

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of depositors' funds	A22	1,144,305	880,138	3,256,092	2,549,089
Income derived from investment of shareholder's funds	A23	42,500	47,038	128,093	121,574
Allowance for impairment on financing and advances	A24	(37,909)	3,501	(50,532)	13,381
<b>Total distributable income</b>		<b>1,148,896</b>	<b>930,677</b>	<b>3,333,653</b>	<b>2,684,044</b>
Income attributable to depositors	A25	(618,997)	(427,517)	(1,656,203)	(1,268,221)
<b>Total net income</b>		<b>529,899</b>	<b>503,160</b>	<b>1,677,450</b>	<b>1,415,823</b>
Overhead expenses	A26	(226,441)	(145,615)	(645,312)	(451,987)
Finance cost	A27	(10,608)	(10,493)	(31,534)	(31,247)
<b>Profit before taxation and zakat</b>		<b>292,850</b>	<b>347,052</b>	<b>1,000,604</b>	<b>932,589</b>
Taxation	A28	(61,216)	(85,093)	(230,372)	(227,249)
Zakat	A28	(5,370)	(4,000)	(12,509)	(13,332)
<b>Profit for the period</b>		<b>226,264</b>	<b>257,959</b>	<b>757,723</b>	<b>692,008</b>
<b>Profit attributable to :</b>					
Equity holders of the parent		<b>226,264</b>	<b>257,959</b>	<b>757,723</b>	<b>692,008</b>
<b>Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)</b>		<b>170.29</b>	<b>208.98</b>	<b>570.29</b>	<b>560.62</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)

**MAYBANK ISLAMIC BERHAD**  
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(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<b>Profit for the period</b>	<b>226,264</b>	257,959	<b>757,723</b>	692,008
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on financial investments available-for-sale	<b>(59,849)</b>	(18,985)	<b>(129,255)</b>	(20,358)
Income tax relating to components of other comprehensive income	<b>14,963</b>	4,646	<b>32,314</b>	4,989
<b>Other comprehensive income for the period, net of tax</b>	<b>(44,886)</b>	(14,339)	<b>(96,941)</b>	(15,369)
<b>Total comprehensive income for the period, net of tax</b>	<b>181,378</b>	243,620	<b>660,782</b>	676,639
<b>Total comprehensive income attributable to :</b>				
Equity holders of the parent	<b>181,378</b>	243,620	<b>660,782</b>	676,639

(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 SEPTEMBER 2013**

	Note	30 September 2013 RM'000	31 December 2012 RM'000
<b>ASSETS</b>			
Cash and short-term funds		15,068,756	13,017,323
Deposits and placements with banks and other financial institutions	A12	149,320	271,334
Financial assets at fair value through profit or loss	A13(i)	305,749	4,098,406
Financial investments available-for-sale	A13(ii)	10,473,115	5,411,549
Financing and advances	A14	77,213,657	61,308,071
Derivative assets	A15	134,437	48,227
Other assets	A16	7,243,271	4,679,460
Statutory deposits with Bank Negara Malaysia		2,854,000	2,399,000
Deferred tax assets		252,265	199,000
<b>TOTAL ASSETS</b>		<b>113,694,570</b>	<b>91,432,370</b>
<b>LIABILITIES</b>			
Deposits from customers	A17	74,860,223	70,984,469
Deposits and placements of banks and other financial institutions	A18	31,277,116	13,133,630
Bills and acceptances payable		209,452	419,749
Derivative liabilities	A15	220,288	113,980
Other liabilities	A19	157,071	185,340
Provision for taxation and zakat		98,766	133,868
Subordinated Sukuk	A21	1,000,116	1,010,782
Recourse obligation on financing sold to Cagamas		665,385	905,181
<b>TOTAL LIABILITIES</b>		<b>108,488,417</b>	<b>86,886,999</b>

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

	Note	30 September 2013 RM'000	31 December 2012 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>			
Share capital		145,992	132,720
Share premium		2,798,965	2,687,480
Retained profits		2,143,372	1,510,406
Other reserves		117,824	214,765
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>5,206,153</b>	4,545,371
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>113,694,570</b>	91,432,370
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>33,575,065</b>	29,130,401
<b><u>CAPITAL ADEQUACY</u></b>	A30		
Based on credit, market and operational risk:			
CET1 capital ratio		9.544%	-
Tier 1 capital ratio		9.544%	-
Total capital ratio		<b>11.805%</b>	-
Core capital ratio		-	10.83%
Risk-weighted capital ratio		-	12.59%

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	757,723	757,723
Other comprehensive income	-	-	-	-	(96,941)	-	-	(96,941)
<b>Total comprehensive income for the period</b>	-	-	-	-	(96,941)	-	757,723	660,782
Dividend paid	-	-	-	-	-	-	(124,757)	(124,757)
Issue of ordinary shares (Notes A8)	13,272	111,485	-	-	-	-	-	124,757
<b>Total transactions with shareholders</b>	13,272	111,485	-	-	-	-	(124,757)	-
<b>At 30 September 2013</b>	145,992	2,798,965	1,697	147,338	(65,667)	34,456	2,143,372	5,206,153

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	692,008	692,008
Other comprehensive income	-	-	-	-	(15,369)	-	-	(15,369)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,369)</b>	<b>-</b>	<b>692,008</b>	<b>676,639</b>
Dividend on ordinary shares	-	-	-	-	-	-	(221,200)	(221,200)
Issue of ordinary shares	22,120	199,080	-	-	-	-	-	221,200
<b>Total transactions with shareholders</b>	<b>22,120</b>	<b>199,080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(221,200)</b>	<b>-</b>
<b>At 30 September 2012</b>	<b>132,720</b>	<b>2,687,480</b>	<b>1,697</b>	<b>147,338</b>	<b>34,350</b>	<b>34,456</b>	<b>1,750,081</b>	<b>4,788,122</b>

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	1,000,604	932,589
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	162,640	61,966
Amortisation of premium less accretion of discount	(43,516)	(52,153)
Gain on revaluation of derivatives	(8,499)	(31,107)
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss	10,341	(9,928)
Gain on disposal of financial investments available-for-sale	(19,872)	(43,408)
Gain on disposal of financial assets at fair value through profit or loss	(63,246)	(3,868)
Gain on foreign exchange translations	(53,551)	(7,415)
Share options granted under ESS	1,181	1,068
Operating profit before working capital changes	986,082	847,744
Change in deposits and placements with banks and other financial institutions	122,013	305,882
Change in financial investments portfolio	(1,281,870)	1,047,162
Change in financing and advances	(16,068,227)	(6,049,529)
Change in derivative assets and liabilities	28,598	23,006
Change in other assets	(2,563,812)	(2,080,123)
Change in statutory deposits with Bank Negara Malaysia	(455,000)	(233,200)
Change in deposits from customers	3,875,754	391,285
Change in deposits and placements of banks and other financial institutions	18,197,037	5,995,627
Change in bills and acceptances payable	(210,296)	(327,336)
Change in other liabilities	2,084	374,017
Cash generated from operations	2,632,363	294,535
Taxes and zakat paid	(298,934)	(103,418)
<b>Net cash generated from operating activities</b>	2,333,429	191,117
<b>Cash flows from financing activities</b>		
Profit paid for subordinated sukuk	(42,200)	(20,639)
Financing sold to Cagamas, net	(239,796)	(309,493)
Proceeds from issuance of shares	124,757	221,200
Dividend paid	(124,757)	(221,200)
<b>Net cash used in investing activities</b>	(281,996)	(330,132)
<b>Net increase / (decrease) in cash and cash equivalents</b>	2,051,433	(139,015)
Cash and cash equivalents at beginning of year	13,017,323	9,419,350
<b>Cash and cash equivalents at end of year</b>	15,068,756	9,280,335

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

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

	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
Cash and short-term funds	<b><u>15,068,756</u></b>	<b><u>9,280,335</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 quarter ended 30 September 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)*

**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 [A31](#).

***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 third quarter ended 30 September 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 third quarter ended 30 September 2013.

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**A7. Changes in estimates**

There were no material changes in estimates during the third quarter ended 30 September 2013.

**A8. Issue Of Ordinary Share Capital**

On 27 September 2013, the issued and paid-up share capital of the Bank was increased from RM132,720,000 to RM145,992,000 via a rights issue of 13,272,000 new ordinary shares of RM1.00 each at a premium of RM8.40 per shares on the basis of one new share for every ten existing ordinary shares held, to Maybank.

**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 has been paid on 27 September 2013.

The Directors do not recommend the payment of any dividend in respect of the third quarter ended 30 September 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 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Licensed Islamic banks	149,320	271,334
	<b>149,320</b>	<b>271,334</b>

**A13. Financial investments portfolio**

	<b>Note</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Financial assets at fair value through profit or loss	(i)	305,749	4,098,406
Financial investments available-for-sale	(ii)	10,473,115	5,411,549
		<b>10,778,864</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 September 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	142,449	-
Bank Negara Malaysia Monetary Notes	-	4,048,385
	<b>142,449</b>	<b>4,048,385</b>
<b>Unquoted securities :</b>		
Islamic private debt securities in Malaysia	-	50,021
Foreign private debt securities	163,300	-
	<b>163,300</b>	<b>50,021</b>
<b>Total financial assets held-for-trading</b>	<b>305,749</b>	<b>4,098,406</b>

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

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

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>At fair value</b>		
<b>Money market instruments:-</b>		
Cagamas bonds	-	30,584
Malaysian Government Investment Issues	<b>5,317,438</b>	1,814,145
Negotiable Islamic instruments of deposits	<b>2,675,206</b>	582,396
Bankers' acceptances and Islamic accepted bills	<b>322,510</b>	520,789
Khazanah bonds	<b>281,091</b>	102,186
Bank Negara Malaysia Monetary Notes	-	267,011
	<b>8,596,245</b>	<b>3,317,111</b>
<b>Unquoted securities :</b>		
Islamic private debt securities in Malaysia	<b>1,782,384</b>	2,026,161
Foreign private debt securities	<b>25,459</b>	-
Malaysian Government bond	<b>69,027</b>	68,277
	<b>1,876,870</b>	<b>2,094,438</b>
<b>Total financial investments available-for-sale</b>	<b>10,473,115</b>	<b>5,411,549</b>

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**A14. Financing and advances**

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

30.09.2013	Bai'^	Murabahah	Musharakah	Al-Ijarah Thumma Al- Bai (AITAB)	Ijarah	Istisna'	Others	Total financing and advances
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	2,600,545	-	-	-	-	-	2,600,545
Term financing								
- House financing	24,104,349	12,799,055	2,681,856	-	-	-	-	39,585,260
- Syndicated financing	-	-	27,393	-	-	-	-	27,393
- Hire purchase receivables	-	-	-	24,650,375	-	-	-	24,650,375
- Other term financing	40,129,039	20,892,067	1,896,390	-	225,088	181,292	2,330	63,326,206
Bills receivable	-	13,855	-	-	-	-	1,848	15,703
Trust receipts	-	215,036	-	-	-	-	-	215,036
Claims on customers under acceptance credits	-	3,231,593	-	-	-	-	-	3,231,593
Staff financing	1,055,242	98,586	9,606	95,670	-	-	96	1,259,200
Credit card receivables	-	-	-	-	-	-	380,583	380,583
Revolving credit	-	5,020,625	-	-	-	-	-	5,020,625
	<b>65,288,630</b>	<b>44,871,362</b>	<b>4,615,245</b>	<b>24,746,045</b>	<b>225,088</b>	<b>181,292</b>	<b>384,857</b>	<b>140,312,519</b>
Unearned income								<b>(62,307,397)</b>
Gross financing and advances^^								<b>78,005,122</b>
Allowances for impaired financing and advances:								
- individual								<b>(160,907)</b>
- collective								<b>(630,558)</b>
Net financing and advances								<b>77,213,657</b>

^ Bai' comprises of Bai-Bithaman Ajil, Bai Al-Inah and Bai-Al-Dayn

^^ 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.)**

**(i) By type and Shariah concepts (cont'd.)**

31.12.2012	Bai <sup>^</sup> RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total financing and advances RM'000
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
	<u>53,273,434</u>	<u>25,731,209</u>	<u>4,329,609</u>	<u>20,146,852</u>	<u>266,261</u>	<u>149,197</u>	<u>365,985</u>	<u>104,262,547</u>
Unearned income								(42,264,783)
Gross financing and advances <sup>^^</sup>								<u>61,997,764</u>
Allowances for impaired financing and advances:								
- individual								(94,176)
- collective								(595,517)
Net financing and advances								<u><u>61,308,071</u></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 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Domestic non-banking institutions	4,912,510	5,396,824
Domestic business enterprises		
- Small and medium enterprises	8,448,980	8,063,724
- Others	9,953,918	7,807,933
Government and statutory bodies	2,855,785	766,771
Individuals	51,208,116	39,488,275
Other domestic entities	16,532	11,744
Foreign entities in Malaysia	609,281	462,493
Gross financing and advances	<u>78,005,122</u>	<u>61,997,764</u>

**(iii) By profit rate sensitivity**

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Fixed rate		
- House financing	2,467,688	2,672,175
- Hire purchase receivables	21,165,196	17,198,453
- Other financing	15,861,049	12,721,534
Floating rate		
- House financing	10,838,527	7,594,936
- Other financing	27,672,662	21,810,666
Gross financing and advances	<u>78,005,122</u>	<u>61,997,764</u>

**(iv) By economic purpose**

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Purchase of securities	14,923,930	10,587,236
Purchase of transport vehicles	21,279,257	16,310,896
Purchase of landed properties		
- residential	12,928,975	10,269,943
- non-residential	4,051,181	2,667,031
Personal use	1,384,935	1,167,068
Consumer durables	550	1
Construction	2,348,504	2,216,780
Working capital	20,380,405	18,173,892
Credit cards	380,583	365,908
Others	326,802	239,009
Gross financing and advances	<u>78,005,122</u>	<u>61,997,764</u>

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

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

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Maturity within one year	7,167,495	6,823,137
One year to three years	5,941,377	2,514,736
Three years to five years	8,879,456	9,040,368
After five years	<u>56,016,794</u>	<u>43,619,523</u>
Gross financing and advances	<u><b>78,005,122</b></u>	<u><b>61,997,764</b></u>

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

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Purchase of securities	8,253	4,477
Purchase of transport vehicles	78,254	58,155
Purchase of landed properties		
- residential	87,585	85,524
- non-residential	28,726	51,846
Personal use	10,583	8,991
Credit cards	4,172	4,554
Consumer durables	3	3
Construction	34,445	51,948
Working capital	<u>313,406</u>	<u>254,481</u>
Gross impaired financing and advances	<u><b>565,427</b></u>	<u><b>519,979</b></u>

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

	<b>30 September 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	433,828	543,347
Reclassified as non-impaired	(151,620)	(241,010)
Recovered	(188,414)	(319,372)
Amount written off	(51,818)	(299,925)
Expenses debited to customers' accounts	<u>3,472</u>	<u>24,966</u>
Gross impaired financing and advances at 30 September 2013/ 31 December 2012	<u><b>565,427</b></u>	<u><b>519,979</b></u>
Less: Individual allowance	<u>(160,907)</u>	<u>(94,176)</u>
Net impaired financing and advances	<u><b>404,520</b></u>	<u><b>425,803</b></u>

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

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

	30 September 2013 RM'000	31 December 2012 RM'000
Gross financing and advances (excluding RPSIA financing)	73,635,049	61,347,764
Less: Individual allowance	<u>(160,907)</u>	<u>(94,176)</u>
Net financing and advances	<u>73,474,142</u>	<u>61,253,588</u>
Net impaired financing and advances as a percentage of net financing and advances	<u>0.55%</u>	<u>0.70%</u>

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

	30 September 2013 RM'000	31 December 2012 RM'000
<u>Individual Allowance</u>		
At 1 January 2013/2012	94,176	298,840
Allowance made	81,926	61,887
Amount written back in respect of recoveries	(15,121)	(61,863)
Amount written off	-	(204,688)
Transferred to collective allowance	(74)	-
At 30 September 2013/31 December 2012	<u>160,907</u>	<u>94,176</u>

	30 September 2013 RM'000	31 December 2012 RM'000
<u>Collective Allowance</u>		
At 1 January 2013/2012	595,517	631,658
Net allowance made during the year*	86,785	59,096
Amount written off	(51,818)	(95,237)
Transferred from individual allowance	74	-
At 30 September 2013/31 December 2012	<u>630,558</u>	<u>595,517</u>

As a % of gross financing and advances (excluding RPSIA financing) less individual assessment allowance	<u>0.86%</u>	<u>0.97%</u>
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\* As at 30 September 2013, the gross exposure of the assets under the RPSIA is RM4,370.1 million (31 December 2012 : RM650.0 million) and the collective allowance relating to this RPSIA amounting RM23.8 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 September 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	1,565,404	64,249	(1,162)	555,985	73	(12,347)
Currency swaps						
- Less than one year	1,688,448	493	(64,005)	474,400	9,305	-
Currency spot						
- Less than one year	77,264	93	(271)	6,733	5	-
Cross currency profit rate swaps						
- More than 3 years	300,500	17,775	(17,775)	300,500	6,476	(6,476)
<u>Profit rate related contracts:</u>						
Profit rate options						
- More than 3 years	575,000	-	(88,414)	400,000	-	(62,394)
	<b>4,206,616</b>	<b>82,610</b>	<b>(171,627)</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	850,000	-	(3,047)	600,000	68	(174)
- one year to three years	350,000	-	(4,132)	850,000	-	(6,019)
- More than 3 years	2,265,738	18,572	(8,863)	2,559,088	22,458	(17,650)
Cross currency profit rate swaps						
- one year to three years	252,711	33,255	(32,619)	-	-	-
- More than 3 years	-	-	-	258,632	9,842	(8,920)
	<b>3,718,449</b>	<b>51,827</b>	<b>(48,661)</b>	<b>4,267,720</b>	<b>32,368</b>	<b>(32,763)</b>
<b>Total derivative assets/(liabilities)</b>	<b>7,925,065</b>	<b>134,437</b>	<b>(220,288)</b>	<b>6,005,338</b>	<b>48,227</b>	<b>(113,980)</b>

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**A16. Other assets**

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Amount due from holding company	5,758,713	4,169,838
Handling fees	138,553	108,190
Prepayments and deposits	117,564	97,369
Other debtors	1,228,441	304,063
	<b>7,243,271</b>	<b>4,679,460</b>

**A17. Deposits from customers**

**i) By type of deposit**

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<u>Savings deposits</u>		
Wadiah	8,719,853	8,011,365
Mudharabah	719,625	579,821
<u>Demand deposits</u>		
Wadiah	7,410,372	7,896,631
Mudharabah	7,887,846	7,036,602
<u>Term deposits</u>		
Murabahah	37,192,816	31,223,265
General investment account		
Mudharabah	12,266,787	15,646,549
Negotiable Islamic Debt Certificate (NIDC)		
Mudharabah	161,290	242,622
Hybrid (Bai' Bithaman Ajil and Murabahah)*	501,634	347,614
	<b>74,860,223</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 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Business enterprises	31,195,993	30,681,459
Individuals	19,175,436	20,602,332
Government and statutory bodies	10,792,406	9,619,863
Others	13,696,388	10,080,815
	<b>74,860,223</b>	<b>70,984,469</b>

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

	30 September 2013 RM'000	31 December 2012 RM'000
<u>Mudharabah Fund</u>		
Licensed banks	18,588,371	4,791,354
Licensed islamic banks	2,296,693	2,098,649
Licensed investment banks	2,691,821	1,081,296
Other financial institutions	577,825	422,458
	<u>24,154,710</u>	<u>8,393,757</u>
<u>Non-Mudharabah Fund</u>		
Licensed banks	1,353	111,792
Licensed islamic banks	344,507	170,000
Other financial institutions	6,776,546	4,458,081
	<u>7,122,406</u>	<u>4,739,873</u>
	<u>31,277,116</u>	<u>13,133,630</u>

Included in the deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent amounting to RM4,370.1 million (31 December 2012: RM685.0 million). These deposits are used to fund certain specific financing. The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the investor solely provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne by the depositors.

**A19. Other liabilities**

	Note	30 September 2013 RM'000	31 December 2012 RM'000
Profit equalisation reserve ("PER")	(i)	11,820	54,695
Sundry creditors		81,272	83,408
Deposit on trade financing		20,083	13,983
Provisions and accruals		7,569	12,035
Others		36,327	21,219
		<u>157,071</u>	<u>185,340</u>

**(i) PER**

	30 September 2013 RM'000	31 December 2012 RM'000
At 1 January 2013/2012	54,695	54,695
Distribution to Investment Account Holder	(42,875)	-
At 30 September 2013/31 December 2012	<u>11,820</u>	<u>54,695</u>

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

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Sources of charity funds</b>		
Non-Islamic/prohibited income	31	76
<b>Total sources of charity funds during the year</b>	<b>31</b>	<b>76</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>	<b>-</b>	<b>76</b>
<b>Undistributed charity funds as at 30 September 2013/ 31 December 2012</b>	<b>31</b>	<b>-</b>

**A21. Subordinated Sukuk**

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
RM1,000 million Islamic Subordinated Sukuk due in 2021	<b>1,000,116</b>	<b>1,010,782</b>

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**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of:				
i) General investment deposits	768,234	484,345	2,151,277	1,605,186
ii) Other deposits	376,071	395,793	1,104,815	943,903
	<u>1,144,305</u>	<u>880,138</u>	<u>3,256,092</u>	<u>2,549,089</u>

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Financing and advances	608,880	390,949	1,640,183	1,248,651
Money at call and deposit with financial institutions	46,787	31,647	140,118	102,468
Financial investments available-for-sale	43,632	16,192	106,742	76,357
Financial investments held-to-maturity	-	(119)	-	1,710
Financial assets at fair value through profit or loss	929	607	2,682	1,921
	<u>700,228</u>	<u>439,276</u>	<u>1,889,725</u>	<u>1,431,107</u>
Amortisation of premium less accretion of discounts	13,882	2,349	27,663	31,346
Total finance income and hibah	<u>714,110</u>	<u>441,625</u>	<u>1,917,388</u>	<u>1,462,453</u>
Other operating income :				
Fee income				
- Processing fees	244	178	700	858
- Commissions	20,964	10,879	63,012	42,186
- Service charges and other fees	15,056	13,929	82,836	40,575
Gains on disposal of financial investments available-for-sale	1,270	8,141	12,633	26,090
Gains on disposal of financial assets at fair value through profit or loss	15,116	218	40,204	2,325
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	(6,072)	5,316	(6,573)	5,967
- Derivatives	2,892	5,157	5,403	18,697
Gains/(losses) on foreign exchange:				
- Realised	16,729	6,119	31,582	17,913
- Unrealised	(12,887)	(8,998)	2,460	(13,456)
Net dividend on derivatives	812	1,781	1,632	1,578
	<u>768,234</u>	<u>484,345</u>	<u>2,151,277</u>	<u>1,605,186</u>

Included in finance income were income on impaired assets amounting to RM6.8 million (30.9.2012: RM11.6 million).

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

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Financing and advances	<b>298,928</b>	314,819	<b>842,337</b>	734,249
Money at call and deposit with financial institutions	<b>22,783</b>	25,622	<b>71,960</b>	60,255
Financial investments available-for-sale	<b>21,565</b>	15,479	<b>54,819</b>	44,900
Financial investments held-to-maturity	-	111	-	1,006
Financial assets at fair value through profit or loss	<b>453</b>	486	<b>1,377</b>	1,129
	<b>343,729</b>	356,517	<b>970,493</b>	841,539
Amortisation of premium less accretion of discounts	<b>6,946</b>	4,253	<b>14,207</b>	18,433
Total finance income and hibah	<b>350,675</b>	360,770	<b>984,700</b>	859,972
Other operating income :				
Fee income				
- Processing fees	<b>119</b>	172	<b>359</b>	505
- Commissions	<b>10,204</b>	9,497	<b>32,360</b>	24,807
- Service charges and other fees	<b>6,828</b>	10,829	<b>42,542</b>	23,859
Gains on disposal of financial investments available-for-sale	<b>501</b>	6,565	<b>6,488</b>	15,342
Gains on disposal of financial assets at fair value through profit or loss	<b>7,428</b>	337	<b>20,647</b>	1,367
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	<b>(3,112)</b>	3,190	<b>(3,376)</b>	3,509
- Derivatives	<b>1,452</b>	4,373	<b>2,775</b>	10,994
Gains/(losses) on foreign exchange:				
- Realised	<b>8,393</b>	4,766	<b>16,219</b>	10,533
- Unrealised	<b>(6,823)</b>	(5,733)	<b>1,263</b>	(7,913)
Net dividend on derivatives	<b>406</b>	1,027	<b>838</b>	928
	<b>376,071</b>	395,793	<b>1,104,815</b>	943,903

Included in finance income were income on impaired assets amounting to RM3.5 million (30.9.2012: RM6.8 million).

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Financing and advances	33,836	37,533	97,661	94,571
Money at call and deposit with financial institutions	2,567	3,051	8,343	7,761
Financial investments available-for-sale	2,450	1,782	6,356	5,783
Financial investments held-to-maturity	-	8	-	130
Financial assets at fair value through profit or loss	52	58	160	145
	<b>38,905</b>	42,432	<b>112,520</b>	108,390
Amortisation of premium less accretion of discounts	794	446	1,647	2,374
Total finance income and hibah	<b>39,699</b>	42,878	<b>114,167</b>	110,764
Other operating income :				
Fee income				
- Processing fees	14	20	42	65
- Commissions	1,150	1,113	3,752	3,195
- Service charges and other fees	737	1,300	4,932	3,072
Gains on disposal of financial investments available-for-sale	49	782	752	1,976
Gains on disposal of financial assets at fair value through profit or loss	841	36	2,394	176
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	(360)	409	(391)	452
- Derivatives	167	516	322	1,416
Gains/(losses) on foreign exchange:				
- Realised	961	573	1,880	1,357
- Unrealised	(804)	(723)	146	(1,019)
Net dividend on derivatives	46	134	97	120
	<b>42,500</b>	47,038	<b>128,093</b>	121,574

Included in finance income were income on impaired assets amounting to RM0.4 million (30.9.2012: RM0.9 million).

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Allowances for impaired financing and advances:				
- collective allowance made	<b>62,977</b>	41,253	<b>86,785</b>	47,339
- individual allowance made	<b>7,108</b>	13,758	<b>81,926</b>	57,125
- individual allowance written back	<b>(4,747)</b>	(33,550)	<b>(15,121)</b>	(48,317)
Impaired financing and advances written off	<b>3,301</b>	3,289	<b>9,050</b>	5,819
Impaired financing and advances recovered	<b>(30,730)</b>	(28,251)	<b>(112,108)</b>	(75,347)
	<b>37,909</b>	(3,501)	<b>50,532</b>	(13,381)

**A25. Income attributable to depositors**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Deposits from customers				
- Mudharabah	<b>148,650</b>	89,731	<b>481,236</b>	452,233
- Non-Mudharabah	<b>290,749</b>	187,570	<b>774,341</b>	542,758
	<b>439,399</b>	277,301	<b>1,255,577</b>	994,991
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>172,297</b>	137,641	<b>376,544</b>	232,614
- Non-Mudharabah	<b>7,301</b>	12,575	<b>24,082</b>	40,616
	<b>179,598</b>	150,216	<b>400,626</b>	273,230
	<b>618,997</b>	427,517	<b>1,656,203</b>	1,268,221

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**A26. Overhead expenses**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	7,895	7,321	22,985	20,142
- Salaries, allowances and bonuses	5,707	4,664	16,420	13,637
- Pension costs	856	752	2,504	2,432
- Shares/Options granted under Employee's Shares Scheme	350	573	1,181	1,068
- Others	982	1,332	2,880	3,005
Establishment costs	537	740	1,730	1,995
- Rental of premises	285	274	857	862
- Repairs, servicing and maintenance	21	89	51	261
- Information technology expenses	231	377	822	872
Marketing costs	5,352	380	7,184	1,828
- Advertisement and publicity	5,070	614	6,532	1,798
- Others	282	(234)	652	30
Administration and general expenses	212,657	137,174	613,413	428,022
- Fees and brokerage	2,061	2,365	5,724	10,129
- Administrative expenses	1,946	1,345	5,486	4,358
- General expenses	2,536	2,541	8,017	(327)
- Shared service cost paid/payable to Maybank	206,114	130,923	594,186	413,862
	<b>226,441</b>	<b>145,615</b>	<b>645,312</b>	<b>451,987</b>

**A27. Finance cost**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Islamic subordinated sukuk	10,608	10,493	31,534	31,247

**A28. Taxation and zakat**

The analysis of the taxation and zakat expense for the third quarter ended 30 September 2013 are as follows:

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	75,816	97,061	251,323	238,549
Deferred tax expense in relation to origination and reversal of temporary differences	(14,600)	(11,968)	(20,951)	(11,300)
Tax expense for the period	61,216	85,093	230,372	227,249
Zakat expense	5,370	4,000	12,509	13,332
	<b>66,586</b>	<b>89,093</b>	<b>242,881</b>	<b>240,581</b>

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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 30 September 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	699,469	699,469	437,917	786,803	773,639	519,972
Certain transaction-related contingent items	1,111,971	532,666	493,618	1,092,100	528,713	506,466
Short-term self-liquidating trade-related contingencies	241,923	42,840	31,630	173,295	25,222	16,097
Irrevocable commitments to extend credit:						
- maturity within one year	18,380,088	2,033,012	1,270,678	16,595,356	1,800,273	1,028,067
- maturity more than one year	5,204,806	3,418,458	1,074,578	4,472,758	2,509,371	708,572
Miscellaneous	11,743	-	-	4,752	-	-
Total credit-related commitments and contingencies	<b>25,650,000</b>	<b>6,726,445</b>	<b>3,308,421</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	3,331,116	135,451	105,534	1,037,118	29,530	14,511
- one year to less than five years	553,211	84,701	70,659	559,132	58,462	41,464
Profit rate related contracts:						
- less than one year	850,000	2,125	425	600,000	568	114
- one year to less than five years	3,115,738	147,739	61,346	3,809,087	184,196	93,840
- five years and above	75,000	4,500	900	-	-	-
Total treasury-related commitments and contingencies	<b>7,925,065</b>	<b>374,516</b>	<b>238,864</b>	<b>6,005,337</b>	<b>272,756</b>	<b>149,929</b>
	<b>33,575,065</b>	<b>7,100,961</b>	<b>3,547,285</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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**A30. 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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**A30. Capital Adequacy (cont'd.)**

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

There is no proposed dividend for the third quarter ended to 30 September 2013.

	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>Capital ratios</b>		
CET1 capital ratio	9.544%	-
Tier 1 capital ratio	9.544%	-
Total capital ratio	11.805%	-
	<b>30 September 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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**A30. Capital Adequacy (cont'd.)**

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

	30 September 2013 RM '000	31 December 2012 RM'000
<b>Eligible Tier 1 capital</b>		
Paid-up share capital	145,992	-
Share premium	2,798,965	-
Retained profits	1,917,108	-
Other reserves	117,824	-
<b>CET1 capital before regulatory adjustments</b>	<b>4,979,889</b>	<b>-</b>
Less: Regulatory adjustment applied in CET1 capital	(625,944)	-
<b>Total CET1/Tier 1 capital</b>	<b>4,353,945</b>	<b>-</b>
Tier 2 capital instruments	900,000	-
Collective allowance <sup>1</sup>	131,307	-
<b>Total Tier 2 capital</b>	<b>1,031,307</b>	<b>-</b>
<b>Total Capital</b>	<b>5,385,252</b>	<b>-</b>
	<b>30 September 2013 RM '000</b>	<b>31 December 2012 RM'000</b>
<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>-</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>-</b>	<b>694,949</b>
<b>Capital base</b>	<b>-</b>	<b>4,975,590</b>

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

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**A30. 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 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Standardised Approach exposure	<b>3,193,121</b>	2,411,358
Internal Ratings Based Approach exposure after scaling factor	<b>39,537,264</b>	32,563,904
Total risk-weighted asset for credit risk	<b>42,730,385</b>	34,975,262
Total risk-weighted asset for credit risk absorbed by parent <sup>^</sup>	<b>(1,431,324)</b>	(127,317)
Total risk-weighted asset for market risk	<b>840,480</b>	747,905
Total risk-weighted asset for operational risk	<b>3,478,959</b>	2,959,425
Additional risk-weighted asset due to capital floor	-	968,148
Total risk-weighted assets	<b>45,618,500</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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**A31. 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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**A31. 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 September 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 September 2013</b>				
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	-	305,749	-	305,749
<i>Money market instruments</i>	-	142,449	-	142,449
<i>Non-money market instruments</i>	-	163,300	-	163,300
<b>Financial investments available-for-sale</b>	-	10,473,115	-	10,473,115
<i>Money market instruments</i>	-	8,596,245	-	8,596,245
<i>Non-money market instruments</i>	-	1,876,870	-	1,876,870
<b>Derivative assets</b>	-	134,437	-	134,437
<i>Foreign exchange related contracts</i>	-	115,865	-	115,865
<i>Profit rate related contracts</i>	-	18,572	-	18,572
	-	<b>10,913,301</b>	-	<b>10,913,301</b>

Financial liabilities measured at fair value:

<b>Derivative liabilities</b>	-	131,874	88,414	220,288
<i>Foreign exchange related contracts</i>	-	115,831	-	115,831
<i>Profit rate related contracts</i>	-	16,043	88,414	104,457

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**A31. 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
	<u>4,315,396</u>	<u>5,242,786</u>	<u>-</u>	<u>9,558,182</u>

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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**A31. Fair value of financial instruments (cont'd.)**

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

At 30 September 2013	At 1 January 2013 RM'000	Total unrealised gains/(losses) recognised in income statements* RM'000	Issues RM'000	Settlements RM'000	At 30 September 2013 RM'000
<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	(4,937)	30,957	-	88,414
<b>Total Level 3 financial liabilities</b>	62,394	(4,937)	30,957	-	88,414
<b>Total net Level 3 financial assets/ (liabilities)</b>	62,394	(4,937)	30,957	-	88,414

\* Included within 'Non-profit income'.

At 31 December 2012	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>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 third quarter ended 30 September 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 RM1,000.6 million for the third quarter ended 30 September 2013, higher by RM68.0 million or 7.3% from previous year's corresponding period.

Total income grew by RM713.5 million or 26.7% to RM3,384.2 million from last year's corresponding period, comprising RM3,256.1 million income derived from investment of depositors' funds and RM128.1 million income derived from investment of shareholder's funds. Income attributable to depositors (including inter-bank) rose by RM387.9 million to RM1,656.2 million or 30.6% as compared to previous year's corresponding period.

Overhead expenses increased by RM193.3 million or 42.8% to RM645.3 million over the amount reported in the prior year on the back of higher shared services cost which accounted 92% of total overhead cost.

Allowance for losses on financing and advances is RM50.5 million for the third quarter ended 30 September 2013 as compared to RM13.4 million write-back in last year's corresponding period. Net impaired financing stood at 0.55% as at 30 September 2013 as compared to 0.70% in December 2012.

The Bank's total asset increased by RM22.3 billion driven by growth in financing asset (+RM15.9 billion), other assets (+RM2.6 billion), cash and short-term funds (+RM2.1 billion) and financial investment portfolio (+RM1.3 billion) in the nine-month period in 2013.

Gross financing expanded to RM78.0 billion, a growth of RM16.0 billion or 25.8% from 31 December 2012. Total customer deposits closed at RM74.9 billion, higher by RM3.9 billion from RM71.0 billion recorded in last financial year ended 31 December 2012.

The Bank's total capital ratio under Basel III is 11.805% (*December 2012 (Basel II): 12.588%*).

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**B2. Prospects**

The International Monetary Fund ("IMF") has forecasted global real GDP to grow by 2.9% in 2013 (2012: 3.2%). The world economy is expected to continue its subdued economic growth. The nascent buildup in Abenomics-driven growth in Japan is insufficient to offset the generally subdued global economic growth which reflects a mixture of sub-trend US recovery, recession in the Eurozone and moderation in China's growth.

The IMF projects the ASEAN 5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam to expand by 5.0% (2012: 6.2%), largely on the back of domestic demand, especially consumer spending and 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 due to a relatively resilient domestic economic expansion, coupled with the expectations of an improving global economic outlook. External demand are therefore expected to stabilise in 2H 2013.

Despite the slower real GDP growth in the first half of the year amid the soft external demand conditions, Malaysia is expected to see full-year economic growth of 4.5% (2012: 5.6%), supported mainly by investment momentum from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme ("ETP").

In Indonesia, the economy is expected to sustain a positive growth momentum (2013: 5.8%; 2012: 6.2%), after taking into account the impact from the recent hikes in fuel prices and interest rates to contain inflationary pressures and stabilise the currency.

Meanwhile, Singapore's economic growth this year is expected to improve to 2.8% (2012: 1.3%), primarily on the expected stabilisation in global economy in 2H 2013 after the softness in 1H 2013.

Maybank's business momentum is expected to be sustained on the back of continued loan growth in its three home markets and other markets in the region, non-interest income contribution arising from Maybank's commercial banking, investment banking, Islamic banking, insurance and takaful businesses, and revenue contributions from its regional initiatives.

Having presence in all ten countries in ASEAN, the Group is focused on building a truly regional organisation. Global Banking's expanded relationship coverage model is realising synergies between Maybank Kim Eng and business units especially in Singapore, Indonesia and the 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.

Continued upgrading of IT infrastructure will further improve business capability in the Group's global banking, investment banking, consumer, 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.