receivables	-	-	-	-	-	-	365,908	365,908
Revolving credit	-	4,552,784	-	-	-	-	-	4,552,784
	<b>53,273,434</b>	<b>25,731,209</b>	<b>4,329,609</b>	<b>20,146,852</b>	<b>266,261</b>	<b>149,197</b>	<b>365,985</b>	<b>104,262,547</b>
Unearned income								(42,264,783)
Gross financing and advances <sup>^^</sup>								61,997,764
Allowances for impaired financing and advances:								
- individual								(94,176)
- collective								(595,517)
Net financing and advances								<u>61,308,071</u>

<sup>^</sup> Bai' comprises of Bai-Bithaman Ajil, Bai Al-Inah and Bai-Al-Dayn

<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 parents, 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.



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**A14. Financing and advances (cont'd.)**

**(ii) By type of customers**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Domestic non-banking institutions	5,326,492	5,396,824
Domestic business enterprises		
- Small and medium enterprises	8,155,565	8,063,724
- Others	9,902,526	7,807,933
Government and statutory bodies	752,319	766,771
Individuals	47,209,951	39,488,275
Other domestic entities	12,922	11,744
Foreign entities in Malaysia	605,421	462,493
Gross financing and advances	<b>71,965,196</b>	<b>61,997,764</b>

**(iii) By profit rate sensitivity**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Fixed rate		
- House financing	2,552,761	2,672,175
- Hire purchase receivables	19,550,788	17,198,453
- Other financing	14,257,141	12,721,534
Floating rate		
- House financing	9,440,333	7,594,936
- Other financing	26,164,173	21,810,666
Gross financing and advances	<b>71,965,196</b>	<b>61,997,764</b>

**(iv) By economic purpose**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Purchase of securities	13,756,390	10,587,236
Purchase of transport vehicles	19,587,985	16,310,896
Purchase of landed properties		
- residential	11,997,443	10,269,943
- non-residential	3,457,802	2,667,031
Personal use	1,321,334	1,167,068
Consumer durables	553	1
Construction	2,205,592	2,216,780
Working capital	19,041,682	18,173,892
Credit cards	369,697	365,908
Others	226,718	239,009
Gross financing and advances	<b>71,965,196</b>	<b>61,997,764</b>

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**A14. Financing and advances (cont'd.)**

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Maturity within one year	7,959,154	6,823,137
One year to three years	4,972,153	2,514,736
Three years to five years	7,266,991	9,040,368
After five years	51,766,898	43,619,523
Gross financing and advances	<u>71,965,196</u>	<u>61,997,764</u>

**(vi) Impaired financing and advances by economic purpose**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Purchase of securities	6,591	4,477
Purchase of transport vehicles	71,160	58,155
Purchase of landed properties		
- residential	91,452	85,524
- non-residential	33,593	51,846
Personal use	8,660	8,991
Credit cards	3,768	4,554
Consumer durables	3	3
Construction	53,674	51,948
Working capital	287,750	254,481
Gross impaired financing and advances	<u>556,651</u>	<u>519,979</u>

**(vii) Movement in impaired financing and advances**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Gross impaired financing and advances at 1 January 2013/2012	519,979	811,973
Newly impaired	310,016	543,347
Reclassified as non-impaired	(100,919)	(241,010)
Recovered	(141,575)	(319,372)
Amount written off	(33,391)	(299,925)
Expenses debited to customers' accounts	2,541	24,966
Gross impaired financing and advances at 30 June 2013/ 31 December 2012	<u>556,651</u>	<u>519,979</u>
Less: Individual allowance	(158,546)	(94,176)
Net impaired financing and advances	<u>398,105</u>	<u>425,803</u>

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**A14. Financing and advances (cont'd.)**

**(vii) Movement in impaired financing and advances (cont'd.)**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Gross financing and advances (excluding RPSIA financing)	69,501,407	61,347,764
Less: Individual allowance	<b>(158,546)</b>	<b>(94,176)</b>
Net financing and advances	<b>69,342,861</b>	<b>61,253,588</b>
Net impaired financing and advances as a percentage of net financing and advances	<b>0.57%</b>	<b>0.70%</b>

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<u>Individual Allowance</u>		
At 1 January 2013/2012	94,176	298,840
Allowance made	74,818	61,887
Amount written back in respect of recoveries	<b>(10,374)</b>	<b>(61,863)</b>
Amount written off	-	<b>(204,688)</b>
Transferred to collective allowance	<b>(74)</b>	-
At 30 June 2013/31 December 2012	<b>158,546</b>	<b>94,176</b>
	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<u>Collective Allowance</u>		
At 1 January 2013/2012	595,517	631,658
Net allowance made during the year*	23,808	59,096
Amount written off	<b>(33,391)</b>	<b>(95,237)</b>
Transferred from individual allowance	74	-
At 30 June 2013/31 December 2012	<b>586,008</b>	<b>595,517</b>
As a % of gross financing and advances (excluding RPSIA financing) less individual assessment allowance	<b>0.85%</b>	<b>0.97%</b>

\* As at 30 June 2013, the gross exposure of the assets under the RPSIA is RM2,463.8 million (31 December 2012 : RM650.0 million) and the collective allowance relating to this RPSIA amounting RM11.5 million (31 December 2012 : RM0.8 million) is accounted for by the parent. There was no individual allowance made on the 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 reporting 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 June 2013			31 December 2012		
	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	1,488,470	26,086	(257)	555,985	73	(12,347)
Currency swaps						
- Less than one year	1,771,298	1,960	(26,138)	474,400	9,305	-
Currency spot						
- Less than one year	71,022	88	(161)	6,733	5	-
Cross currency profit rate swaps						
- More than 3 years	300,500	9,752	(9,752)	300,500	6,476	(6,476)
<u>Profit rate related contracts:</u>						
Profit rate options						
- More than 3 years	550,000	-	(86,106)	400,000	-	(62,394)
	<b>4,181,290</b>	<b>37,886</b>	<b>(122,414)</b>	<b>1,737,618</b>	<b>15,859</b>	<b>(81,217)</b>
<b><u>Hedging derivatives</u></b>						
Profit rate swaps						
- Less than one year	750,000	-	(3,513)	600,000	68	(174)
- one year to three years	350,000	-	(4,470)	850,000	-	(6,019)
- More than 3 years	2,337,138	17,536	(9,557)	2,559,088	22,458	(17,650)
Cross currency profit rate swaps						
- one year to three years	263,428	14,953	(14,227)	-	-	-
- More than 3 years	-	-	-	258,632	9,842	(8,920)
	<b>3,700,566</b>	<b>32,489</b>	<b>(31,767)</b>	<b>4,267,720</b>	<b>32,368</b>	<b>(32,763)</b>
<b>Total derivative assets/(liabilities)</b>	<b>7,881,856</b>	<b>70,375</b>	<b>(154,181)</b>	<b>6,005,338</b>	<b>48,227</b>	<b>(113,980)</b>

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**A16. Other assets**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Amount due from holding company	5,392,961	4,169,838
Handling fees	126,018	108,190
Prepayments and deposits	113,298	97,369
Others	724,661	304,063
	<b>6,356,938</b>	<b>4,679,460</b>

**A17. Deposits from customers**

**i) By type of deposit**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<u>Savings deposits</u>		
Wadiah	8,608,433	8,011,365
Mudharabah	673,217	579,821
<u>Demand deposits</u>		
Wadiah	7,531,107	7,896,631
Mudharabah	6,451,315	7,036,602
<u>Term deposits</u>		
Murabahah	30,071,556	31,223,265
General investment account		
Mudharabah	15,498,124	15,646,549
Negotiable Islamic Debt Certificate (NIDC)		
Mudharabah	269,135	242,622
Hybrid (Bai' Bithaman Ajil and Murabahah)*	478,116	347,614
	<b>69,581,003</b>	<b>70,984,469</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 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Business enterprises	27,921,171	30,681,459
Individuals	20,862,249	20,602,332
Government and statutory bodies	9,176,946	9,619,863
Others	11,620,637	10,080,815
	<b>69,581,003</b>	<b>70,984,469</b>

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**A18. Deposits and placements of banks and other financial institutions**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<u>Mudharabah Fund</u>		
Licensed banks	<b>15,575,385</b>	4,791,354
Licensed islamic banks	<b>2,477,715</b>	2,098,649
Licensed investment banks	<b>2,739,662</b>	1,081,296
Other financial institutions	<b>860,070</b>	422,458
	<b>21,652,832</b>	8,393,757
<u>Non-Mudharabah Fund</u>		
Licensed banks	<b>82,868</b>	111,792
Licensed islamic banks	<b>430,020</b>	170,000
Other financial institutions	<b>5,796,006</b>	4,458,081
	<b>6,308,894</b>	4,739,873
	<b>27,961,726</b>	13,133,630

Included in the deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent amounting to RM2,463.8 (31 December 2012: RM685.0 million). These deposits are used to fund certain specific financing. The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the investor solely provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne by the depositors.

**A19. Other liabilities**

	<b>Note</b>	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Profit equalisation reserve ("PER")	(i)	<b>11,820</b>	54,695
Sundry creditors		<b>80,871</b>	83,408
Deposit on trade financing		<b>25,854</b>	13,983
Provisions and accruals		<b>5,442</b>	12,035
Others		<b>11,765</b>	21,219
		<b>135,752</b>	185,340
<b>(i) PER</b>			
		<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
At 1 January 2013/2012		<b>54,695</b>	54,695
Distribution to Investment Account Holder		<b>(42,875)</b>	-
At 30 June 2013/31 December 2012		<b>11,820</b>	54,695

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**A20. Sources and uses of charity funds**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Sources of charity funds</b>		
Undistributed charity funds as at 1 January 2011/2012	-	-
Non-Islamic/prohibited income	<u>22</u>	<u>76</u>
<b>Total sources of charity funds during the year</b>	<b><u>22</u></b>	<b><u>76</u></b>
<b>Uses of charity funds</b>		
Contribution to Baitulmal		
Contribution to non-profit organisation	-	50
Aid to needy family	-	26
<b>Total uses of charity funds during the year</b>	<u>-</u>	<u>76</u>
<b>Undistributed charity funds as at 30 June 2013/ 31 December 2012</b>	<b><u>22</u></b>	<b><u>-</u></b>

**A21. Subordinated Sukuk**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
RM1,000 million Islamic Subordinated Sukuk due in 2021	<u>1,010,608</u>	<u>1,010,782</u>

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**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	709,209	578,797	1,383,043	1,120,841
ii) Other deposits	392,507	283,895	728,744	548,110
	<u>1,101,716</u>	<u>862,692</u>	<u>2,111,787</u>	<u>1,668,951</u>

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

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Financing and advances	525,975	441,081	1,031,303	857,702
Money at call and deposit				
with financial institutions	47,984	43,009	93,331	70,821
Financial investments available-for-sale	33,000	29,847	63,110	60,165
Financial investments held-to-maturity	-	784	-	1,829
Financial assets at fair value through profit or loss	820	272	1,753	1,314
	<u>607,779</u>	<u>514,993</u>	<u>1,189,497</u>	<u>991,831</u>
Amortisation of premium less accretion of discounts	6,500	16,348	13,781	28,997
Total finance income and hibah	<u>614,279</u>	<u>531,341</u>	<u>1,203,278</u>	<u>1,020,828</u>
Other operating income :				
Fee income				
- Processing fees	282	313	456	680
- Commissions	23,619	16,958	42,048	31,307
- Service charges and other fees	24,879	14,300	67,780	26,646
Gains on disposal of financial investments available-for-sale	9,349	7,941	11,363	17,949
Gains on disposal of financial assets at fair value through profit or loss	11,602	775	25,088	2,107
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	759	1,198	(501)	651
- Derivatives	(97)	(2,965)	2,511	13,540
Gains/(losses) on foreign exchange:				
- Realised	10,120	6,417	14,853	11,794
- Unrealised	13,865	2,999	15,347	(4,458)
Net dividend on derivatives	552	(480)	820	(203)
	<u>709,209</u>	<u>578,797</u>	<u>1,383,043</u>	<u>1,120,841</u>

Included in finance income were income on impaired assets amounting to RM4.6 million (30.6.2012: RM7.0 million).



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**A22. Income derived from investment of depositors' funds (cont'd)**

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

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Financing and advances	<b>291,255</b>	216,351	<b>543,409</b>	419,430
Money at call and deposit with financial institutions	<b>26,549</b>	21,076	<b>49,177</b>	34,633
Financial investments available-for-sale	<b>18,230</b>	14,642	<b>33,254</b>	29,421
Financial investments held-to-maturity	-	386	-	895
Financial assets at fair value through profit or loss	<b>458</b>	135	<b>924</b>	643
	<b>336,492</b>	252,590	<b>626,764</b>	485,022
Amortisation of premium less accretion of discounts	<b>3,628</b>	8,014	<b>7,261</b>	14,180
Total finance income and hibah	<b>340,120</b>	260,604	<b>634,025</b>	499,202
Other operating income :				
Fee income				
- Processing fees	<b>153</b>	154	<b>240</b>	333
- Commissions	<b>12,960</b>	8,316	<b>22,156</b>	15,310
- Service charges and other fees	<b>14,307</b>	7,012	<b>35,714</b>	13,030
Gains on disposal of financial investments available-for-sale	<b>4,982</b>	3,899	<b>5,987</b>	8,777
Gains on disposal of financial assets at fair value through profit or loss	<b>6,490</b>	381	<b>13,219</b>	1,030
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	<b>365</b>	586	<b>(264)</b>	319
- Derivatives	<b>21</b>	(1,424)	<b>1,323</b>	6,621
Gains/(losses) on foreign exchange:				
- Realised	<b>5,464</b>	3,146	<b>7,826</b>	5,767
- Unrealised	<b>7,347</b>	1,455	<b>8,086</b>	(2,180)
Net dividend on derivatives	<b>298</b>	(234)	<b>432</b>	(99)
	<b>392,507</b>	283,895	<b>728,744</b>	548,110

Included in finance income were income on impaired assets amounting to RM2.4 million (30.6.2012: RM3.4 million).

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**A23. Income derived from investment of shareholder's funds**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Financing and advances	33,887	30,286	63,825	57,038
Money at call and deposit with financial institutions	3,090	2,924	5,776	4,710
Financial investments available-for-sale	2,122	2,054	3,906	4,001
Financial investments held-to-maturity	-	55	-	122
Financial assets at fair value through profit or loss	53	20	108	87
	<u>39,152</u>	<u>35,339</u>	<u>73,615</u>	<u>65,958</u>
Amortisation of premium less accretion of discounts	422	1,116	853	1,928
Total finance income and hibah	<u>39,574</u>	<u>36,455</u>	<u>74,468</u>	<u>67,886</u>
Other operating income :				
Fee income				
- Processing fees	18	21	28	45
- Commissions	1,510	1,161	2,602	2,082
- Service charges and other fees	1,653	979	4,195	1,772
Gains on disposal of financial investments available-for-sale	584	551	703	1,194
Gains on disposal of financial assets at fair value through profit or loss	754	54	1,553	140
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	44	78	(31)	43
- Derivatives	-	(160)	155	900
Gains/(losses) on foreign exchange:				
- Realised	639	439	919	784
- Unrealised	862	183	950	(296)
Net dividend on derivatives	35	(32)	51	(14)
	<u>45,673</u>	<u>39,729</u>	<u>85,593</u>	<u>74,536</u>

Included in finance income were income on impaired assets amounting to RM0.3 million (30.6.2012: RM0.5 million).

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**A24. Allowance for losses on financing and advances**

	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowances for impaired financing and advances:				
- collective allowance made	<b>20,253</b>	29,804	<b>23,808</b>	6,086
- individual allowance made	<b>47,096</b>	19,424	<b>74,818</b>	43,367
- individual allowance written back	<b>5,634</b>	820	<b>(10,374)</b>	(14,767)
Impaired financing and advances written off	<b>2,831</b>	1,046	<b>5,749</b>	2,530
Impaired financing and advances recovered	<b>(57,182)</b>	(22,531)	<b>(81,378)</b>	(47,096)
	<b>18,632</b>	28,563	<b>12,623</b>	(9,880)

**A25. Income attributable to depositors**

	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers				
- Mudharabah	<b>177,288</b>	180,726	<b>332,586</b>	362,502
- Non-Mudharabah	<b>230,995</b>	182,458	<b>483,592</b>	355,188
	<b>408,283</b>	363,184	<b>816,178</b>	717,690
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>125,095</b>	47,985	<b>204,247</b>	94,973
- Non-Mudharabah	<b>7,860</b>	13,669	<b>16,781</b>	28,041
	<b>132,955</b>	61,654	<b>221,028</b>	123,014
	<b>541,238</b>	424,838	<b>1,037,206</b>	840,704

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**A26. Overhead expenses**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	6,808	6,405	15,090	12,821
- Salaries, allowances and bonuses	5,519	4,811	10,713	8,973
- Pension costs	(52)	756	1,648	1,680
- Shares/Options granted under Employee's Shares Scheme	541	294	831	495
- Others	800	544	1,898	1,673
Establishment costs	527	742	1,193	1,255
- Rental of premises	286	294	572	588
- Repairs, servicing and maintenance	16	147	30	172
- Information technology expenses	225	301	591	495
Marketing costs	1,148	1,047	1,832	1,448
- Advertisement and publicity	795	799	1,462	1,184
- Others	353	248	370	264
Administration and general expenses	200,416	129,514	400,756	290,848
- Fees and brokerage	1,766	4,059	3,663	7,764
- Administrative expenses	2,203	1,640	3,540	3,013
- General expenses	2,455	(5,345)	5,481	(2,868)
- Shared service cost paid/payable to Maybank	193,992	129,160	388,072	282,939
	<b>208,899</b>	<b>137,708</b>	<b>418,871</b>	<b>306,372</b>

**A27. Finance cost**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Islamic subordinated sukuk	10,377	10,146	20,926	20,754

**A28. Taxation and zakat**

The analysis of the taxation and zakat expense for the financial half year ended 30 June 2013 are as follows:

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	92,337	78,985	175,507	141,488
Deferred tax expense in relation to origination and reversal of temporary differences	(6,901)	(5,771)	(6,351)	668
Tax expense for the period	85,436	73,214	169,156	142,156
Zakat expense	4,007	6,332	7,139	9,332
	<b>89,443</b>	<b>79,546</b>	<b>176,295</b>	<b>151,488</b>

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**A29. Credit exposure arising from credit transactions with connected parties**

	<b>30 June 2013</b>	<b>31 December 2012</b>
Outstanding credit exposure with connected parties (RM'000)	<b><u>2,561,661</u></b>	<b><u>2,042,280</u></b>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b><u>2.35%</u></b>	<b><u>2.80%</u></b>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<b><u>-</u></b>	<b><u>-</u></b>

The credit exposure above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008, and applied prospectively.

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**A30. 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 June 2013			As at 31 December 2012		
	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	687,372	687,372	446,966	786,803	773,639	519,972
Certain transaction-related contingent items	1,123,434	541,466	503,746	1,092,100	528,713	506,466
Short-term self-liquidating trade-related contingencies	178,973	31,757	21,797	173,295	25,222	16,097
Irrevocable commitments to extend credit:						
- maturity within one year	18,391,484	2,004,938	1,127,634	16,595,356	1,800,273	1,028,067
- maturity more than one year	4,768,018	2,971,131	1,064,970	4,472,758	2,509,371	708,572
Miscellaneous	4,134	-	-	4,752	-	-
Total credit-related commitments and contingencies	<b>25,153,415</b>	<b>6,236,664</b>	<b>3,165,113</b>	<b>23,125,064</b>	<b>5,637,218</b>	<b>2,779,174</b>
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- less than one year	3,330,790	99,504	22,869	1,037,118	29,530	14,511
- one year to less than five years	563,928	-	-	559,132	58,462	41,464
Profit rate related contracts:						
- less than one year	750,000	1,875	505	600,000	568	114
- one year to less than five years	3,187,138	166,771	128,183	3,809,087	184,196	93,840
- five years and above	50,000	-	-	-	-	-
Total treasury-related commitments and contingencies	<b>7,881,856</b>	<b>268,150</b>	<b>151,557</b>	<b>6,005,337</b>	<b>272,756</b>	<b>149,929</b>
	<b>33,035,271</b>	<b>6,504,814</b>	<b>3,316,670</b>	<b>29,130,401</b>	<b>5,909,974</b>	<b>2,929,103</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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**A31. Capital Adequacy**

**(a) Capital Adequacy Framework (Capital Components)**

- (i) Bank Negara Malaysia ("BNM") had on 28 November 2012 released the updated guidelines for the computation of capital and capital adequacy ratios in accordance with Capital Adequacy Framework for Islamic Banks (Capital Components) commencing from 1 January 2013 and subjected to the transitional arrangements as set out in paragraphs 36.1 to 36.17 of the said framework.
- (ii) The minimum regulatory capital adequacy ratios are set out as follows:

Calendar Year	Common Equity Tier I (CET1) Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015 onwards	4.5%	6.0%	8.0%

- (iii) Total risk-weighted assets ("RWA") shall be calculated as the sum of credit RWA, market RWA, operational RWA, and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework for Islamic Banks (Basel II – Risk-Weighted Assets) issued by BNM on 28 November 2012.

The sum of the above shall be further adjusted to take into account any profit-sharing investment accounts ("PSIA") recognised as risk absorbent for capital adequacy purposes, in the manner stipulated under the Guidelines on Recognition and Measurement of PSIA as Risk Absorbent as updated by BNM on 26 July 2011.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital, and Total Capital shall not be subject to any further capital charges in the computation of RWA.

**(b) Compliance and application of capital adequacy ratios**

On 29 June 2010, the Bank has received approval from BNM to migrate to Internal Ratings-Based ("IRB") approach for credit risk under BNM's Risk Weighted Capital Adequacy Framework for Islamic Banks ("CAFIB") from 1 July 2010 onwards.

The capital adequacy ratio of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Basel II - Risk Weighted Assets) issued on 28 November 2012. The total risk weighted assets are computed based on the following approaches:

- (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 remains at 8% of total risk weighted assets.

Capital adequacy disclosures relating to dates prior to 1 January 2013 are calculated in accordance with the then prevailing RWCAF and are thus not directly comparable to those pertaining to dates from 1 January 2013 which are calculated in accordance with Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

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**A31. Capital Adequacy (cont'd.)**

**(c) The capital adequacy ratios of the Bank as at the following dates:**

For the period ended 30 June 2013, the Bank has proposed an interim tax-exempt (single tier) dividend of RM0.94 per share on 132,720,000 ordinary shares, amounting to a dividend payable of RM124,756,800 will be proposed for the shareholder's approval.

In arriving the capital adequacy ratio for the period ended 30 June 2013, the proposed dividend has not been deducted from the calculation of CET1 Capital.

Based on the above, the capital adequacy ratio of the Bank are as follows:

	<b>30 June 2013</b>	<b>31 December 2012</b>
<b>Capital ratios</b>		
CET1 capital ratio	<b>10.092%</b>	-
Tier 1 capital ratio	<b>10.092%</b>	-
Total capital ratio	<b>12.289%</b>	-
	<b>30 June 2013</b>	<b>31 December 2012</b>
<b>Capital ratios</b>		
Core capital ratio	-	10.83%
Risk-weighted capital ratio ("RWCR")	-	12.59%



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**A31. Capital Adequacy (cont'd.)**

**(d) Components of Tier 1 and Tier 2 capital:**

	30 June 2013 RM '000	31 December 2012 RM'000
<b>Eligible Tier 1 capital</b>		
Paid-up share capital	132,720	-
Share premium	2,687,480	-
Retained profits	2,041,865	-
Other reserves	162,710	-
<b>CET1 capital before regulatory adjustments</b>	<b>5,024,775</b>	-
Less: Regulatory adjustment applied in CET1 capital	(633,709)	-
<b>Total CET1/Tier 1 capital</b>	<b>4,391,066</b>	-
Tier 2 capital instruments	900,000	-
Collective allowance <sup>1</sup>	55,779	-
<b>Total Tier 2 capital</b>	<b>955,779</b>	-
<b>Total Capital</b>	<b>5,346,845</b>	-
	30 June 2013 RM '000	31 December 2012 RM'000
<b>Eligible Tier 1 capital</b>		
Paid-up share capital	-	132,720
Share premium	-	2,687,480
Other reserves	-	1,659,441
Less: Deferred tax assets	-	(199,000)
<b>Total Eligible Tier 1 capital</b>	-	<b>4,280,641</b>
<b>Eligible Tier 2 capital</b>		
Subordinated sukuk	-	1,000,000
Collective allowance <sup>1</sup>	-	85,396
Surplus of total expected loss over total eligible provision	-	(390,447)
<b>Total Eligible Tier 2 capital</b>	-	<b>694,949</b>
<b>Capital base</b>	-	<b>4,975,590</b>

<sup>1</sup> Excluding collective allowance for certain financing and advances.

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**A31. Capital Adequacy (cont'd.)**

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Standardised Approach exposure	<b>3,523,116</b>	2,411,358
Internal Ratings Based Approach exposure after scaling factor	<b>37,320,104</b>	32,563,904
Total risk-weighted asset for credit risk	<b>40,843,220</b>	34,975,262
Total risk-weighted asset for credit risk absorbed by parent <sup>^</sup>	<b>(1,188,245)</b>	(127,317)
Total risk-weighted asset for market risk	<b>528,248</b>	747,905
Total risk-weighted asset for operational risk	<b>3,327,134</b>	2,959,425
Additional risk-weighted asset due to capital floor	<b>-</b>	968,148
Total risk-weighted assets	<b>43,510,357</b>	39,523,423

<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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**A32. Fair value of financial instruments**

**Fair value hierarchy**

The Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

(a) Level 1: Quoted prices

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

(b) Level 2: Valuation techniques using observable inputs

Refers to inputs other than quoted prices included those within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds and less liquid equities.

(c) Level 3: Valuation techniques using significant unobservable inputs

Refers to financial instruments where fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Banks' own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

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**A32. Fair value of financial instruments (cont'd.)**

The following table shows the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2013 and 31 December 2012.

	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
<b>At 30 June 2013</b>				
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	-	4,019,300	-	4,019,300
<i>Money market instruments</i>	-	4,019,300	-	4,019,300
<i>Non-money market instruments</i>	-	-	-	-
<b>Financial investments available-for-sale</b>	-	7,204,481	-	7,204,481
<i>Money market instruments</i>	-	5,108,180	-	5,108,180
<i>Non-money market instruments</i>	-	2,096,301	-	2,096,301
<b>Derivative assets</b>	-	70,374	-	70,374
<i>Foreign exchange related contracts</i>	-	52,839	-	52,839
<i>Profit rate related contracts</i>	-	17,535	-	17,535
	-	<b>11,294,155</b>	-	<b>11,294,155</b>
Financial liabilities measured at fair value:				
<b>Derivative liabilities</b>	-	68,074	86,106	154,180
<i>Foreign exchange related contracts</i>	-	50,534	-	50,534
<i>Profit rate related contracts</i>	-	17,540	86,106	103,646

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**A32. Fair value of financial instruments (cont'd.)**

At 31 December 2012	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	4,048,385	50,021	-	4,098,406
<i>Money market instruments</i>	4,048,385	-	-	4,048,385
<i>Non-money market instruments</i>	-	50,021	-	50,021
<b>Financial investments available-for-sale</b>	267,011	5,144,538	-	5,411,549
<i>Money market instruments</i>	267,011	3,050,100	-	3,317,111
<i>Non-money market instruments</i>	-	2,094,438	-	2,094,438
<b>Derivative assets</b>	-	48,227	-	48,227
<i>Foreign exchange related contracts</i>	-	15,859	-	15,859
<i>Profit rate related contracts</i>	-	32,368	-	32,368
	<b>4,315,396</b>	<b>5,242,786</b>	<b>-</b>	<b>9,558,182</b>

Financial liabilities measured at fair value:

<b>Derivative liabilities</b>	-	51,586	62,394	113,980
<i>Foreign exchange related contracts</i>	-	18,822	-	18,822
<i>Profit rate related contracts</i>	-	32,764	62,394	95,158

**Valuation techniques**

The valuation techniques used for the financial instruments that are not determined by reference to quoted prices (Level 1), are described below:

*Derivatives*

The fair values of the Bank's derivative instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.

*Financial assets designated at fair value through profit or loss, financial assets held-for-trading and financial investments available-for-sale*

The fair values of financial assets and financial investments are determined by reference to prices quoted by independent data providers and independent broker quotations.

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**A32. Fair value of financial instruments (cont'd.)**

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	At 1 January 2013 RM'000	Total unrealised gains/(losses) recognised in income statements* RM'000	Issues RM'000	Settlements RM'000	At 30 June 2013 RM'000
<b>As at 30.06.2013</b>					
<b>Derivative assets</b>					
<i>Profit rate related contracts</i>	-	-	-	-	-
<b>Total Level 3 financial assets</b>	-	-	-	-	-
<b>Derivative liabilities</b>					
<i>Profit rate related contracts</i>	62,394	(1,914)	25,626	-	86,106
<b>Total Level 3 financial liabilities</b>	62,394	(1,914)	25,626	-	86,106
<b>Total net Level 3 financial assets/ (liabilities)</b>	62,394	(1,914)	25,626	-	86,106

\* Included within 'Non-profit income'.

	At 1 January 2012 RM'000	Total unrealised gains/(losses) recognised in income statements* RM'000	Issues RM'000	Settlements RM'000	At 31 December 2012 RM'000
<b>As at 31.12.2012</b>					
<b>Derivative assets</b>					
<i>Profit rate related contracts</i>	722	1	-	(723)	-
<b>Total Level 3 financial assets</b>	722	1	-	(723)	-
<b>Derivative liabilities</b>					
<i>Profit rate related contracts</i>	40,881	2,812	86,330	(67,629)	62,394
<b>Total Level 3 financial liabilities</b>	40,881	2,812	86,330	(67,629)	62,394
<b>Total net Level 3 financial assets/ (liabilities)</b>	41,603	2,813	86,330	(68,352)	62,394

\* Included within 'Non-profit income'.

The Bank's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

There were no transfers between Level 1 and Level 2 for the Bank during the financial half year ended 30 June 2013.

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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 RM707.8 million for the financial half year ended 30 June 2013, higher by RM122.2 million or 20.9% from previous year's corresponding period.

Total income grew by RM453.9 million or 26.0% to RM2,197.4 million from last year's corresponding period, comprising RM2,111.8 million income derived from investment of depositors' funds and RM85.6 million income derived from investment of shareholder's funds. Income attributable to depositors (including inter-bank) rose by RM196.5 million to RM1,037.2 million or 23.4% as compared to previous year's corresponding period.

Overhead expenses increased by RM112.5 million or 36.7% to RM418.9 million over the amount reported in the prior year on the back of higher shared services cost which accounted 93% of total overhead cost.

Allowance for losses on financing and advances is RM12.6 million for half year ended 30 June 2013 as compared to RM9.9 million write-back in last year's corresponding period. Net impaired financing stood at 0.57% as at 30 June 2013 as compared to 0.70% in December 2012.

The Bank's total asset increased by RM13.4 billion driven by growth in financing asset (+RM9.9 billion), financial investment portfolio (+RM1.8 billion) and other assets (+RM1.7 billion) in the first six-month period in 2013.

Gross financing expanded to RM71.2 billion, a growth of RM9.9 billion or 16.2% from 31 December 2012. Total customer deposits closed at RM69.6 billion, lower by RM1.4 billion from RM71.0 billion recorded in last financial year ended 31 December 2012.

The Bank's total capital ratio under Basel III is 12.289% (*December 2012 (Basel II): 12.59%*).

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

**B2. Prospects**

The International Monetary Fund (IMF) expects the global real GDP to by 3.1% in 2013, the same as in 2012. The expected continuation of subdued global economic growth after the slowdowns in 2011-2013 reflects a mixture of sub-trend US growth amid fiscal consolidation; on-going Eurozone recession following the impact of austerity measures and banking credit crunch despite the abatement in the sovereign debt crisis; build up in the Abenomics-driven growth momentum in Japan; a moderation in China's growth amid economic rebalancing and in addressing risks of the property and shadow banking credit bubble; pick up in Asian NIEs and sustained expansion in ASEAN. The IMF projects the ASEAN 5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam to remain robust with growth of 5.6% (2012: 6.1%) on the strength of domestic demand, especially investment.

Maybank's three home markets consisting of Malaysia, Singapore and Indonesia, which contribute more than 90% of the Group's income and profit, are expected to record positive revenue growth on the back of steady economic expansion. Despite the slower growth in the first quarter of the year amid the soft external demand conditions, Malaysia is expected to see full-year economic growth of at least 5% (2012: 5.6%), driven by domestic demand that is powered by strong investment momentum, mainly from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme (ETP). In Indonesia, robust domestic demand and inflows of foreign direct investments (FDI) should enable the economy to sustain positive momentum (2013: 5.8%; 2012: 6.2%), after taking into account the one-off impact from the recent hikes in the subsidised fuel prices. Meanwhile, Singapore's economic growth is expected to improve to 2.3% (preliminary 1H 2013: 2%; 2012: 1.3%) on the back of the aforementioned stabilisation in global economy.

Maybank's business momentum is expected to gather pace in the upcoming financial quarters on the back of loan growth opportunities in its three home markets and other markets in the region, non-interest income contribution arising from the continued deal pipeline for the investment banking business, and revenue contribution from regional initiatives.

Global Banking's global relationship coverage model is being extended to realise merger synergies with Maybank Kim Eng and will see closer collaboration with overseas units especially in Singapore, Indonesia and Philippines.

Maybank Islamic leverages on the Group's distribution network and is focused on strengthening regional presence in key markets such as Indonesia, Singapore and Middle East.

Adherence to good corporate governance and continued upgrading of IT infrastructure will further improve business capability in the Group's global banking, investment banking, credit cards, treasury and payment operations. The Group will continue to raise the quality of customer services, embed a robust right risk culture to sustain its strong asset quality, and improve effectiveness and efficiency through an optimal cost structure.

Maybank Group including the Bank is poised to remain well capitalised for 2013 in accordance with Bank Negara Malaysia's Capital Adequacy Framework on Basel III which was issued on 28 November 2012.

Barring any unforeseen circumstances, the Bank expects its financial performance for the financial year ending 31 December 2013 is on track to meet the key targets that have been set for the year.