

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of depositors' funds	A21	1,010,071	806,259	1,010,071	806,259
Income derived from investment of shareholder's funds	A22	39,920	34,807	39,920	34,807
Allowance for losses on financing and advances	A23	6,009	38,443	6,009	38,443
Total distributable income		1,056,000	879,509	1,056,000	879,509
Income attributable to the depositors	A24	(495,968)	(415,866)	(495,968)	(415,866)
Total net income		560,032	463,643	560,032	463,643
Overhead expenses	A25	(209,972)	(168,664)	(209,972)	(168,664)
Finance cost	A26	(10,549)	(10,608)	(10,549)	(10,608)
Profit before taxation and zakat		339,511	284,371	339,511	284,371
Taxation	A27	(83,720)	(68,942)	(83,720)	(68,942)
Zakat	A27	(3,132)	(3,000)	(3,132)	(3,000)
Profit for the period		252,659	212,429	252,659	212,429
Profit attributable to :					
Equity holders of the parent		252,659	212,429	252,659	212,429
Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)		190.37	192.07	190.37	192.07

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the period 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 FIRST QUARTER ENDED 31 MARCH 2013

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Profit for the period	252,659	212,429	252,659	212,429
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on financial investments available-for-sale	(7,385)	(5,426)	(7,385)	(5,426)
Income tax relating to components of other comprehensive income	1,846	1,378	1,846	1,378
Other comprehensive income for the period, net of tax	(5,539)	(4,048)	(5,539)	(4,048)
Total comprehensive income for the period, net of tax	247,120	208,381	247,120	208,381
Total comprehensive income attributable to :				
Equity holders of the parent	247,120	208,381	247,120	208,381

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS			
Cash and short-term funds		13,197,728	13,017,282
Deposits and placements with banks and other financial institutions	A12	61,061	271,375
Financial assets at fair value through profit or loss	A13(i)	5,120,784	4,098,406
Financial investments available-for-sale	A13(ii)	5,509,191	5,411,549
Financing and advances	A14	65,067,835	61,308,071
Derivative assets	A15	48,745	48,227
Other assets	A16	5,087,417	4,679,460
Statutory deposits with Bank Negara Malaysia		2,493,000	2,399,000
Deferred tax assets		200,297	199,000
TOTAL ASSETS		96,786,058	91,432,370
LIABILITIES			
Deposits from customers	A17	71,358,468	70,984,469
Deposits and placements of banks and other financial institutions	A18	17,788,301	13,133,630
Bills and acceptances payable		376,678	419,749
Derivative liabilities	A15	124,995	113,980
Other liabilities	A19	463,076	185,340
Provision for taxation and zakat		110,957	133,868
Subordinated Sukuk	A20	1,021,215	1,010,782
Recourse obligation on financing sold to Cagamas		749,877	905,181
TOTAL LIABILITIES		91,993,567	86,886,999

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	31 March 2013 RM'000	31 December 2012 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		132,720	132,720
Share premium		2,687,480	2,687,480
Retained profits		1,763,065	1,510,406
Other reserves		209,226	214,765
TOTAL SHAREHOLDER'S EQUITY		4,792,491	4,545,371
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		96,786,058	91,432,370
COMMITMENTS AND CONTINGENCIES	A28	31,589,013	29,130,401
<u>CAPITAL ADEQUACY</u>	A29		
Based on credit, market and operational risk: (before deducting proposed dividend)			
Basel III			
CET1 capital ratio		9.77%	-
Tier 1 capital ratio		9.77%	-
Total capital ratio		12.21%	-
Basel II			
Core capital ratio		-	10.83%
Risk-weighted capital ratio		-	12.59%

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 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
At 1 January 2013	132,720	2,687,480	1,697	147,338	31,274	34,456	1,510,406	4,545,371
Net profit for the period	-	-	-	-	-	-	252,659	252,659
Other comprehensive income	-	-	-	-	(5,539)	-	-	(5,539)
Total comprehensive income for the period	-	-	-	-	(5,539)	-	252,659	247,120
At 31 March 2013	132,720	2,687,480	1,697	147,338	25,735	34,456	1,763,065	4,792,491

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 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
At 1 January 2012								
- as previously stated	110,600	2,488,400	1,697	147,338	47,381	34,456	1,279,273	4,109,145
- effect of adopting MFRS 1	-	-	-	-	2,338	-	-	2,338
At 1 January 2012, as restated	110,600	2,488,400	1,697	147,338	49,719	34,456	1,279,273	4,111,483
Net profit for the period	-	-	-	-	-	-	212,429	212,429
Other comprehensive income	-	-	-	-	(4,048)	-	-	(4,048)
Total comprehensive income for the period	-	-	-	-	(4,048)	-	212,429	208,381
Dividend on ordinary shares	-	-	-	-	-	-	(221,200)	(221,200)
Total transactions with shareholders	-	-	-	-	-	-	(221,200)	(221,200)
At 31 March 2012	110,600	2,488,400	1,697	147,338	45,671	34,456	1,270,502	4,098,664

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

	31 March 2013 RM'000	31 March 2012 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	339,511	284,371
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	18,187	(13,878)
Amortisation of premium less accretion of discount	(11,346)	19,627
Gain on revaluation of derivatives	(4,065)	(25,610)
Unrealised loss on revaluation of financial assets at fair value through profit or loss	1,963	849
Gain on disposal of financial investments available-for-sale	(3,138)	(15,529)
Gain on disposal of financial assets at fair value through profit or loss	(21,014)	(2,067)
Gain/(loss) on foreign exchange translations	(9,684)	3,228
Share options granted under ESS	290	201
Operating profit before working capital changes	310,704	251,192
Change in deposits and placements with banks and other financial institutions	211,247	(190,105)
Change in financial investments portfolio	(1,093,870)	716,379
Change in financing and advances	(3,777,951)	(822,450)
Change in derivative assets and liabilities	14,562	28,447
Change in other assets	(407,958)	(871,946)
Change in statutory deposits with Bank Negara Malaysia	(94,000)	(91,500)
Change in deposits from customers	373,998	1,465,060
Change in deposits and placements of banks and other financial institutions	4,664,356	1,145,829
Change in bills and acceptances payable	(43,071)	(177,119)
Change in other liabilities	266,896	(213,547)
Cash generated from operations	424,913	1,240,240
Taxes and zakat paid	(109,213)	(11,020)
Net cash generated from operating activities	315,700	1,229,220
Cash flows from financing activities		
Profit paid for subordinated sukuk	20,983	(31,678)
Financing sold to Cagamas, net	(155,304)	(100,900)
Net cash used in investing activities	(134,321)	(132,578)
Net decrease in cash and cash equivalents	181,379	1,096,642
Cash and cash equivalents at beginning of year	13,017,324	9,419,561
Cash and cash equivalents at end of year	13,198,703	10,516,203

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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

	31 March 2013 RM'000	31 March 2012 RM'000
Cash and short-term funds	13,197,728	10,515,745
Deposits with financial institution maturing within 1 month	975	458
	<u>13,198,703</u>	<u>10,516,203</u>

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Explanatory Notes

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first financial quarter ended 31 March 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 investment 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”), Bank Negara Malaysia Guidelines (BNM/GP8-i) and the principles of Shariah.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 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 (contd.)

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 A30.

MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 remove the option to defer the recognition of actuarial gains and losses, i.e. the corridor mechanism. All changes in the value of defined benefit plans will be recognised in profit or loss and other comprehensive income.

The adoption of these amendments will require the Bank to recognise:

- A service cost and a net profit income or expense in profit or loss; and
- The re-measurements of the pension assets and liabilities, i.e. actuarial gains and losses in the other comprehensive income.

The Bank has adopted the above amendment and is currently assessing the financial impact to the financial statements with the adoption of this amendment.

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.

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A3. Significant Accounting Estimates and Judgements

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

(i) Fair Value Estimation of 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 A27)

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

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

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

Financing and advances that have been assessed individually 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 provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the financing portfolio (such as credit quality, levels of arrears, credit utilisation, financing to collateral ratios etc.) and judgements on the effects of concentrations of risks (such as the performance of different individual groups).

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A3. Significant Accounting Estimates and Judgements (contd.)

(iv) Impairment of Financial Investments Portfolio

The Bank reviews the financial investments portfolio of financial assets at FVTPL, financial investments AFS and financial investments HTM 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 first quarter ended 31 March 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 first quarter ended 31 March 2013.

A7. Changes in Estimates

There were no material changes in estimates during the first quarter ended 31 March 2013.

A8. Issuance and Repayment of Debt and Securities

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

The Directors do not recommend the payment of any dividend in respect of the first quarter ended 31 March 2013.

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A10. Subsequent Events to the Balance Sheet

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

A11. Related Party Transaction

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

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

	31 March 2013 RM'000	31 December 2012 RM'000
Bank Negara Malaysia	31,053	41
Licensed islamic banks	30,008	271,334
	61,061	271,375

A13. Financial investments portfolio

	Note	31 March 2013 RM'000	31 December 2012 RM'000
Financial assets at fair value through profit or loss	(i)	5,120,784	4,098,406
Financial investments available-for-sale	(ii)	5,509,191	5,411,549
		10,629,975	9,509,955

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

Financial assets held-for-trading are as follows:

	31 March 2013 RM'000	31 December 2012 RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	50,273	-
Bank Negara Malaysia Monetary Notes	5,070,511	4,048,385
	5,120,784	4,048,385
Unquoted securities :		
Islamic private debt securities in Malaysia	-	50,021
Total financial assets held-for-trading	5,120,784	4,098,406

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A13. Financial investments portfolio (contd.)

(ii) Financial investments available-for-sale

	31 March 2013 RM'000	31 December 2012 RM'000
At fair value		
Money market instruments:-		
Cagamas bonds	10,132	30,584
Malaysian Government Investment Issues	2,795,807	1,814,145
Negotiable Islamic instruments of deposits	89,786	582,396
Bankers' acceptances and Islamic accepted bills	217,525	520,789
Khazanah bonds	182,335	102,186
Bank Negara Malaysia Monetary Notes	-	267,011
	3,295,585	3,317,111
Unquoted securities :		
Islamic private debt securities in Malaysia	2,120,996	2,026,161
Foreign private debt securities	24,749	-
Malaysian Government bond	67,861	68,277
	2,213,606	2,094,438
Total financial investments available-for-sale	5,509,191	5,411,549

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A14. Financing and Advances

(i) By type

	31 March 2013 RM'000	31 December 2012 RM'000
Cashline	2,327,018	2,327,525
Term financing		
- House financing	10,846,509	10,046,199
- Syndicated financing	34,196	37,662
- Hire purchase receivables	21,251,377	20,080,150
- Other term financing	70,378,069	61,914,706
Bills receivable	647	123
Trust receipts	183,253	184,782
Claims on customers under acceptance credits	3,251,630	3,706,533
Staff financing	1,108,610	1,046,175
Credit card receivables	356,995	365,908
Revolving credit	4,730,887	4,552,784
	114,469,191	104,262,547
Unearned income	(48,708,599)	(42,264,783)
Gross financing and advances [^]	65,760,592	61,997,764
Allowances for impaired financing and advances:		
- individual	(105,816)	(94,176)
- collective	(586,941)	(595,517)
Net financing and advances	65,067,835	61,308,071

[^] 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.

(ii) By Shariah concepts

	31 March 2013 RM'000	31 December 2012 RM'000
Bai' Bithaman Ajil	21,882,860	20,028,898
Al-Ijarah Thumma Al-Bai (AITAB)	18,191,797	17,181,377
Murabahah	20,835,484	20,197,590
Musyarakah Mutanaqisah	4,546,397	4,328,562
Al-Ijarah Muntahiyah Bi Tamleek	34,196	37,662
Other concepts	269,858	223,675
Gross financing and advances	65,760,592	61,997,764

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A14. Financing and Advances (contd.)

(iii) By type of customers

	31 March 2013 RM'000	31 December 2012 RM'000
Domestic non-banking institutions	5,408,757	5,396,824
Domestic business enterprises		
- Small and medium enterprises	8,349,036	8,063,724
- Others	7,194,007	7,807,933
Government and statutory bodies	757,582	766,771
Individuals	43,462,497	39,488,275
Other domestic entities	12,690	11,744
Foreign entities in Malaysia	576,023	462,493
Gross financing and advances	<u>65,760,592</u>	<u>61,997,764</u>

(iv) By profit rate sensitivity

	31 March 2013 RM'000	31 December 2012 RM'000
Fixed rate		
- House financing	2,628,221	2,672,175
- Hire purchase receivables	18,255,267	17,198,453
- Other financing	12,824,991	12,721,534
Floating rate		
- House financing	8,457,938	7,594,936
- Other financing	23,594,175	21,810,666
Gross financing and advances	<u>65,760,592</u>	<u>61,997,764</u>

(v) By economic purpose

	31 March 2013 RM'000	31 December 2012 RM'000
Purchase of securities	12,483,066	10,587,236
Purchase of transport vehicles	17,522,514	16,310,896
Purchase of landed properties		
- residential	11,090,033	10,269,943
- non-residential	2,937,711	2,667,031
Personal use	1,229,308	1,167,068
Consumer durables	1	1
Construction	2,190,191	2,216,780
Working capital	17,713,561	18,173,892
Credit cards	356,995	365,908
Others	237,212	239,009
Gross financing and advances	<u>65,760,592</u>	<u>61,997,764</u>

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A14. Financing and Advances (contd.)

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

	31 March 2013 RM'000	31 December 2012 RM'000
Maturity within one year	6,658,833	6,823,137
One year to three years	2,309,774	2,514,736
Three years to five years	9,619,503	9,040,368
After five years	47,172,482	43,619,523
Gross financing and advances	<u>65,760,592</u>	<u>61,997,764</u>

(vii) Impaired financing and advances by economic purpose

	31 March 2013 RM'000	31 December 2012 RM'000
Purchase of securities	5,558	4,477
Purchase of transport vehicles	70,282	58,155
Purchase of landed properties		
- residential	89,558	85,524
- non-residential	32,453	51,846
Personal use	6,139	8,991
Credit cards	4,147	4,554
Consumer durables	3	3
Construction	55,853	51,948
Working capital	253,169	254,481
Gross impaired financing and advances	<u>517,162</u>	<u>519,979</u>

(viii) Movement in impaired financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
Gross impaired financing and advances at 1 January 2013/2012	519,979	811,973
Newly impaired	159,127	543,347
Reclassified as non-impaired	(50,747)	(241,010)
Recovered	(99,873)	(319,372)
Amount written off	(12,205)	(299,925)
Expenses debited to customers' accounts	881	24,966
Gross impaired financing and advances at 31 March 2013/ 31 December 2012	<u>517,162</u>	<u>519,979</u>
Less: Individual allowance	(105,816)	(94,176)
Net impaired financing and advances	<u>411,346</u>	<u>425,803</u>

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A14. Financing and Advances (contd.)

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

	31 March 2013 RM'000	31 December 2012 RM'000
Gross financing and advances (excluding RPSIA financing)	65,010,592	61,347,764
Less: Individual allowance	<u>(105,816)</u>	<u>(94,176)</u>
Net financing and advances	<u>64,904,776</u>	<u>61,253,588</u>
Net impaired financing and advances as a percentage of net financing and advances	<u>0.63%</u>	<u>0.70%</u>

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

	31 March 2013 RM'000	31 December 2012 RM'000
<u>Individual Allowance</u>		
At 1 January 2013/2012	94,176	298,840
Allowance made	27,722	61,887
Amount written back in respect of recoveries	(16,008)	(61,863)
Amount written off	-	(204,688)
Transferred to collective allowance	(74)	-
At 31 March 2013/31 December 2012	<u>105,816</u>	<u>94,176</u>

	31 March 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*	3,555	59,096
Amount written off	(12,205)	(95,237)
Transferred from individual allowance	74	-
At 31 March 2013/31 December 2012	<u>586,941</u>	<u>595,517</u>

As a % of gross financing and advances (excluding RPSIA financing) less individual assessment allowance	<u>0.90%</u>	<u>0.97%</u>
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* As at 31 March 2013, the gross exposure of the assets under the RPSIA is RM750.0 million (31 December 2012:RM650.0 million) and the collective allowance relating to this RPSIA amounting RM1.0 million (31 December 2012:RM1.0 million) is accounted for by the parent. There was no individual allowance made on this RPSIA financing by the Bank.

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A15. Derivative Financial Instruments

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

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

	31 March 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
<u>Trading derivatives</u>						
<u>Foreign exchange contracts:</u>						
Currency forwards						
- Less than one year	1,188,506	4,964	(5,998)	555,985	73	(12,347)
Currency swaps						
- Less than one year	1,098,145	3,341	(4,646)	474,400	9,305	-
Currency spot						
- Less than one year	3,828	19	(3)	6,733	5	-
Cross currency profit rate swaps						
- More than 3 years	300,500	8,823	(8,823)	300,500	6,476	(6,476)
<u>Profit rate related contracts:</u>						
Profit rate options						
- More than 3 years	500,000	164	(74,697)	400,000	-	(62,394)
	3,090,979	17,311	(94,167)	1,737,618	15,859	(81,217)
<u>Hedging derivatives</u>						
Profit rate swaps						
- Less than one year	-	-	-	600,000	68	(174)
- one year to three years	850,000	-	(5,101)	850,000	-	(6,019)
- More than 3 years	2,568,713	20,753	(15,866)	2,559,088	22,458	(17,650)
Cross currency profit rate swaps						
- one year to three years	260,541	10,681	(9,861)	-	-	-
- More than 3 years	-	-	-	258,632	9,842	(8,920)
	3,679,254	31,434	(30,828)	4,267,720	32,368	(32,763)
Total derivative assets/(liabilities)	6,770,233	48,745	(124,995)	6,005,338	48,227	(113,980)

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A16. Other Assets

	31 March 2013 RM'000	31 December 2012 RM'000
Amount due from holding company	4,775,384	4,169,838
Handling fees	116,529	108,190
Prepayments and deposits	102,199	97,369
Others	93,305	304,063
	5,087,417	4,679,460

A17. Deposits from Customers

i) By type of deposit

	31 March 2013 RM'000	31 December 2012 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	6,144,469	7,036,602
Savings deposits	648,927	579,821
General investment deposits	19,261,408	15,646,549
Negotiable instruments of deposits	295,725	242,623
	26,350,529	23,505,595
<u>Non-Mudharabah Fund</u>		
Demand deposits	7,665,340	7,896,630
Savings deposits	8,564,178	8,011,365
Fixed return investment deposits	28,342,952	31,223,265
Structured deposits *	435,469	347,614
	45,007,939	47,478,874
	71,358,468	70,984,469

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

ii) By type of customer

	31 March 2013 RM'000	31 December 2012 RM'000
Business enterprises	30,094,217	30,681,459
Individuals	21,132,296	20,602,332
Government and statutory bodies	10,662,308	9,619,863
Others	9,469,647	10,080,815
	71,358,468	70,984,469

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A18. Deposits and Placement of Banks and Other Financial Institutions

	31 March 2013 RM'000	31 December 2012 RM'000
<u>Mudharabah Fund</u>		
Licensed banks	8,021,789	4,791,354
Licensed islamic banks	2,230,425	2,098,649
Licensed investment banks	2,084,518	1,081,296
Other financial institutions	1,010,214	422,458
	13,346,946	8,393,757
<u>Non-Mudharabah Fund</u>		
Licensed banks	109,391	111,792
Licensed islamic banks	490,184	170,000
Other financial institutions	3,841,780	4,458,081
	4,441,355	4,739,873
	17,788,301	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 RM750 million (31 December 2012:RM685 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	31 March 2013 RM'000	31 December 2012 RM'000
Profit equalisation reserve ("PER")	(i)	11,820	54,695
Sundry creditors		364,540	83,408
Deposit on trade financing		17,661	13,983
Provisions and accruals		8,680	12,035
Others		60,375	21,219
		463,076	185,340

(i) PER

	31 March 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 31 March 2013/31 December 2012	11,820	54,695

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A20. Subordinated Sukuk

	31 March 2013 RM'000	31 December 2011 RM'000
RM1,000 million Islamic Subordinated Sukuk due in 2021	1,021,215	1,010,782

On 31 March 2011, the Bank issued RM1.0 billion nominal value Islamic Subordinated Sukuk ("the Sukuk") under the Shariah principle of Musyarakah. The Sukuk carries a tenure of 10 years from the issue date on 10 non-callable 5 basis, with a profit rate of 4.22% per annum payable semi-annually in arrears in March and September each year, and are due in March 2021. Under the 10 non-callable 5 basis feature, the Bank has the option to redeem the Sukuk on any semi-annual distribution date on or after the 5th anniversary from the issue date. Should the Bank decide not to exercise its option to redeem the Sukuk, the Sukuk shall continue to be outstanding until the final maturity date.

The Sukuk is unsecured and it is subordinated in rights and priority of payment, to all deposit liabilities and other liabilities of the Bank except liabilities of the Bank which by their terms rank pari-passu in right and priority of payment with the Sukuk.

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A21. Income derived from Investment of Depositors' Funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	673,834	542,044	673,834	542,044
ii) Other deposits	336,237	264,215	336,237	264,215
	<u>1,010,071</u>	<u>806,259</u>	<u>1,010,071</u>	<u>806,259</u>

i) Income derived from investment of general investment deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Financing and advances	505,328	416,621	505,328	416,621
Money at call and deposit with financial institutions	45,347	27,812	45,347	27,812
Financial investments available-for-sale	30,110	30,318	30,110	30,318
Financial investments held-to-maturity	-	1,045	-	1,045
Financial assets at fair value through profit or loss	933	1,042	933	1,042
	<u>581,718</u>	<u>476,838</u>	<u>581,718</u>	<u>476,838</u>
Amortisation of premium less accretion of discounts	7,281	12,649	7,281	12,649
Total finance income and hibah	<u>588,999</u>	<u>489,487</u>	<u>588,999</u>	<u>489,487</u>
Other operating income :				
Fee income				
- Processing fees	174	367	174	367
- Commissions	18,429	14,349	18,429	14,349
- Service charges and other fees	42,901	12,346	42,901	12,346
Gains on disposal of financial investments available-for-sale	2,014	10,008	2,014	10,008
Gains on disposal of financial assets at fair value through profit or loss	13,486	1,332	13,486	1,332
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(1,260)	(547)	(1,260)	(547)
- Derivatives	2,608	16,505	2,608	16,505
Gains/(losses) on foreign exchange:				
- Realised	4,733	5,377	4,733	5,377
- Unrealised	1,482	(7,457)	1,482	(7,457)
Net dividend on derivatives	268	277	268	277
	<u>673,834</u>	<u>542,044</u>	<u>673,834</u>	<u>542,044</u>

Included in finance income were income on impaired assets amounting to RM2.1 million (31.3.2012 :RM4.4 million).

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

ii) Income derived from investment of other deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Financing and advances	252,154	203,079	252,154	203,079
Money at call and deposit with financial institutions	22,628	13,557	22,628	13,557
Financial investments available-for-sale	15,024	14,779	15,024	14,779
Financial investments held-to-maturity	-	509	-	509
Financial assets at fair value through profit or loss	466	508	466	508
	290,272	232,432	290,272	232,432
Amortisation of premium less accretion of discounts	3,633	6,166	3,633	6,166
Total finance income and hibah	293,905	238,598	293,905	238,598
Other operating income :				
Fee income				
- Processing fees	87	179	87	179
- Commissions	9,196	6,994	9,196	6,994
- Service charges and other fees	21,407	6,018	21,407	6,018
Gains on disposal of financial investments available-for-sale	1,005	4,878	1,005	4,878
Gains on disposal of financial assets at fair value through profit or loss	6,729	649	6,729	649
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(629)	(267)	(629)	(267)
- Derivatives	1,302	8,045	1,302	8,045
Gains/(losses) on foreign exchange:				
- Realised	2,362	2,621	2,362	2,621
- Unrealised	739	(3,635)	739	(3,635)
Net dividend on derivatives	134	135	134	135
	336,237	264,215	336,237	264,215

Included in finance income were income on impaired assets amounting to RM1.0 million (31.3.2012 :RM2.2 million).

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A22. Income derived from Investment of Shareholder's Funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Financing and advances	29,938	26,752	29,938	26,752
Money at call and deposit with financial institutions	2,686	1,786	2,686	1,786
Financial investments available-for-sale	1,784	1,947	1,784	1,947
Financial investments held-to-maturity	-	67	-	67
Financial assets at fair value through profit or loss	55	67	55	67
	34,463	30,619	34,463	30,619
Amortisation of premium less accretion of discounts	431	812	431	812
Total finance income and hibah	34,894	31,431	34,894	31,431
Other operating income :				
Fee income				
- Processing fees	10	24	10	24
- Commissions	1,092	921	1,092	921
- Service charges and other fees	2,542	793	2,542	793
Gains on disposal of financial investments available-for-sale	119	643	119	643
Gains on disposal of financial assets at fair value through profit or loss	799	86	799	86
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(75)	(35)	(75)	(35)
- Derivatives	155	1,060	155	1,060
Gains/(losses) on foreign exchange:				
- Realised	280	345	280	345
- Unrealised	88	(479)	88	(479)
Net dividend on derivatives	16	18	16	18
	39,920	34,807	39,920	34,807

Included in finance income were income on impaired assets amounting to RM0.1 million (31.3.2012 :RM0.3 million).

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A23. Allowance for Impairment on Financing and Advances

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing and advances:				
- collective allowance made	3,555	(23,718)	3,555	(23,718)
- individual allowance made	27,722	23,943	27,722	23,943
- individual allowance written back	(16,008)	(15,587)	(16,008)	(15,587)
Impaired financing and advances written off	2,918	1,484	2,918	1,484
Impaired financing and advances recovered	(24,196)	(24,565)	(24,196)	(24,565)
	(6,009)	(38,443)	(6,009)	(38,443)

A24. Income attributable to Depositors

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	114,296	165,242	114,296	165,242
- Non-Mudharabah	252,597	172,730	252,597	172,730
	366,893	337,972	366,893	337,972
Deposits and placements of banks and other financial institutions				
- Mudharabah	120,154	63,522	120,154	63,522
- Non-Mudharabah	8,921	14,372	8,921	14,372
	129,075	77,894	129,075	77,894
	495,968	415,866	495,968	415,866

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A25. Overhead Expenses

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	8,282	6,416	8,282	6,416
- Salaries, allowances and bonuses	5,194	4,162	5,194	4,162
- Pension costs	1,700	924	1,700	924
- Shares/Options granted under Employee's Shares Scheme	290	201	290	201
- Others	1,098	1,129	1,098	1,129
Establishment costs	666	513	666	513
- Rental of premises	286	294	286	294
- Repairs, servicing and maintenance	14	25	14	25
- Information technology expenses	366	194	366	194
Marketing costs	684	401	684	401
- Advertisement and publicity	667	385	667	385
- Others	17	16	17	16
Administration and general expenses	200,340	161,334	200,340	161,334
- Fees and brokerage	1,897	3,705	1,897	3,705
- Administrative expenses	1,337	1,373	1,337	1,373
- General expenses	3,026	2,477	3,026	2,477
- Shared service cost paid/payable to Maybank	194,080	153,779	194,080	153,779
	209,972	168,664	209,972	168,664

A26. Finance Cost

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Islamic subordinated sukuk	10,549	10,608	10,549	10,608

A27. Taxation and Zakat

The analysis of the taxation and zakat expense for the first quarter ended 31 March 2013 are as follows:

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	83,170	62,503	83,170	62,503
Deferred tax expense in relation to origination and reversal of temporary differences	550	6,439	550	6,439
Tax expense for the period	83,720	68,942	83,720	68,942
Zakat expense	3,132	3,000	3,132	3,000
	86,852	71,942	86,852	71,942

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

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

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

	As at 31 March 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
<u>Credit-related</u>						
Direct credit substitutes	691,427	691,427	457,948	786,803	773,639	519,972
Certain transaction-related contingent items	1,090,954	523,564	475,739	1,092,100	528,713	506,466
Short-term self-liquidating trade-related contingencies	136,873	23,389	15,931	173,295	25,222	16,097
Irrevocable commitments to extend credit:						
- maturity within one year	17,877,018	2,032,086	1,312,934	16,595,356	1,800,273	1,028,067
- maturity more than one year	4,998,566	2,832,878	841,844	4,472,758	2,509,371	708,572
Miscellaneous	23,942	-	-	4,752	-	-
Total credit-related commitments and contingencies	24,818,780	6,103,344	3,104,396	23,125,064	5,637,218	2,779,174
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	2,290,479	831,439	501,360	1,037,118	29,530	14,511
- one year to less than five years	561,041	56,628	41,678	559,132	58,462	41,464
Profit rate related contracts:						
- less than one year	-	-	-	600,000	568	114
- one year to less than five years	3,918,713	168,138	81,141	3,809,087	184,196	93,840
Total treasury-related commitments and contingencies	6,770,233	1,056,205	624,179	6,005,337	272,756	149,929
	31,589,013	7,159,549	3,728,575	29,130,401	5,909,974	2,929,103

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

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A29. Capital Adequacy

(a) 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.

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 Basel II 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 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% for the total capital ratios.

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

There is no proposed dividend for the first quarter ended to 31 March 2013.

	31 March 2013	31 December 2012
<u>Basel III</u>		
Capital ratios		
CET1 capital ratio	9.77%	-
Tier 1 capital ratio	9.77%	-
Total capital ratio	12.21%	-

	31 March 2013	31 December 2012
<u>Basel II</u>		
Capital ratios		
Core capital ratio	-	10.83%
Risk-weighted capital ratio ("RWCR")	-	12.59%

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A29. Capital Adequacy (contd.)

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

	31 March 2013 RM '000	31 December 2012 RM'000
Eligible Tier 1 capital		
Paid-up share capital	132,720	-
Share premium	2,687,480	-
Other reserves	1,719,632	-
CET1 capital before regulatory adjustments	<u>4,539,832</u>	-
Less: Regulatory adjustment applied in CET1 capital	(656,944)	-
Total CET1/Tier 1 capital	<u>3,882,888</u>	-
Tier 2 capital instruments	900,000	-
Collective allowance ¹	70,167	-
Total Tier 2 capital	<u>970,167</u>	-
Total Capital	<u>4,853,055</u>	-
	31 March 2013 RM '000	31 December 2012 RM'000
Eligible Tier 1 capital		
Paid-up share capital	-	132,720
Share premium	-	2,687,480
Other reserves	-	1,659,441
Less: Deferred tax assets	-	(199,000)
Total Eligible Tier 1 capital	<u>-</u>	<u>4,280,641</u>
Eligible Tier 2 capital		
Subordinated sukuk	-	1,000,000
Collective allowance ¹	-	85,396
Surplus of total eligible provision over total expected loss	-	(390,447)
Total Eligible Tier 2 capital	<u>-</u>	<u>694,949</u>
Capital base	<u>-</u>	<u>4,975,590</u>

¹ Excluding collective allowance for certain financing and advances.

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A29. Capital Adequacy (Contd.)

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

	31 March 2013 RM'000	31 December 2012 RM'000
Standardised Approach exposure	3,167,062	2,411,358
Internal Ratings Based Approach exposure after scaling factor	32,996,699	32,563,904
Total risk-weighted asset for credit risk	36,163,761	34,975,262
Total risk-weighted asset for credit risk absorbed by parent [^]	(165,791)	(127,317)
Total risk-weighted asset for market risk	616,193	747,905
Total risk-weighted asset for operational risk	3,144,975	2,959,425
Additional risk-weighted asset due to capital floor	-	968,148
Total risk-weighted assets	39,759,138	39,523,423

[^] 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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A30. 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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A30. Fair value of financial instruments (contd.)

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 31 March 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	
At 31 March 2013				
Financial assets measured at fair value:				
Financial assets held-for-trading	5,070,511	50,273	-	5,120,784
<i>Money market instruments</i>	5,070,511	50,273	-	5,120,784
<i>Non-money market instruments</i>	-	-	-	-
Financial investments				
available-for-sale	-	5,509,191	-	5,509,191
<i>Money market instruments</i>	-	3,295,585	-	3,295,585
<i>Non-money market instruments</i>	-	2,213,606	-	2,213,606
Derivative assets	-	48,581	164	48,745
<i>Foreign exchange related contracts</i>	-	17,147	-	17,147
<i>Profit rate related contracts</i>	-	31,434	164	31,598
	5,070,511	5,608,045	164	10,678,720

Financial liabilities measured at fair value:

Derivative liabilities	-	50,298	74,697	124,995
<i>Foreign exchange related contracts</i>	-	19,470	-	19,470
<i>Profit rate related contracts</i>	-	30,828	74,697	105,525

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A30. Fair value of financial instruments (contd.)

	<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	
At 31 December 2012				
Financial assets measured at fair value:				
Financial assets held-for-trading	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
Financial investments				
available-for-sale	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
Derivative assets	-	48,227	-	48,227
<i>Foreign exchange related contracts</i>	-	15,859	-	15,859
<i>Profit rate related contracts</i>	-	32,368	-	32,368
	4,315,396	5,242,786	-	9,558,182

Financial liabilities measured at fair value:

Derivative liabilities	-	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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A30. Fair value of financial instruments (contd.)

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

	At 1 January 2013 RM'000	Total <i>unrealised</i> gains/(losses) recognised in income statements* RM'000	Issues RM'000	Settlements RM'000	At 31 March 2013 RM'000
As at 31.03.2013					
Derivative assets					
<i>Profit rate related contracts</i>	-	164	-	-	164
Total Level 3 financial assets	<u>-</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>164</u>
Derivative liabilities					
<i>Profit rate related contracts</i>	62,394	(2,899)	15,202	-	74,697
Total Level 3 financial liabilities	<u>62,394</u>	<u>(2,899)</u>	<u>15,202</u>	<u>-</u>	<u>74,697</u>
Total net Level 3 financial assets/ (liabilities)	<u>62,394</u>	<u>(2,735)</u>	<u>15,202</u>	<u>-</u>	<u>74,861</u>

* Included within 'Non-profit income'.

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

* 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 first quarter ended 31 March 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 RM339.5 million for the first quarter ended 31 March 2013, higher by RM55.1 million or 19.4% from previous year's corresponding period.

Total income grew by RM208.9 million or 24.9% to RM1,050.0 million from last year's corresponding period, comprising RM1,010.1 million income derived from investment of depositors' funds and RM39.9 million income derived from investment of shareholder's funds. Income attributable to depositors (including inter-bank) rose by RM80.1 million to RM496.0 million or 19.3% as compared to previous year's corresponding period.

Overhead expenses increased by RM41.3 million or 24.5% to RM210.0 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 reduced to RM6.0 million from RM38.4 million resulted from collective allowance write-back. Net impaired financing stood at 0.63% as at 31 March 2013 as compared to 0.70% in December 2012.

The Bank's total asset increased by RM5.4 billion driven by growth in financing asset (+RM3.8 billion) and financial investment portfolio (+RM1.0 billion).

Gross financing expanded to RM65.8 billion, a growth of RM3.8 billion or 6.1% from 31 December 2012. Total customer deposits closed at RM71.4 billion, higher by RM0.4 billion from RM71.0 billion recorded in last financial year ended 31 December 2012.

The Bank's total capital ratio (under Basel III effective from January 2013) is 12.21% (*December 2012: 12.59%*).

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B2. Prospects

In its latest World Economic Outlook (WEO), the International Monetary Fund (IMF) expects the global real GDP growth to stabilise at 3.3% in 2013 after the 3.2% growth in 2012. This steady momentum reflects a mixed economic and policy landscapes, characterised by subdued growth in the US amid monetary accommodation and fiscal consolidation; recession in the Eurozone on the impact of austerity measures in the aftermath of the sovereign debt crisis; the adoption of aggressive reflation policy in Japan to end deflation and boost the economy; a shift in China growth towards a more sustainable pace that is consumption-driven instead of investment-driven; pick up in Asian NIEs and continued expansion in ASEAN. The IMF projects the ASEAN 5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam to remain robust with growth of 5.9% (2012: 6.1%) on the strength of domestic demand, especially the expansion in 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 further economic expansion. Despite the slower growth in the first quarter of the year, Malaysia is expected to see full-year economic growth above-5% (2012: 5.6%) on the back of domestic demand that is underpinned by strong investment momentum, mainly from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme. In Indonesia, robust domestic demand and inflows of foreign direct investments (FDI) should enable the economy to carry on with the trend of above-6% GDP growth i.e. 6.7% (2012: 6.2%). Meanwhile, Singapore's economic growth is expected to improve to 2.3% (2012: 1.3%), largely reflecting the mildly better global economic conditions and improvement in world trade growth.

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

Having established its presence in all ten countries in ASEAN in 2012, the Group is focused on building a truly regional organisation. 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.

Adoption of good corporate governance and 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 to be in line with the targets that have been set for the year.