

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Income derived from investment of depositors' funds	A22	1,254,138	1,010,071	1,254,138	1,010,071
Income derived from investment of shareholder's funds	A23	64,495	39,920	64,495	39,920
Allowance for impairment on financing and advances	A24	(17,879)	6,009	(17,879)	6,009
Total distributable income		1,300,754	1,056,000	1,300,754	1,056,000
Income attributable to depositors	A25	(701,479)	(495,968)	(701,479)	(495,968)
Total net income		599,275	560,032	599,275	560,032
Overhead expenses	A26	(273,619)	(209,972)	(273,619)	(209,972)
Finance cost	A27	(10,549)	(10,549)	(10,549)	(10,549)
Profit before taxation and zakat		315,107	339,511	315,107	339,511
Taxation	A28	(78,013)	(83,720)	(78,013)	(83,720)
Zakat	A28	(5,196)	(3,132)	(5,196)	(3,132)
Profit for the period		231,898	252,659	231,898	252,659
Profit attributable to :					
Equity holders of the parent		231,898	252,659	231,898	252,659
Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)		105.16	190.37	105.16	190.37

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Profit for the period	231,898	252,659	231,898	252,659
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net profit/(loss) on financial investments available-for-sale	4,796	(7,385)	4,796	(7,385)
Income tax relating to components of other comprehensive income	(1,199)	1,846	(1,199)	1,846
Other comprehensive income for the period, net of tax	3,597	(5,539)	3,597	(5,539)
Total comprehensive income for the period, net of tax	235,495	247,120	235,495	247,120
Total comprehensive income attributable to :				
Equity holders of the parent	235,495	247,120	235,495	247,120

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds		16,934,045	17,680,040
Deposits and placements with banks and other financial institutions	A12	110,413	50,025
Financial assets at fair value through profit or loss	A13(i)	911,900	492,119
Financial investments available-for-sale	A13(ii)	7,877,069	8,443,090
Financing and advances	A14	89,203,167	86,135,734
Derivative assets	A15	93,394	134,141
Other assets	A16	8,138,240	8,770,145
Statutory deposits with Bank Negara Malaysia		3,181,000	3,084,000
Deferred tax assets		64,447	267,403
TOTAL ASSETS		126,513,675	125,056,697
LIABILITIES			
Deposits from customers	A17	84,502,922	83,017,613
Deposits and placements of banks and other financial institutions	A18	33,202,499	33,371,301
Bills and acceptances payable		92,729	62,124
Derivative liabilities	A15	219,650	247,952
Other liabilities	A19	222,023	97,915
Provision for taxation and zakat		27,789	192,479
Subordinated Sukuk	A21	1,000,231	1,010,782
Recourse obligation on financing sold to Cagamas		574,782	620,976
TOTAL LIABILITIES		119,842,625	118,621,142

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	31 March 2014 RM'000	31 December 2013 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		246,362	218,988
Share premium		4,099,343	3,725,969
Retained profits		2,003,802	2,172,652
Other reserves		321,543	317,946
TOTAL SHAREHOLDER'S EQUITY		6,671,050	6,435,555
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		126,513,675	125,056,697
COMMITMENTS AND CONTINGENCIES	A29	34,397,760	33,984,669
<u>CAPITAL ADEQUACY</u>	A30		
Based on credit, market and operational risk:			
CET1 capital ratio		11.789%	11.761%
Tier 1 capital ratio		11.789%	11.761%
Total capital ratio		13.479%	13.711%

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

<=====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 2014	218,988	3,725,969	1,697	409,672	(127,879)	34,456	2,172,652	6,435,555
Net profit for the period	-	-	-	-	-	-	231,898	231,898
Other comprehensive income	-	-	-	-	3,597	-	-	3,597
Total comprehensive income for the period	-	-	-	-	3,597	-	231,898	235,495
Dividend paid	-	-	-	-	-	-	(400,748)	(400,748)
Issue of ordinary shares (Notes A8)	27,374	373,374	-	-	-	-	-	400,748
Total transactions with shareholders	27,374	373,374	-	-	-	-	(400,748)	-
At 31 March 2014	246,362	4,099,343	1,697	409,672	(124,282)	34,456	2,003,802	6,671,050

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

<=====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

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	31 March 2014 RM'000	31 March 2013 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	315,107	339,511
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	47,839	18,187
Amortisation of premium less accretion of discount	(9,369)	(11,346)
Gain on revaluation of derivatives	(4,545)	(4,065)
Unrealised (gain)/loss on revaluation of financial assets at fair value through profit or loss	(179)	1,963
Gain on disposal of financial investments available-for-sale	(489)	(3,138)
Gain on disposal of financial assets at fair value through profit or loss	(2,411)	(21,014)
Gain on foreign exchange translations	(8,379)	(9,684)
Share options granted under ESS	179	290
Operating profit before working capital changes	337,753	310,704
Change in deposits and placements with banks and other financial institutions	(60,388)	211,247
Change in financial investments portfolio	163,483	(1,093,870)
Change in financing and advances	(3,115,271)	(3,777,951)
Change in derivative assets and liabilities	16,992	14,562
Change in other assets	631,904	(407,958)
Change in statutory deposits with Bank Negara Malaysia	(97,000)	(94,000)
Change in deposits from customers	1,485,308	373,998
Change in deposits and placements of banks and other financial institutions	(160,424)	4,664,356
Change in bills and acceptances payable	30,604	(43,071)
Change in other liabilities	134,478	287,995
Cash (used in)/generated from operations	(632,561)	446,012
Taxes and zakat paid	(46,141)	(109,213)
Net cash (used in)/generated from operating activities	(678,702)	336,799
Cash flows from financing activities		
Profit paid for subordinated sukuk	(21,100)	(116)
Financing sold to Cagamas, net	(46,193)	(155,304)
Proceeds from issuance of shares	400,748	-
Dividend paid	(400,748)	-
Net cash used in investing activities	(67,293)	(155,420)
Net (decrease)/increase in cash and cash equivalents	(745,995)	181,379
Cash and cash equivalents at beginning of period	17,680,040	13,017,324
Cash and cash equivalents at end of period	16,934,045	13,198,703

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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

	31 March 2014 RM'000	31 March 2013 RM'000
Cash and short-term funds	<u>16,934,045</u>	<u>13,198,703</u>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

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 31 March 2014 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 2013. 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 2013.

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 2013 except for adoption of the following Malaysian Financial Reporting Standards ("MFRSs") and Interpretations of the Issues Committee ("IC Interpretations") with effective dates of 1 January 2014:

- MFRS 132 *Financial Instruments: Presentation* - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
- MFRS 136 *Impairment of Assets* - Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)
- MFRS 139 *Financial Instruments: Recognition and Measurement* - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)
- IC Interpretation 21 Levies

The adoption of the above amendments to MFRSs and IC Interpretation would not have any material impact to the Bank's financial performance.

Guidance issued by Bank Negara Malaysia ("BNM")

On 4 February 2014, Bank Negara Malaysia ("BNM") issued a letter requiring banking institutions to maintain, in aggregate, collective impairment allowance and regulatory reserve of no less than 1.20% of total outstanding financing, net of individual impairment allowance, pursuant to paragraph 13 of the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing. The regulatory reserve is maintained in addition to the collective impairment allowance required under MFRS, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015. The adoption of this new regulatory requirement is not expected to have any financial impact to the profit or loss of the Bank.

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

A2. Significant accounting policies

The audited financial statements of the Bank for the financial year ended 31 December 2013 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 2013.

A3. Significant accounting estimates and judgments

The preparation of unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the financial year ended 31 December 2013.

A4. Auditors' report on proceeding annual financial statements

The auditors' report on the audited financial statements for the period ended 31 December 2013 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 2014.

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 2014.

A7. Changes in estimates

There were no material changes in estimates during the first quarter ended 31 March 2014.

A8. Issue Of Ordinary Share Capital

On 26 March 2014, the issued and paid-up share capital of the Bank was increased from RM218,988,000 to RM246,361,500 via a rights issue of 27,373,500 new ordinary shares of RM1.00 each at a premium of RM13.64 per shares on the basis of one new share for every eight existing ordinary shares held, to Maybank.

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

A9. Dividends

In respect of financial year ended 31 December 2013, a final tax-exempt (single-tier) dividend of RM1.83 per share on 218,988,000 ordinary shares, amounting to a dividend payable of RM400,748,040 was approved and declared on 23 March 2014, the dividend has been paid on 26 March 2014.

The Directors do not recommend the payment of any dividend in respect of the first quarter ended 31 March 2014.

A10. Subsequent events to the Balance Sheet

The following is the changes in debt and equity securities that were issued by the Bank subsequent to the first quarter ended 31 March 2014 and have not been reflected in the financial statements for the first quarter ended 31 March 2014:

Issuance of Tier 2 Capital Subordinated Sukuk Murabahah of RM1.5 billion in nominal value (“Subordinated Sukuk Murabahah”) pursuant to a Subordinated Sukuk Murabahah Programme of up to RM10.0 billion in nominal value (“Subordinated Sukuk Programme”)

On 7 April 2014, the Bank had completed the issuance of RM1.5 billion Basel III-compliant Tier 2 Subordinated Sukuk Murabahah with tenure of 10 years on a 10 non-callable 5 basis pursuant to the Subordinated Sukuk Programme established in March 2014.

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.

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

A12. Deposits and Placements with banks and other financial institutions

	31 March 2014 RM'000	31 December 2013 RM'000
Licensed Islamic banks	110,413	50,025
	110,413	50,025

A13. Financial investments portfolio

	Note	31 March 2014 RM'000	31 December 2013 RM'000
Financial assets at fair value through profit or loss	(i)	911,900	492,119
Financial investments available-for-sale	(ii)	7,877,069	8,443,090
		8,788,969	8,935,209

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

Financial assets held-for-trading are as follows:

	31 March 2014 RM'000	31 December 2013 RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	375,008	145,679
Bank Negara Malaysia Monetary Notes	373,387	323,452
	748,395	469,131
Unquoted securities :		
Foreign private debt securities	163,505	22,988
	163,505	22,988
Total financial assets held-for-trading	911,900	492,119

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

A13. Financial investments portfolio (cont'd.)

(ii) Financial investments available-for-sale

	31 March 2014 RM'000	31 December 2013 RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	4,504,587	4,898,485
Negotiable Islamic instruments of deposits	1,600,000	1,666,487
Bankers' acceptances and Islamic accepted bills	-	26,240
Khazanah bonds	63,490	62,930
	<u>6,168,077</u>	<u>6,654,142</u>
Unquoted securities :		
Islamic private debt securities in Malaysia	1,613,511	1,693,482
Foreign private debt securities	26,079	25,763
Malaysian Government bond	69,402	69,703
	<u>1,708,992</u>	<u>1,788,948</u>
Total financial investments available-for-sale	<u>7,877,069</u>	<u>8,443,090</u>

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

A14. Financing and advances

(i) By type and Shariah concepts

31.03.2014	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	-	2,718,985	-	-	-	488	-	2,719,473
Term financing								
- House financing	23,635,471	24,787,871	2,764,713	-	-	-	-	51,188,055
- Syndicated financing	-	-	18,911	-	-	-	-	18,911
- Hire purchase receivables	-	-	-	27,904,116	-	-	-	27,904,116
- Other term financing	45,267,081	25,639,869	1,916,379	-	200,950	179,763	1,235	73,205,277
Bills receivable	-	403	-	-	-	-	-	403
Trust receipts	-	173,125	-	-	-	-	-	173,125
Claims on customers under acceptance credits	-	3,699,850	-	-	-	-	-	3,699,850
Staff financing	1,053,880	264,806	9,687	105,304	-	-	31,957	1,465,634
Credit card receivables	-	-	-	-	-	-	375,793	375,793
Revolving credit	-	6,358,951	-	-	-	-	-	6,358,951
	69,956,432	63,643,860	4,709,690	28,009,420	200,950	180,251	408,985	167,109,588
Unearned income								(77,147,559)
Gross financing and advances^^								89,962,029
Allowances for impaired financing and advances:								
- individual								(170,148)
- collective								(588,714)
Net financing and advances								89,203,167

^ 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.

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

A14. Financing and advances (cont'd.)

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

31.12.2013	Bai [^] 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	-	2,762,317	-	-	-	630	-	2,762,947
Term financing								
- House financing	22,881,526	18,521,856	2,726,672	-	-	-	-	44,130,054
- Syndicated financing	-	-	24,071	-	-	-	-	24,071
- Hire purchase receivables	-	-	-	26,432,037	-	-	-	26,432,037
- Other term financing	45,398,966	24,733,658	1,953,048	-	214,442	180,206	932	72,481,252
Bills receivable	-	3,241	-	-	-	-	474	3,715
Trust receipts	-	198,607	-	-	-	-	-	198,607
Claims on customers under acceptance credits	-	3,978,452	-	-	-	-	-	3,978,452
Staff financing	1,070,419	188,580	9,646	100,524	-	-	34,767	1,403,936
Credit card receivables	-	-	-	-	-	-	424,425	424,425
Revolving credit	-	6,095,659	-	-	-	-	-	6,095,659
	<u>69,350,911</u>	<u>56,482,370</u>	<u>4,713,437</u>	<u>26,532,561</u>	<u>214,442</u>	<u>180,836</u>	<u>460,598</u>	<u>157,935,155</u>
Unearned income								<u>(71,055,879)</u>
Gross financing and advances ^{^^}								86,879,276
Allowances for impaired financing and advances:								
- individual								(162,046)
- collective								(581,496)
Net financing and advances								<u>86,135,734</u>

[^] 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.

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

A14. Financing and advances (cont'd.)

(ii) By type of customers

	31 March 2014 RM'000	31 December 2013 RM'000
Domestic non-banking institutions	2,630,954	2,546,840
Domestic business enterprises		
- Small and medium enterprises	8,909,947	8,723,084
- Others	13,444,327	13,172,914
Government and statutory bodies	6,236,627	6,288,125
Individuals	58,238,356	55,492,469
Other domestic entities	17,643	18,006
Foreign entities in Malaysia	484,175	637,838
Gross financing and advances	<u>89,962,029</u>	<u>86,879,276</u>

(iii) By profit rate sensitivity

	31 March 2014 RM'000	31 December 2013 RM'000
Fixed rate		
- House financing	1,684,397	2,278,641
- Hire purchase receivables	23,958,920	22,595,645
- Other financing	18,420,935	18,304,819
Floating rate		
- House financing	14,009,273	12,252,243
- Other financing	31,888,504	31,447,928
Gross financing and advances	<u>89,962,029</u>	<u>86,879,276</u>

(iv) By economic purpose

	31 March 2014 RM'000	31 December 2013 RM'000
Purchase of securities	16,331,310	16,325,909
Purchase of transport vehicles	23,968,225	22,635,114
Purchase of landed properties		
- residential	15,202,893	14,072,688
- non-residential	4,928,163	4,471,266
Purchase of fixed assets (exclude landed properties)	14,704	8,813
Personal use	1,539,324	1,419,655
Consumer durables	593	723
Construction	2,637,144	2,660,675
Working capital	24,963,880	24,859,957
Credit cards	375,793	424,476
Gross financing and advances	<u>89,962,029</u>	<u>86,879,276</u>

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

A14. Financing and advances (cont'd.)

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

	31 March 2014 RM'000	31 December 2013 RM'000
Maturity within one year	12,887,035	12,436,008
One year to three years	6,292,523	6,020,825
Three years to five years	9,822,044	10,448,909
After five years	60,960,427	57,973,534
Gross financing and advances	<u>89,962,029</u>	<u>86,879,276</u>

(vi) Impaired financing and advances by economic purpose

	31 March 2014 RM'000	31 December 2013 RM'000
Purchase of securities	8,173	8,575
Purchase of transport vehicles	85,853	67,597
Purchase of landed properties		
- residential	80,822	86,109
- non-residential	25,187	22,363
Personal use	9,973	9,318
Credit cards	3,307	3,500
Consumer durables	3	3
Construction	19,663	31,059
Working capital	316,656	292,269
Gross impaired financing and advances	<u>549,637</u>	<u>520,793</u>

(vii) Movement in impaired financing and advances

	31 March 2014 RM'000	31 December 2013 RM'000
Gross impaired financing and advances at 1 January 2014/2013	520,793	519,979
Newly impaired	156,646	533,271
Reclassified as non-impaired	(54,582)	(218,605)
Recovered	(57,069)	(245,481)
Amount written off	(17,465)	(73,313)
Expenses debited to customers' accounts	1,314	4,942
Gross impaired financing and advances at 31 March 2014/ 31 December 2013	<u>549,637</u>	<u>520,793</u>
Less: Individual allowance	(170,148)	(162,046)
Net impaired financing and advances	<u>379,489</u>	<u>358,747</u>

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

A14. Financing and advances (cont'd.)

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

	31 March 2014 RM'000	31 December 2013 RM'000
Gross financing and advances (excluding RPSIA financing)	81,598,286	78,550,433
Less: Individual allowance	(170,148)	(162,046)
Net financing and advances	81,428,138	78,388,387
Net impaired financing and advances as a percentage of net financing and advances	0.47%	0.46%

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

	31 March 2014 RM'000	31 December 2013 RM'000
<u>Individual Allowance</u>		
At 1 January 2014/2013	162,046	94,176
Allowance made	23,953	87,363
Amount written back in respect of recoveries	(7,361)	(19,419)
Amount written off	(8,490)	-
Transferred to collective allowance	-	(74)
At 31 March 2014/31 December 2013	170,148	162,046

	31 March 2014 RM'000	31 December 2013 RM'000
<u>Collective Allowance</u>		
At 1 January 2014/2013	581,496	595,517
Net allowance made during the year*	16,193	59,218
Amount written off	(8,975)	(73,313)
Transferred from individual allowance	-	74
At 31 March 2014/31 December 2013	588,714	581,496

As a % of gross financing and advances (excluding RPSIA financing) less individual assessment allowance	0.72%	0.74%
---	--------------	-------

* As at 31 March 2014, the gross exposure of the assets under the RPSIA is RM8,363.7 million (31 December 2013 : RM8,328.8 million) and the collective allowance relating to this RPSIA amounting RM26.2 million (31 December 2013 : RM27.8 million) is accounted for by the parent. There was no individual allowance made on the RPSIA financing by the Bank.

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

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.

	31 March 2014			31 December 2013		
	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	1,615,379	20,000	(8,036)	1,619,825	55,054	(1,565)
Currency swaps						
- Less than one year	2,594,148	6,610	(24,470)	3,025,375	2,900	(59,007)
Currency spot						
- Less than one year	48,393	52	(69)	28,757	33	(52)
<u>Profit rate related contracts:</u>						
Profit rate options						
- More than 3 years	680,000	533	(100,262)	575,000	-	(89,348)
Cross currency profit rate swaps						
- one year to three years	313,625	17,836	(17,836)	314,425	19,421	(19,421)
	5,251,545	45,031	(150,673)	5,563,382	77,408	(169,393)
<u>Hedging derivatives</u>						
Profit rate swaps						
- Less than one year	850,000	-	(843)	850,000	-	(1,798)
- one year to three years	1,616,563	11,786	(5,228)	718,000	1,729	(2,562)
- More than 3 years	1,490,125	10,603	(10,001)	1,902,963	18,889	(11,653)
Cross currency profit rate swaps						
- Less than one year	256,041	25,974	(25,559)	-	-	-
- one year to three years	-	-	-	249,530	36,115	(35,588)
- More than 3 years	383,100	-	(27,346)	383,100	-	(26,958)
	4,595,829	48,363	(68,977)	4,103,593	56,733	(78,559)
Total derivative assets/(liabilities)	9,847,374	93,394	(219,650)	9,666,975	134,141	(247,952)

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

A16. Other assets

	31 March 2014 RM'000	31 December 2013 RM'000
Amount due from holding company	7,817,208	8,412,776
Handling fees	159,460	149,932
Prepayments and deposits	133,092	124,963
Other debtors	28,480	82,474
	8,138,240	8,770,145

A17. Deposits from customers

i) By type of deposit

	31 March 2014 RM'000	31 December 2013 RM'000
<u>Savings deposits</u>		
Wadiah	9,662,141	8,878,413
Mudharabah	823,839	741,950
<u>Demand deposits</u>		
Wadiah	7,478,115	8,064,681
Mudharabah	9,417,750	9,213,225
<u>Term deposits</u>		
Murabahah	39,516,567	40,593,458
General investment account		
Mudharabah	16,858,696	14,877,283
Negotiable Islamic Debt Certificate (NIDC)		
Mudharabah	145,348	143,345
Hybrid (Bai' Bithaman Ajil and Murabahah)*	600,466	505,258
	84,502,922	83,017,613

* 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 2014 RM'000	31 December 2013 RM'000
Business enterprises	35,386,130	35,478,959
Individuals	20,344,419	19,615,685
Government and statutory bodies	11,084,289	11,880,189
Others	17,688,084	16,042,780
	84,502,922	83,017,613

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

A18. Deposits and placements of banks and other financial institutions

	31 March 2014 RM'000	31 December 2013 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	21,728,809	23,511,701
Licensed islamic banks	1,675,373	1,351,903
Licensed investment banks	629,312	526,048
Other financial institutions	727,908	399,303
	24,761,402	25,788,955
<u>Non-Mudharabah Fund</u>		
Licensed banks	498,906	3,640
Licensed islamic banks	-	551,256
Other financial institutions	7,942,191	7,027,450
	8,441,097	7,582,346
	33,202,499	33,371,301

* Included in the Mudharabah deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent amounting to RM8,386.7 million (31 December 2013: RM8,336.3 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 2014 RM'000	31 December 2013 RM'000
Profit equalisation reserve ("PER")	(i)	3,494	11,820
Sundry creditors		169,596	41,459
Deposit on trade financing		23,088	22,585
Provisions and accruals		14,265	17,698
Others		11,580	4,353
		222,023	97,915

(i) PER

	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January 2014/2013	11,820	54,695
Distribution to Investment Account Holder	(8,326)	(42,875)
At 31 March 2014/31 December 2013	3,494	11,820

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

A20. Sources and uses of charity funds

	31 March 2014 RM'000	31 December 2013 RM'000
Sources of charity funds		
Non-Islamic/prohibited income	3	52
Total sources of charity funds during the year	3	52
Uses of charity funds		
Contribution to non-profit organisation	-	52
Total uses of charity funds during the year	-	52
Undistributed charity funds as at 31 March 2014/ 31 December 2013	3	-

A21. Subordinated Sukuk

	31 March 2014 RM'000	31 December 2013 RM'000
RM1,000 million Islamic Subordinated Sukuk due in 2021	1,000,231	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.

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

A22. Income derived from investment of depositors' funds

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Income derived from investment of:				
i) General investment deposits	836,685	673,834	836,685	673,834
ii) Other deposits	417,453	336,237	417,453	336,237
	1,254,138	1,010,071	1,254,138	1,010,071

i) Income derived from investment of general investment deposits

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Financing and advances	684,422	505,328	684,422	505,328
Money at call and deposit with financial institutions	58,547	45,347	58,547	45,347
Financial investments available-for-sale	37,618	30,110	37,618	30,110
Financial assets at fair value through profit or loss	950	933	950	933
	781,537	581,718	781,537	581,718
Amortisation of premium less accretion of discounts	5,945	7,281	5,945	7,281
Total finance income and hibah	787,482	588,999	787,482	588,999
Other operating income :				
Fee income				
- Processing fees	198	174	198	174
- Commissions	21,641	18,429	21,641	18,429
- Service charges and other fees	15,207	42,901	15,207	42,901
Gains on disposal of financial investments available-for-sale	310	2,014	310	2,014
Gains on disposal of financial assets at fair value through profit or loss	1,530	13,486	1,530	13,486
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	114	(1,260)	114	(1,260)
- Derivatives	2,884	2,608	2,884	2,608
Gains on foreign exchange:				
- Realised	4,159	4,733	4,159	4,733
- Unrealised	1,157	1,482	1,157	1,482
Net dividend on derivatives	2,003	268	2,003	268
	836,685	673,834	836,685	673,834

Included in finance income were income on impaired assets amounting to RM2.5 million (31.3.2013: RM2.1 million).

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

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

ii) Income derived from investment of other deposits

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Financing and advances	341,484	252,154	341,484	252,154
Money at call and deposit with financial institutions	29,211	22,628	29,211	22,628
Financial investments available-for-sale	18,769	15,024	18,769	15,024
Financial assets at fair value through profit or loss	474	466	474	466
	389,938	290,272	389,938	290,272
Amortisation of premium less accretion of discounts	2,966	3,633	2,966	3,633
Total finance income and hibah	392,904	293,905	392,904	293,905
Other operating income :				
Fee income				
- Processing fees	99	87	99	87
- Commissions	10,798	9,196	10,798	9,196
- Service charges and other fees	7,587	21,407	7,587	21,407
Gains on disposal of financial investments available-for-sale	155	1,005	155	1,005
Gains on disposal of financial assets at fair value through profit or loss	763	6,729	763	6,729
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	57	(629)	57	(629)
- Derivatives	1,439	1,302	1,439	1,302
Gains on foreign exchange:				
- Realised	2,075	2,362	2,075	2,362
- Unrealised	577	739	577	739
Net dividend on derivatives	999	134	999	134
	417,453	336,237	417,453	336,237

Included in finance income were income on impaired assets amounting to RM1.3 million (31.3.2013: RM1.0 million).

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

A23. Income derived from investment of shareholder's funds

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Financing and advances	52,759	29,938	52,759	29,938
Money at call and deposit with financial institutions	4,513	2,686	4,513	2,686
Financial investments available-for-sale	2,900	1,784	2,900	1,784
Financial assets at fair value through profit or loss	73	55	73	55
	60,245	34,463	60,245	34,463
Amortisation of premium less accretion of discounts	458	431	458	431
Total finance income and hibah	60,703	34,894	60,703	34,894
Other operating income :				
Fee income				
- Processing fees	15	10	15	10
- Commissions	1,668	1,092	1,668	1,092
- Service charges and other fees	1,172	2,542	1,172	2,542
Gains on disposal of financial investments available-for-sale	24	119	24	119
Gains on disposal of financial assets at fair value through profit or loss	118	799	118	799
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	9	(75)	9	(75)
- Derivatives	222	155	222	155
Gains on foreign exchange:				
- Realised	321	280	321	280
- Unrealised	89	88	89	88
Net dividend on derivatives	154	16	154	16
	64,495	39,920	64,495	39,920

Included in finance income were income on impaired assets amounting to RM0.2 million (31.3.2013: RM0.1 million).

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

A24. Allowance for losses on financing and advances

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Allowances for impaired financing and advances:				
- collective allowance made	16,193	3,555	16,193	3,555
- individual allowance made	23,953	27,722	23,953	27,722
- individual allowance written back	(7,361)	(16,008)	(7,361)	(16,008)
Impaired financing and advances written off	3,232	2,918	3,232	2,918
Impaired financing and advances recovered	(18,138)	(24,196)	(18,138)	(24,196)
	17,879	(6,009)	17,879	(6,009)

A25. Income attributable to depositors

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Deposits from customers				
- Mudharabah	151,875	155,298	151,875	155,298
- Non-Mudharabah	350,618	252,597	350,618	252,597
	502,493	407,895	502,493	407,895
Deposits and placements of banks and other financial institutions				
- Mudharabah	192,378	79,152	192,378	79,152
- Non-Mudharabah	6,608	8,921	6,608	8,921
	198,986	88,073	198,986	88,073
	701,479	495,968	701,479	495,968

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

A26. Overhead expenses

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	8,659	8,282	8,659	8,282
- Salaries, allowances and bonuses	6,207	5,194	6,207	5,194
- Pension costs	961	1,700	961	1,700
- Shares/Options granted under Employee's Shares Scheme	179	290	179	290
- Others	1,312	1,098	1,312	1,098
Establishment costs	613	666	613	666
- Rental of premises	429	286	429	286
- Repairs, servicing and maintenance	23	14	23	14
- Information technology expenses	155	366	155	366
- Others	6	-	6	-
Marketing costs	1,023	684	1,023	684
- Advertisement and publicity	621	667	621	667
- Others	402	17	402	17
Administration and general expenses	263,324	200,340	263,324	200,340
- Fees and brokerage	1,386	1,897	1,386	1,897
- Administrative expenses	850	1,337	850	1,337
- General expenses	3,531	3,026	3,531	3,026
- Shared service cost paid/payable to Maybank	257,557	194,080	257,557	194,080
	273,619	209,972	273,619	209,972

A27. Finance cost

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Islamic subordinated sukuk	10,549	10,549	10,549	10,549

A28. Taxation and zakat

The analysis of the taxation and zakat expense for the first quarter ended 31 March 2014 are as follows:

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	77,919	83,170	77,919	83,170
Over provision in prior period: Malaysian income tax	(201,664)	-	(201,664)	-
Deferred tax expense in relation to origination and reversal of temporary differences	201,758	550	201,758	550
Tax expense for the period	78,013	83,720	78,013	83,720
Zakat expense	5,196	3,132	5,196	3,132
	83,209	86,852	83,209	86,852

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

A29. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

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

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

	As at 31 March 2014			As at 31 December 2013		
	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	779,950	760,338	413,613	633,689	633,689	396,118
Certain transaction-related contingent items	1,106,431	533,494	448,713	1,165,665	591,715	480,062
Short-term self-liquidating trade-related contingencies	190,764	37,356	27,803	276,377	137,786	23,044
Irrevocable commitments to extend credit:						
- maturity within one year	15,596,548	1,918,129	1,187,080	16,049,084	1,685,439	986,277
- maturity more than one year	6,850,331	3,222,645	1,260,110	6,170,815	2,874,563	1,096,736
Miscellaneous	26,362	-	-	22,064	-	-
Total credit-related commitments and contingencies	24,550,386	6,471,962	3,337,319	24,317,694	5,923,192	2,982,237
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	4,513,961	18,626	16,495	4,673,957	11,898	7,298
- one year to less than five years	696,725	46,329	15,801	947,055	58,846	28,317
Profit rate related contracts:						
- less than one year	850,000	1,000	200	850,000	1,000	200
- one year to less than five years	3,766,688	80,669	36,223	3,120,963	7,180	2,908
- five years and above	20,000	4,000	800	75,000	72,500	22,100
Total treasury-related commitments and contingencies	9,847,374	150,624	69,519	9,666,975	151,424	60,823
	34,397,760	6,622,586	3,406,838	33,984,669	6,074,616	3,043,060

* 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.

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

A30. Capital Adequacy

(a) Capital Adequacy Framework

(i) Bank Negara Malaysia ("BNM") had on 28 November 2012 released the updated guidelines for Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks commencing from 1 January 2013 and subjected to 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 subjected to any further capital charges in the computation of RWA.

(b) Compliance and Application of Capital Adequacy Ratios

The capital adequacy ratio of the Bank are computed in accordance with BNM's updated guidelines for 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 RWA 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 requirements for CET1, Tier 1 and Total Capital are 4.0%, 5.5% and 8% of total RWA for the current financial year ending 31 December 2014.

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

A30. Capital Adequacy (cont'd.)

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

	31 March 2014	31 December 2013
Capital ratios		
CET1 capital ratio	11.789%	11.761%
Tier 1 capital ratio	11.789%	11.761%
Total capital ratio	<u>13.479%</u>	<u>13.711%</u>

(d) Components of capital:

	31 March 2014 RM '000	31 December 2013 RM'000
CET1/Tier 1 capital		
Paid-up share capital	246,362	218,988
Share premium	4,099,343	3,725,969
Retained profits	1,771,904	2,172,652
Other reserves	<u>321,543</u>	<u>317,946</u>
CET1 capital before regulatory adjustments	6,439,152	6,435,555
Less: Regulatory adjustment applied in CET1 capital	<u>(482,233)</u>	<u>(662,524)</u>
Total CET1/Tier 1 capital	5,956,919	5,773,031
Tier 2 capital		
Tier 2 capital instruments	800,000	900,000
Collective allowance ¹	<u>53,588</u>	<u>56,845</u>
Total Tier 2 capital	853,588	956,845
Total Capital	6,810,507	6,729,876

¹ Excludes collective allowance for impaired financing and advances restricted from Tier 2 Capital of the Bank.

(e) The breakdown of RWA by each major risk categories are as follows:

	31 March 2014 RM'000	31 December 2013 RM'000
Standardised Approach exposure	4,285,236	3,902,334
Internal Ratings-Based Approach exposure after scaling factor	<u>42,956,353</u>	42,043,918
Total risk-weighted asset for credit risk	47,241,589	45,946,252
Total risk-weighted asset for credit risk absorbed by parent [^]	(1,086,961)	(1,210,230)
Total risk-weighted asset for market risk	699,132	729,512
Total risk-weighted asset for operational risk	<u>3,674,673</u>	3,619,234
Total risk-weighted assets	50,528,433	49,084,768

[^] 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.

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

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 (unadjusted) in active markets for identical assets and liabilities

Refers to 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 for which all significant inputs are, or are based on, observable market data

Refers to inputs other than quoted price included 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, less illiquid equities and consumer financing and advances with homogeneous or similar features in the market.

(c) Level 3: Valuation techniques for which significant inputs are not based on observable market data

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, private equity investments and financing and advances priced primarily based on internal credit assessment.

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

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

The classification in the fair value hierarchy of the Bank's financial and non-financial assets and liabilities measured at fair value is summarized in the table below:

	<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 2014				
Financial assets measured at fair value:				
Financial assets held-for-trading	-	911,900	-	911,900
<i>Money market instruments</i>	-	748,395	-	748,395
<i>Non-money market instruments</i>	-	163,505	-	163,505
Financial investments available-for-sale	-	7,877,069	-	7,877,069
<i>Money market instruments</i>	-	6,168,077	-	6,168,077
<i>Non-money market instruments</i>	-	1,708,992	-	1,708,992
Derivative assets	-	92,861	533	93,394
<i>Foreign exchange related contracts</i>	-	70,472	-	70,472
<i>Profit rate related contracts</i>	-	22,389	533	22,922
	-	8,881,830	533	8,882,363

Financial liabilities measured at fair value:

Derivative liabilities	-	119,389	100,262	219,651
<i>Foreign exchange related contracts</i>	-	103,317	-	103,317
<i>Profit rate related contracts</i>	-	16,072	100,262	116,334

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

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

At 31 December 2013	<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:				
Financial assets held-for-trading	-	492,119	-	492,119
<i>Money market instruments</i>	-	469,131	-	469,131
<i>Non-money market instruments</i>	-	22,988	-	22,988
Financial investments available-for-sale	-	8,443,090	-	8,443,090
<i>Money market instruments</i>	-	6,654,142	-	6,654,142
<i>Non-money market instruments</i>	-	1,788,948	-	1,788,948
Derivative assets	-	134,141	-	134,141
<i>Foreign exchange related contracts</i>	-	113,523	-	113,523
<i>Profit rate related contracts</i>	-	20,618	-	20,618
	-	9,069,350	-	9,069,350

Financial liabilities measured at fair value:

Derivative liabilities	-	158,604	89,348	247,952
<i>Foreign exchange related contracts</i>	-	142,591	-	142,591
<i>Profit rate related contracts</i>	-	16,013	89,348	105,361

Valuation techniques

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

Derivatives, financing and advances and financial liabilities

The fair values of the Bank's derivative instruments, financing and advances and financial liabilities 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.

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

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

Movements of Level 3 Instruments

The following tables present additional information about Level 3 assets and liabilities measured at fair value on a recurring basis.

	Derivative assets 31 March 2014 RM'000	Derivative liabilities 31 March 2014 RM'000	Derivative assets 31 December 2013 RM'000	Derivative liabilities 31 December 2013 RM'000
At 1 January 2014/2013	-	89,348	-	62,394
Gain/(losses) recognised in income statement	533	(2,972)	-	(4,003)
Purchases	-	13,886	-	30,957
At 31 March 2014/31 December 2013	533	100,262	-	89,348
Total gain/(losses) recognised in income statement for financial instruments measured at fair value at the end of the reporting period	533	(2,972)	-	(4,003)
Total gain/(losses) recognised in other comprehensive statement for financial instruments measured at fair value at the end of the reporting period	-	-	-	-

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

PART B – Review of Performance & Current Year Prospects

B1. Performance Review

Total income grew by RM268.6 million or 26% to RM1,318.6 million from last year's corresponding period, comprising RM1,254.1 million income derived from investment of depositors' funds and RM64.5 million income derived from investment of shareholder's funds on the back of robust financing growth. Income attributable to depositors (including inter-bank) rose by RM205.5 million to RM701.5 million or 41% as compared to previous year's corresponding period.

The Bank recorded a profit before tax and zakat of RM315.1 million for the first quarter ended 31 March 2014, lower by RM24.4 million or 7% from previous year's corresponding period, mainly due to the increase in the overhead expenses by RM63.6 million or 30% to RM273.6 million over the amount reported in the prior year resulting from a higher shared services cost which accounted 94% of total overhead expenses.

Allowance for losses on financing and advances is RM17.9 million for the first quarter ended 31 March 2014 as compared to RM6.0 million write-back in last year's corresponding period. Net impaired financing stood healthy at 0.47% as at 31 March 2014 as compared to 0.46% in December 2013.

The Bank's total asset increased by RM1.5 billion driven by substantial growth in financing asset. Gross financing grew to RM89.9 billion, a growth of RM3.1 billion or 4% from 31 December 2013. Total customer deposits closed at RM84.5 billion, higher by RM1.5 billion from RM83.0 billion recorded in last financial year ended 31 December 2013.

The Bank's total capital ratio under Basel III is 13.479% (*December 2013 : 13.711%*), well above the minimum regulatory requirement.

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

B2. Prospects

The global economy is expected to grow by 3.5% in 2014 from 3.0% in 2013 as the major advanced economies – US, Europe and Japan – simultaneously expand for the first time since 2010 amid continued sub-8% expansion in China and the generally lackluster large emerging economies. The recovery in the major advanced economy is expected to subsequently result in the tapering of quantitative easing. During this period of transition, we expect to see heightened volatility in the international financial markets as there will be a rebalancing of portfolio flows from the emerging economies back to the advanced economies. We are however confident that Asia, more specifically ASEAN, will be better equipped to manage these externalities as a result of the post-ASEAN financial crisis reforms.

Malaysia's macroeconomic outlook appears positive given the steady growth momentum (GDP 2014E: 5.4%; 2013:4.7%), clarity and credibility in fiscal policy to address the budget deficit via medium-term spending and tax measures, and sustainable current account surplus. However, inflationary pressures are expected to intensify arising from measures to address the fiscal deficit through subsidy rationalisation and price adjustments. Consequently, we expect the Overnight Policy Rate to be raised between 25bps to 50bps in the second half of 2014. On the Islamic banking development front, the Islamic Financial Services Act 2013 (IFSA) was introduced by Bank Negara Malaysia (BNM) to facilitate the development of an end-to-end Shariah-compliant regulatory framework for Islamic finance operation. We view this as a step in the right direction for the Islamic banking industry as it further promotes governance on Shariah and provides a platform that allows Islamic banking institutions to develop a wider range of products and services to meet the diverse needs of customers.

In Indonesia, GDP growth momentum is expected to remain stable (2014E: 5.6%, 2013: 5.8%) as monetary policy remains tight, and investors and businesses await for greater certainty after the Parliament and Presidential elections in April and July 2014 respectively. According to Ernst & Young World Islamic Banking Competitiveness Report, Indonesia is one of the promising rapid growth market for Islamic banking. Indonesia has demonstrated a five year compounded annual growth rate of 42% or 3.1x faster than conventional banking growth. Despite the growth, penetration of Islamic finance in Indonesia remains low at 4.6% market share, demonstrating further room for growth. Maybank will continue to drive Islamic banking in Indonesia by leveraging on PT Bank Internasional Indonesia's (Tbk) (BII) and Maybank Group's infrastructures and resources, as we endeavor to unlock and transfer the benefits of our ASEAN presence.

In Singapore, GDP growth is forecasted to be sustained at 3.7% in 2014 after a better-than-expected 4.1% in 2013, benefitting from a pick-up in external demand due to the recovery in global economic conditions. Specific to Islamic banking, the focus is to build Singapore as our regional centre to reach out to global investors with our wholesale business.

We remain upbeat on the development of potential Sukuk issuances in new markets – Hong Kong and United Kingdom, as this is expected to further pave the way for Islamic finance in these markets. In driving our transition - from being a leader in the domestic retail and wholesale market to a champion in Islamic cross-border banking services in ASEAN - we will continue to engage closely with regulators and industry players across the region to encourage further integration and synergy within our operating markets.