

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Income derived from investment of depositors' funds	A22	1,651,984	1,300,914	3,240,125	2,555,052
Income derived from investment of shareholder's funds	A23	66,287	56,160	132,231	120,655
Allowance for impairment on financing and advances	A24	(39,848)	(35,607)	(114,695)	(53,486)
Total distributable income		1,678,423	1,321,467	3,257,661	2,622,221
Income attributable to depositors	A25	(954,100)	(707,606)	(1,876,369)	(1,409,085)
Total net income		724,323	613,861	1,381,292	1,213,136
Overhead expenses	A26	(269,679)	(261,879)	(549,106)	(535,498)
Finance cost	A27	(28,256)	(26,602)	(56,198)	(37,151)
Profit before taxation and zakat		426,388	325,380	775,988	640,487
Taxation	A28	(110,968)	(76,790)	(193,010)	(154,803)
Zakat	A28	(1,436)	(5,388)	(5,890)	(10,584)
Profit for the period		313,984	243,202	577,088	475,100
Profit attributable to :					
Equity holders of the parent		313,984	243,202	577,088	475,100
Earnings per share attributable to equity holder of the Bank					
- Basic/diluted (sen)		127.45	98.30	234.24	203.46

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Profit for the period	313,984	243,202	577,088	475,100
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net (loss)/gain on financial investments available-for-sale	(1,568)	15,552	65,907	20,348
Income tax relating to components of other comprehensive income	392	(3,888)	(16,477)	(5,087)
Other comprehensive income for the period, net of tax	(1,176)	11,664	49,430	15,261
Total comprehensive income for the period, net of tax	312,808	254,866	626,518	490,361
Total comprehensive income attributable to :				
Equity holders of the parent	312,808	254,866	626,518	490,361

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	30 June 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds		10,810,640	17,863,965
Deposits and placements with banks and other financial institutions	A12	1,202,794	-
Financial assets at fair value through profit or loss	A13(i)	50,604	1,234,423
Financial investments available-for-sale	A13(ii)	9,132,914	8,013,073
Financing and advances	A14	120,976,547	107,729,239
Derivative assets	A15	260,714	169,535
Other assets	A16	14,142,415	7,571,469
Statutory deposits with Bank Negara Malaysia		4,348,000	3,778,000
Deferred tax assets		18,343	34,702
TOTAL ASSETS		160,942,971	146,394,406
LIABILITIES			
Deposits from customers	A17	106,486,147	99,695,272
Deposits and placements of banks and other financial institutions	A18	43,694,559	36,544,789
Bills and acceptances payable		29,383	5,947
Derivative liabilities	A15	385,569	273,864
Other liabilities	A19	72,530	79,666
Provision for taxation and zakat		62,085	38,269
Subordinated Sukuk	A21	2,527,200	2,527,629
TOTAL LIABILITIES		153,257,473	139,165,436

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	30 June 2015 RM'000	31 December 2014 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		246,362	246,362
Share premium		4,099,343	4,099,343
Retained profits		2,521,306	2,262,558
Other reserves		818,487	620,707
TOTAL SHAREHOLDER'S EQUITY		7,685,498	7,228,970
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		160,942,971	146,394,406
COMMITMENTS AND CONTINGENCIES	A31	44,023,298	37,707,274
<u>CAPITAL ADEQUACY</u>	A32		
Based on credit, market and operational risk:			
CET1 capital ratio		11.117%	12.003%
Tier 1 capital ratio		11.117%	12.003%
Total capital ratio		14.687%	16.088%

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

<=====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	Regulatory reserve RM'000	Distributable retained profits RM'000	Total equity RM'000
At 1 January 2015	246,362	4,099,343	1,697	409,672	(99,618)	34,456	274,500	2,262,558	7,228,970
Net profit for the period	-	-	-	-	-	-	-	577,088	577,088
Other comprehensive income	-	-	-	-	49,430	-	-	-	49,430
Total comprehensive income for the period	-	-	-	-	49,430	-	-	577,088	626,518
Dividend paid	-	-	-	-	-	-	-	(169,990)	(169,990)
Transfer to regulatory reserve	-	-	-	-	-	-	148,350	(148,350)	-
Total transactions with shareholders	-	-	-	-	-	-	148,350	(318,340)	(169,990)
At 30 June 2015	246,362	4,099,343	1,697	409,672	(50,188)	34,456	422,850	2,521,306	7,685,498

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

<=====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	Regulatory 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	-	-	-	-	-	-	-	475,100	475,100
Other comprehensive income	-	-	-	-	15,261	-	-	-	15,261
Total comprehensive income for the period	-	-	-	-	15,261	-	-	475,100	490,361
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 30 June 2014	246,362	4,099,343	1,697	409,672	(112,618)	34,456	-	2,247,004	6,925,916

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	30 June	30 June
	2015	2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and zakat	775,988	640,487
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	148,181	92,841
Amortisation of premium less accretion of discount	(33,260)	(21,667)
Loss/(gain) on revaluation of derivatives	25,338	(6,321)
Unrealised loss on revaluation of financial assets at fair value through profit or loss	4,594	96
Gain on disposal of financial investments available-for-sale	(1,532)	(1,104)
Gain on disposal of financial assets at fair value through profit or loss	(11,850)	(3,082)
Gain on foreign exchange translations	(101,453)	(14,450)
Share options granted under ESS	770	764
Operating profit before working capital changes	806,776	687,564
Change in deposits and placements with banks and other financial institutions	(1,202,794)	50,025
Change in financial investments portfolio	171,933	286,362
Change in financing and advances	(13,395,489)	(7,964,517)
Change in derivative assets and liabilities	(4,812)	10,209
Change in other assets	(6,570,946)	1,318,849
Change in statutory deposits with Bank Negara Malaysia	(570,000)	(374,000)
Change in deposits from customers	6,790,875	9,008,731
Change in deposits and placements of banks and other financial institutions	7,251,223	(3,602,128)
Change in bills and acceptances payable	23,436	1,392
Change in other liabilities	48,292	180,222
Cash used in operating activities	(6,651,506)	(397,291)
Taxes and zakat paid	(175,202)	(140,156)
Net cash used in operating activities	(6,826,708)	(537,447)
Cash flows from financing activities		
Proceeds from issuance of Tier 2 Capital Subordinated Sukuk	-	1,500,000
Profit paid for subordinated sukuk	(56,627)	(21,100)
Financing sold to Cagamas, net	-	(93,699)
Proceeds from issuance of shares	-	400,748
Dividend paid	(169,990)	(400,748)
Net cash (used in)/generated from investing activities	(226,617)	1,385,201
Net (decrease)/increase in cash and cash equivalents	(7,053,325)	847,754
Cash and cash equivalents at beginning of year	17,863,965	17,680,040
Cash and cash equivalents at end of year	10,810,640	18,527,794

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

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

	30 June 2015 RM'000	30 June 2014 RM'000
Cash and short-term funds	<u>10,810,640</u>	<u>18,527,794</u>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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Explanatory Notes

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

A1. Basis of preparation

The unaudited condensed interim financial statements for 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 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2014. 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 2014.

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 financial year ended 31 December 2014 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) and annual improvements to MFRSs with effective date of 1 July 2014:

- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

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

Revised Bank Negara Malaysia's ("BNM") Policy Document on Classification and Impairment Provisions for Loans/ Financing

On 6 April 2015, BNM issued a revised Policy Document on Classification and Impairment Provisions for Loans/ Financing. This policy applies to banking institutions in Malaysia that covers licensed bank, licensed Islamic bank and licensed investment bank. The issuance of this revised policy document has superseded two guidelines issued by BNM previously, namely Classification and Impairment Provisions for Loans/ Financing dated 9 November 2011 and Classification and Impairment Provisions for Loans/ Financing – Maintenance of Regulatory Reserves dated 4 February 2014.

The requirements in the new revised policy document are effective on 1 January 2015, except for the following:

- (i) the requirement to classify financing as rescheduled and restructured in the Central Credit Reference Information System (“CCRIS”) will be effective on or after 1 April 2015.

The Bank has completed the assessment and complied with the requirements as at 30 June 2015; and

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A1. Basis of preparation (cont'd.)

Revised Bank Negara Malaysia's ("BNM") Policy Document on Classification and Impairment Provisions for Loans/ Financing (cont'd.)

- (ii) the requirement for a banking institution to maintain, in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding financing, net of individual impairment will be effective beginning 31 December 2015.

The Bank has early adopted this requirement in the previous financial year ended 31 December 2014 based on the existing guideline issued where it resulted in the Bank making a transfer of RM422.9 million from its retained profits to regulatory reserve. The revised policy document will not have any impact to the profit or loss of the Bank. The regulatory reserve is not qualified as Common Equity Tier 1 ("CET1") capital and Tier 1 capital under BNM's Capital Adequacy Framework (Capital Components).

A2. Significant accounting policies

The audited financial statements of the Bank for the financial year ended 31 December 2014 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 2014.

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 2014.

A4. Auditors' report on proceeding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 was not qualified.

A5. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the financial half year ended 30 June 2015.

A6. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial half year ended 30 June 2015.

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A7. Changes in estimates

There were no material changes in estimates during the financial half year ended 30 June 2015.

A8. Issue Of Ordinary Share Capital

There was no issuance of ordinary share capital during the financial half year ended 30 June 2015.

A9. Issuance and Repayment of Debt and Securities

There was no repayment of debt and equity securities during the financial half year ended 30 June 2015.

A10. Dividends

In respect of financial year ended 31 December 2014, a final tax-exempt (single-tier) dividend of RM0.69 per share on 246,361,500 ordinary shares, amounting to a dividend payable of RM169,989,435 was approved and declared on 6 April 2015, the dividend has been paid on 7 April 2014.

An interim tax-exempt (single tier) dividend in respect of the financial half year ended 30 June 2015 of RM2.34 per share on 246,361,500 ordinary shares, amounting to a dividend payable of RM576,485,910 will be proposed for the shareholder's approval.

The financial statements for the current financial half year ended 30 June 2015 do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2015.

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

	30 June 2015 RM'000	31 December 2014 RM'000
Licensed banks	200,316	-
Bank Negara Malaysia	1,002,478	-
	1,202,794	-

A13. Financial investments portfolio

	Note	30 June 2015 RM'000	31 December 2014 RM'000
Financial assets at fair value through profit or loss	(i)	50,604	1,234,423
Financial investments available-for-sale	(ii)	9,132,914	8,013,073
		9,183,518	9,247,496

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

Financial assets held-for-trading are as follows:

	30 June 2015 RM'000	31 December 2014 RM'000
At fair value		
Money market instruments:		
Bank Negara Malaysia Monetary Notes	-	1,205,399
	-	1,205,399
Unquoted securities:		
Foreign private debt securities	50,604	29,024
	50,604	29,024
Total financial assets held-for-trading	50,604	1,234,423

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A13. Financial investments portfolio (cont'd.)

(ii) Financial investments available-for-sale

	30 June 2015 RM'000	31 December 2014 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	3,666,329	4,211,737
Negotiable Islamic instruments of deposits	3,576,421	2,100,000
Bankers' acceptances and Islamic accepted bills	30,713	-
Khazanah bonds	66,404	65,027
	<u>7,339,867</u>	<u>6,376,764</u>
Unquoted securities:		
Islamic private debt securities in Malaysia	1,680,766	1,532,753
Foreign private debt securities	30,359	27,871
Malaysian Government bond	81,422	75,685
Shares in Malaysia	500	-
	<u>1,793,047</u>	<u>1,636,309</u>
Total financial investments available-for-sale	<u>9,132,914</u>	<u>8,013,073</u>

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A14. Financing and advances

(i) By type and Shariah concepts

At 30 June 2015	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	-	3,181,002	-	-	-	-	-	3,181,002
Term financing								
- House financing	21,525,952	52,277,087	2,784,738	-	-	-	-	76,587,777
- Syndicated financing	-	814,434	-	-	-	-	-	814,434
- Hire purchase receivables	-	-	-	34,968,164	-	-	-	34,968,164
- Other term financing	37,973,883	51,292,722	1,708,641	-	491,186	173,687	2,228	91,642,347
Bills receivable	-	3,487	-	-	-	-	3,228	6,715
Trust receipts	-	191,932	-	-	-	-	-	191,932
Claims on customers under acceptance credits	-	3,616,505	-	-	-	-	-	3,616,505
Staff financing	908,886	909,453	11,826	142,749	-	-	36,540	2,009,454
Credit card receivables	-	-	-	-	-	-	541,562	541,562
Revolving credit	-	9,729,479	-	-	-	-	-	9,729,479
	60,408,721	122,016,101	4,505,205	35,110,913	491,186	173,687	583,558	223,289,371
Unearned income								(101,436,578)
Gross financing and advances ^{^^}								121,852,793
Allowances for impaired financing and advances:								
- individual								(209,002)
- collective								(667,244)
Net financing and advances								120,976,547

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

^{^^} Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA"), an arrangement between the Bank and its parents, where the risks and rewards of the RPSIA are accounted by the parent, including allowances for impairment arising thereon, if any and the profit is shared based on pre-agreed ratios.

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A14. Financing and advances (cont'd.)

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

At 31 December 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	-	2,423,156	-	-	-	-	-	2,423,156
Term financing								
- House financing	22,413,253	44,643,817	2,823,380	-	-	-	-	69,880,450
- Hire purchase receivables	-	-	-	32,340,140	-	-	-	32,340,140
- Other term financing	42,952,614	39,773,412	1,806,647	-	161,882	174,983	528	84,870,066
Bills receivable	-	-	-	-	-	-	-	-
Trust receipts	-	193,885	-	-	-	-	-	193,885
Claims on customers under acceptance credits	-	4,080,986	-	-	-	-	-	4,080,986
Staff financing	966,347	605,961	9,220	130,348	-	-	37,195	1,749,071
Credit card receivables	-	-	-	-	-	-	475,704	475,704
Revolving credit	-	8,604,398	-	-	-	-	-	8,604,398
	<u>66,332,214</u>	<u>100,325,615</u>	<u>4,639,247</u>	<u>32,470,488</u>	<u>161,882</u>	<u>174,983</u>	<u>513,427</u>	<u>204,617,856</u>
Unearned income								(96,078,268)
Gross financing and advances ^{^^}								<u>108,539,588</u>
Allowances for impaired financing and advances:								
- individual								(212,946)
- collective								(597,403)
Net financing and advances								<u><u>107,729,239</u></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.

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A14. Financing and advances (cont'd.)

(ii) By type of customers

	30 June 2015 RM'000	31 December 2014 RM'000
Domestic non-banking institutions	4,070,233	4,009,723
Domestic business enterprises		
- Small and medium enterprises	12,773,467	11,249,588
- Others	20,915,913	16,403,825
Government and statutory bodies	7,144,264	7,209,490
Individuals	75,626,850	68,760,815
Other domestic entities	23,674	22,678
Foreign entities in Malaysia	1,298,392	883,469
Gross financing and advances	<u>121,852,793</u>	<u>108,539,588</u>

(iii) By profit rate sensitivity

	30 June 2015 RM'000	31 December 2014 RM'000
Fixed rate		
- House financing	1,530,247	1,579,702
- Hire purchase receivables	30,105,505	27,780,000
- Other financing	22,460,368	23,659,411
Floating rate		
- House financing	21,873,021	18,557,590
- Other financing	45,883,652	36,962,885
Gross financing and advances	<u>121,852,793</u>	<u>108,539,588</u>

(iv) By economic purpose

	30 June 2015 RM'000	31 December 2014 RM'000
Purchase of securities	18,114,864	17,017,134
Purchase of transport vehicles	30,087,905	27,783,945
Purchase of landed properties		
- residential	22,744,079	19,553,193
- non-residential	8,389,287	6,963,083
Purchase of fixed assets (exclude landed properties)	32,427	16,774
Personal use	2,030,987	1,845,384
Consumer durables	707	718
Construction	3,463,033	3,122,738
Working capital	36,458,023	31,761,002
Credit cards	531,481	475,617
Gross financing and advances	<u>121,852,793</u>	<u>108,539,588</u>

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A14. Financing and advances (cont'd.)

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

	30 June 2015 RM'000	31 December 2014 RM'000
Maturity within one year	21,271,261	17,375,050
One year to three years	7,051,417	9,370,334
Three years to five years	11,350,922	7,996,742
After five years	82,179,193	73,797,462
Gross financing and advances	<u>121,852,793</u>	<u>108,539,588</u>

(vi) Impaired financing and advances by economic purpose

	30 June 2015 RM'000	31 December 2014 RM'000
Purchase of securities	12,770	21,956
Purchase of transport vehicles	102,791	94,031
Purchase of landed properties		
- residential	88,673	82,395
- non-residential	41,777	40,649
Personal use	14,100	12,139
Credit cards	4,160	3,092
Consumer durables	8	8
Construction	126,167	128,655
Working capital	303,236	291,892
Gross impaired financing and advances	<u>693,682</u>	<u>674,817</u>

(vii) Movement in impaired financing and advances

	30 June 2015 RM'000	31 December 2014 RM'000
Gross impaired financing and advances at 1 January 2015/2014	674,817	520,793
Newly impaired	439,596	728,670
Reclassified as non-impaired	(170,191)	(285,316)
Recovered	(171,340)	(165,310)
Amount written off	(77,336)	(124,020)
Converted to financial investments AFS	(1,864)	-
Gross impaired financing and advances at 30 June 2015/ 31 December 2014	<u>693,682</u>	<u>674,817</u>
Less: Individual allowance	(209,002)	(212,946)
Net impaired financing and advances	<u>484,680</u>	<u>461,871</u>

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A14. Financing and advances (cont'd.)

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

	30 June 2015 RM'000	31 December 2014 RM'000
Gross financing and advances (excluding RPSIA financing)	109,218,182	98,991,402
Less: Individual allowance	(209,002)	(212,946)
Net financing and advances	109,009,180	98,778,456
Net impaired financing and advances as a percentage of net financing and advances	0.44%	0.47%

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

	30 June 2015 RM'000	31 December 2014 RM'000
<u>Individual Allowance</u>		
At 1 January 2015/2014	212,946	162,046
Allowance made	41,852	123,303
Amount written back in respect of recoveries	(10,962)	(11,726)
Amount written off	(32,727)	(58,321)
Transferred to collective allowance	(2,107)	(2,356)
At 30 June 2015/31 December 2014	209,002	212,946

	30 June 2015 RM'000	31 December 2014 RM'000
<u>Collective Allowance</u>		
At 1 January 2015/2014	597,403	581,496
Net allowance made during the year*	112,343	79,251
Amount written off	(44,609)	(65,700)
Transferred from individual allowance	2,107	2,356
At 30 June 2015/31 December 2014	667,244	597,403

As a % of gross financing and advances (excluding RPSIA financing) less individual assessment allowance (including Regulatory Reserve)	1.00%	0.88%
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* As at 30 June 2015, the gross exposure of the assets under the RPSIA is RM12,634.6 million (31 December 2014 : RM9,548.2 million) and the collective allowance relating to this RPSIA amounting RM88.1 million (31 December 2014 : RM43.2 million) is accounted for by the parent. There was no individual allowance made on the RPSIA financing by the Bank.

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A15. Derivative financial instruments

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

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

	30 June 2015			31 December 2014		
	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 related contracts:</u>						
Currency forwards						
- Less than one year	2,861,877	126,463	(1,642)	2,194,500	97,395	(1,225)
Currency swaps						
- Less than one year	4,991,656	1,909	(144,469)	3,894,756	10,624	(103,724)
- One year to three years	96,030	-	(394)	-	-	-
Currency spot						
- Less than one year	107,492	99	(106)	46,097	25	(44)
Currency options						
- Less than one year	30,565	475	(475)	-	-	-
Cross currency profit rate swaps						
- One year to three years	338,925	41,053	(41,053)	325,025	28,262	(28,262)
- More than three years	609,726	13,029	(11,507)	-	-	-
<u>Profit rate related contracts:</u>						
Profit rate options						
- One year to three years	400,000	-	(36,721)	400,000	-	(43,025)
- More than three years	480,000	8,117	(24,080)	430,000	479	(42,484)
Profit rate swaps						
- More than three years	2,864,669	23,098	(15,255)	2,616,597	22,711	(18,708)
	12,780,940	214,243	(275,702)	9,906,975	159,496	(237,472)
<u>Hedging derivatives</u>						
<u>Foreign exchange related contracts:</u>						
Cross currency profit rate swaps						
- More than three years	1,837,862	39,686	(103,812)	1,794,612	1,622	(29,532)
<u>Profit rate related contracts:</u>						
Profit rate swaps						
- Less than one year	250,000	-	(674)	-	-	-
- One year to three years	1,468,000	4,098	(3,254)	1,718,000	7,697	(6,724)
- More than three years	566,025	2,687	(2,127)	524,325	720	(136)
	4,121,887	46,471	(109,867)	4,036,937	10,039	(36,392)
Total derivative assets/(liabilities)	16,902,827	260,714	(385,569)	13,943,912	169,535	(273,864)

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A16. Other assets

	30 June 2015 RM'000	31 December 2014 RM'000
Amount due from holding company	13,537,114	7,158,796
Handling fees	189,927	179,232
Prepayments and deposits	219,400	229,897
Others	195,974	3,544
	14,142,415	7,571,469

A17. Deposits from customers

i) By type of deposit

	30 June 2015 RM'000	31 December 2014 RM'000
<u>Savings deposits</u>		
Wadiah	11,027,238	9,977,407
Mudharabah	971,234	888,055
<u>Demand deposits</u>		
Wadiah	8,688,715	8,230,155
Mudharabah	12,845,125	12,772,222
<u>Term deposits</u>		
Murabahah	70,042,038	53,655,446
General investment account		
Mudharabah	1,929,337	13,257,051
Negotiable Islamic Debt Certificate (NIDC)		
Bai Al-Inah	140,191	151,380
Hybrid (Bai' Bithaman Ajil and Murabahah)*	842,269	763,556
	106,486,147	99,695,272

* Hybrid term deposits are 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

	30 June 2015 RM'000	31 December 2014 RM'000
Business enterprises	40,645,855	40,243,289
Individuals	26,938,977	24,682,853
Government and statutory bodies	16,045,300	15,231,857
Others	22,856,015	19,537,273
	106,486,147	99,695,272

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A18. Deposits and placements of banks and other financial institutions

	30 June 2015 RM'000	31 December 2014 RM'000
<u>Mudharabah Fund</u>		
Licensed banks	13,788,266	11,926,165
Licensed islamic banks	100,987	-
Licensed investment banks	12,301	2,101
Other financial institutions	-	287,371
	13,901,554	12,215,637
<u>Non-Mudharabah Fund</u>		
Licensed banks	9,829,305	11,217,068
Licensed islamic banks	1,813,102	1,935,134
Licensed investment banks	1,513,994	817,155
Other financial institutions	16,636,604	10,359,795
	29,793,005	24,329,152
	43,694,559	36,544,789

Included in the deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent amounting to RM12,652.9 million (31 December 2014: RM9,521.9 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

	30 June 2015 RM'000	31 December 2014 RM'000
Sundry creditors	39,844	27,553
Deposit on trade financing	22,094	22,682
Provisions and accruals	10,592	20,064
Others	-	9,367
	72,530	79,666

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A20. Sources and uses of charity funds

	30 June 2015 RM'000	31 December 2014 RM'000
Sources of charity funds		
Non-Islamic/prohibited income	12	52
Total sources of charity funds during the year	12	52
Uses of charity funds		
Contribution to Baitulmal		
Contribution to non-profit organisation	7	52
Total uses of charity funds during the year	7	52
Undistributed charity funds as at 30 June 2015/ 31 December 2014	5	-

A21. Subordinated Sukuk

	Note	30 June 2015 RM'000	31 December 2014 RM'000
RM1,000 million Islamic Subordinated Sukuk due in 2021	(i)	1,010,608	1,010,841
RM1,500 million Islamic Subordinated Sukuk due in 2024	(ii)	1,516,592	1,516,788
		2,527,200	2,527,629

- (i) 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.

- (ii) On 7 April 2014, the Bank issued RM1.5 billion nominal value Islamic Subordinated Sukuk ("the Sukuk") under the Shariah principle of Murabahah (via Tawaruq arrangement). The Sukuk carries a tenure of 10 years from the issue date on 10 non-callable 5 basis, with a profit rate of 4.75% per annum payable semi-annually in arrears in April and October each year and are due in April 2024. Under the 10-non-callable 5 basis feature, the Bank has the option to redeem the Sukuk on any semi-annual distribution date on or after the 5th anniversary from the issue date. Should the Bank decide not to exercise its option to redeem the Sukuk, the Sukuk shall continue to be outstanding until the final maturity date.

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

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A22. Income derived from investment of depositors' funds

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	1,128,440	880,970	2,189,921	1,717,655
ii) Other deposits	523,544	419,944	1,050,204	837,397
	1,651,984	1,300,914	3,240,125	2,555,052

i) Income derived from investment of general investment deposits

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Financing and advances	972,370	723,481	1,855,908	1,407,903
Money at call and deposit with financial institutions	49,107	62,236	103,047	120,783
Financial investments available-for-sale	32,771	37,274	67,272	74,892
Financial assets at fair value through profit or loss	392	2,212	832	3,162
	1,054,640	825,203	2,027,059	1,606,740
Amortisation of premium less accretion of discounts	10,018	7,964	21,598	13,909
Total finance income and hibah	1,064,658	833,167	2,048,657	1,620,649
Other operating income :				
Fee income				
- Processing fees	511	268	744	466
- Commissions	15,112	23,294	34,905	44,935
- Service charges and other fees	22,790	16,417	42,997	31,624
Gains on disposal of financial investments available-for-sale	122	399	995	709
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(264)	449	7,695	1,979
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	48	(176)	(2,983)	(62)
- Derivatives	(20,842)	1,173	(16,454)	4,057
Gains/(losses) on foreign exchange:				
- Realised	95,029	(10,486)	87,209	(6,327)
- Unrealised	(52,061)	14,445	(21,328)	15,602
Net dividend on derivatives	3,337	2,020	7,484	4,023
	1,128,440	880,970	2,189,921	1,717,655

Included in finance income were income on impaired assets amounting to RM7.2 million (30.6.2014: RM5.7 million).

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

ii) Income derived from investment of other deposits

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Financing and advances	451,651	344,899	890,024	686,383
Money at call and deposit with financial institutions	22,655	29,673	49,418	58,884
Financial investments available-for-sale	15,143	17,743	32,261	36,512
Financial assets at fair value through profit or loss	181	1,068	399	1,542
	489,630	393,383	972,102	783,321
Amortisation of premium less accretion of discounts	4,613	3,815	10,358	6,781
Total finance income and hibah	494,243	397,198	982,460	790,102
Other operating income :				
Fee income				
- Processing fees	241	128	357	227
- Commissions	6,918	11,109	16,739	21,907
- Service charges and other fees	10,594	7,831	20,620	15,418
Gains on disposal of financial investments available-for-sale	44	191	477	346
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(259)	202	3,690	965
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	73	(87)	(1,431)	(30)
- Derivatives	(10,068)	539	(7,891)	1,978
Gains/(losses) on foreign exchange:				
- Realised	45,702	(5,159)	41,822	(3,084)
- Unrealised	(25,476)	7,030	(10,228)	7,607
Net dividend on derivatives	1,532	962	3,589	1,961
	523,544	419,944	1,050,204	837,397

Included in finance income were income on impaired assets amounting to RM3.5 million (30.6.2014: RM2.8 million).

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A23. Income derived from investment of shareholder's funds

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Financing and advances	57,171	46,138	112,062	98,897
Money at call and deposit with financial institutions	2,871	3,971	6,222	8,484
Financial investments available-for-sale	1,919	2,361	4,062	5,261
Financial assets at fair value through profit or loss	23	149	50	222
	61,984	52,619	122,396	112,864
Amortisation of premium less accretion of discounts	585	519	1,304	977
Total finance income and hibah	62,569	53,138	123,700	113,841
Other operating income :				
Fee income				
- Processing fees	31	18	45	33
- Commissions	878	1,488	2,108	3,156
- Service charges and other fees	1,341	1,049	2,596	2,221
Gains on disposal of financial investments available-for-sale	6	26	60	50
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(29)	21	465	139
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	8	(13)	(180)	(4)
- Derivatives	(1,266)	61	(993)	283
Gains/(losses) on foreign exchange:				
- Realised	5,752	(765)	5,266	(444)
- Unrealised	(3,197)	1,007	(1,288)	1,096
Net dividend on derivatives	194	130	452	284
	66,287	56,160	132,231	120,655

Included in finance income were income on impaired assets amounting to RM0.4 million (30.6.2014: RM0.4 million).

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A24. Allowance for losses on financing and advances

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing and advances:				
- collective allowance made	52,896	24,261	112,344	40,454
- individual allowance made	5,800	28,844	41,852	52,797
- individual allowance written back	(3,027)	706	(10,962)	(6,655)
Impaired financing and advances written off	2,520	3,013	4,947	6,245
Impaired financing and advances recovered	(18,341)	(21,217)	(33,486)	(39,355)
	39,848	35,607	114,695	53,486

A25. Income attributable to depositors

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	99,328	183,220	238,067	333,092
- Non-Mudharabah	615,656	339,431	1,170,566	692,052
	714,984	522,651	1,408,633	1,025,144
Deposits and placements of banks and other financial institutions				
- Mudharabah	120,058	132,323	225,509	279,228
- Non-Mudharabah	119,058	52,632	242,227	104,713
	239,116	184,955	467,736	383,941
	954,100	707,606	1,876,369	1,409,085

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A26. Overhead expenses

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Personnel expenses	10,019	9,387	20,105	18,046
- Salaries, allowances and bonuses	6,506	6,718	14,022	12,925
- Pension costs	986	1,032	2,096	1,993
- Shares/Options granted under Employee's Shares Scheme	432	585	770	764
- Others	2,095	1,052	3,217	2,364
Establishment costs	1,077	608	1,633	1,221
- Rental of premises	428	428	857	857
- Repairs, servicing and maintenance	14	34	30	57
- Information technology expenses	635	152	746	307
- Others	-	(6)	-	-
Marketing costs	29	1,632	1,984	2,655
- Advertisement and publicity	(926)	930	-	1,551
- Others	955	702	1,984	1,104
Administration and general expenses	258,554	250,252	525,384	513,576
- Fees and brokerage	3,261	3,727	6,276	5,113
- Administrative expenses	1,632	1,264	2,830	2,114
- General expenses	9,495	3,362	12,638	6,893
- Shared service cost paid/payable to Maybank	244,166	241,899	503,640	499,456
	269,679	261,879	549,106	535,498

A27. Finance cost

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Islamic subordinated sukuk	28,256	26,602	56,198	37,151

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A28. Taxation and zakat

The analysis of the taxation and zakat expense for the financial half year ended 30 June 2015 are as follows:

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Malaysian income tax	109,938	76,326	193,128	154,245
Over provision in prior period:				
Malaysian income tax	-	-	-	(201,664)
Deferred tax				
- Relating to origination and reversal of temporary differences	1,030	464	(118)	558
- Reversal of deferred tax no longer required	-	-	-	201,664
Tax expense for the financial period	110,968	76,790	193,010	154,803
Zakat	1,436	5,388	5,890	10,584
	112,404	82,178	198,900	165,387

A29. Credit exposure arising from credit transactions with connected parties

	30 June 2015	31 December 2014
Outstanding credit exposure with connected parties (RM'000)	3,912,837	3,023,841
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.29%	1.90%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	-	-

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

A30. 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.

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A31. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

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

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

	As at 30 June 2015			As at 31 December 2014		
	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	857,852	857,852	806,080	728,537	703,467	373,128
Certain transaction-related contingent items	1,382,914	668,187	566,468	1,204,607	582,491	494,447
Short-term self-liquidating trade-related contingencies	231,921	39,775	24,481	186,627	36,646	22,058
Irrevocable commitments to extend credit:						
- maturity within one year	15,598,747	3,623,316	2,014,421	13,503,588	2,620,597	1,493,669
- maturity more than one year	9,013,879	4,772,293	1,460,085	8,084,845	4,707,946	1,605,452
Miscellaneous	35,158	-	-	55,158	-	-
Total credit-related commitments and contingencies	27,120,471	9,961,423	4,871,535	23,763,362	8,651,147	3,988,754
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	7,991,590	253,795	105,302	6,135,353	212,154	17,156
- one year to less than five years	1,044,681	67,041	23,737	2,119,637	129,985	27,101
Profit rate related contracts:						
- less than one year	250,000	583	141	-	-	-
- one year to less than five years	5,476,887	397,900	131,081	3,747,325	238,208	91,437
- five years and above	2,139,669	212,044	156,822	1,941,597	189,556	105,977
Total treasury-related commitments and contingencies	16,902,827	931,363	417,083	13,943,912	769,903	241,671
	44,023,298	10,892,786	5,288,618	37,707,274	9,421,050	4,230,425

* 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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A32. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Under the Bank Negara Malaysia's ("BNM") Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 28 November 2012 on the computation of capital and capital adequacy ratios for Islamic banks, the minimum regulatory capital adequacy ratios based on transitional arrangements 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%

- (ii) Total risk-weighted assets ("RWA") is 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 (Risk-Weighted Assets) issued by BNM on 28 November 2012 for Islamic banks.

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 is not 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 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; and
- (iii) Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2015.

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A32. Capital Adequacy (cont'd.)

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

	30 June 2015	31 December 2014
Capital ratios		
CET1 capital ratio	11.117%	12.003%
Tier 1 capital ratio	11.117%	12.003%
Total capital ratio	14.687%	16.088%

(d) Components of capital:

	30 June 2015 RM '000	31 December 2014 RM'000
CET1/Tier 1 capital		
Paid-up share capital	246,362	246,362
Share premium	4,099,343	4,099,343
Retained profits	2,521,306	2,262,558
Other reserves	818,487	620,707
CET1 capital before regulatory adjustments	7,685,498	7,228,970
Less: Regulatory adjustment applied in CET1 capital	(475,649)	(376,012)
Deferred tax assets	(18,343)	(34,702)
Profit equalisation reserve	(34,456)	(34,456)
Regulatory reserve	(422,850)	(274,500)
Shortfall of eligible provision to expected loss	-	(32,354)
Total CET1/Tier 1 capital	7,209,849	6,852,958
Tier 2 capital		
Tier 2 capital instruments	2,200,000	2,300,000
Collective allowance ¹	32,082	32,255
Surplus of eligible provision over expected loss	83,226	-
Total Tier 2 capital	2,315,308	2,332,255
Total Capital	9,525,157	9,185,213

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:

	30 June 2015 RM'000	31 December 2014 RM'000
Standardised Approach exposure	5,340,020	4,831,718
Internal Ratings-Based Approach exposure after scaling factor	60,691,612	51,473,277
Total risk-weighted asset for credit risk	66,031,632	56,304,995
Total risk-weighted asset for credit risk absorbed by parent [^]	(6,359,288)	(3,930,555)
Total risk-weighted asset for market risk	667,918	573,921
Total risk-weighted asset for operational risk	4,511,955	4,145,952
Total risk-weighted assets	64,852,217	57,094,313

[^] 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 capital adequacy ratios calculation.

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A33. 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 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 for which all significant inputs are, or are based on, observable market data

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 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 techniques used are consistent with the Level 2 but incorporates the Bank's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

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A33. Fair value of financial instruments (cont'd.)

The following table shows the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2015 and 31 December 2014.

At 30 June 2015	<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	-	50,604	-	50,604
<i>Money market instruments</i>	-	-	-	-
<i>Non-money market instruments</i>	-	50,604	-	50,604
Financial investments available-for-sale	-	9,132,914	-	9,132,914
<i>Money market instruments</i>	-	7,339,867	-	7,339,867
<i>Non-money market instruments</i>	-	1,793,047	-	1,793,047
Derivative assets	-	260,589	125	260,714
<i>Foreign exchange related contracts</i>	-	183,028	-	183,028
<i>Profit rate related contracts</i>	-	77,561	125	77,686
	-	9,444,107	125	9,444,232

Financial liabilities measured at fair value:

Derivative liabilities	-	332,760	52,809	385,569
<i>Foreign exchange related contracts</i>	-	199,645	-	199,645
<i>Profit rate related contracts</i>	-	133,115	52,809	185,924

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A33. Fair value of financial instruments (cont'd.)

At 31 December 2014	Quoted Market Price (Level 1) RM'000	<u>Valuation technique using</u>		Total 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	-	1,234,423	-	1,234,423
<i>Money market instruments</i>	-	1,205,399	-	1,205,399
<i>Non-money market instruments</i>	-	29,024	-	29,024
Financial investments available-for-sale	-	8,013,073	-	8,013,073
<i>Money market instruments</i>	-	6,376,764	-	6,376,764
<i>Non-money market instruments</i>	-	1,636,309	-	1,636,309
Derivative assets	-	169,535	-	169,535
<i>Foreign exchange related contracts</i>	-	108,044	-	108,044
<i>Profit rate related contracts</i>	-	61,491	-	61,491
	-	9,417,031	-	9,417,031

Financial liabilities measured at fair value:

Derivative liabilities	-	188,835	85,029	273,864
<i>Foreign exchange related contracts</i>	-	104,993	-	104,993
<i>Profit rate related contracts</i>	-	83,842	85,029	168,871

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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A33. Fair value of financial instruments (cont'd.)

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

	At 1 January 2015 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Purchases RM'000	Settlements RM'000	At 30 June 2015 RM'000
At 30 June 2015						
Derivative assets						
<i>Profit rate related contracts</i>	-	4,768	635	-	(5,278)	125
Total Level 3 financial assets	-	4,768	635	-	(5,278)	125
Derivative liabilities						
<i>Profit rate related contracts</i>	(85,029)	357	6,590	-	25,273	(52,809)
Total Level 3 financial liabilities	(85,029)	357	6,590	-	25,273	(52,809)
Total net Level 3 financial assets/ (liabilities)	(85,029)	5,125	7,225	-	19,995	(52,684)

* Included within 'Non-profit income'.

	At 1 January 2014 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Purchases RM'000	Settlements RM'000	At 31 December 2014 RM'000
At 31 December 2014						
Derivative assets						
<i>Profit rate related contracts</i>	-	-	-	-	-	-
Total Level 3 financial assets	-	-	-	-	-	-
Derivative liabilities						
<i>Profit rate related contracts</i>	(89,348)	-	18,204	(13,885)	-	(85,029)
Total Level 3 financial liabilities	(89,348)	-	18,204	(13,885)	-	(85,029)
Total net Level 3 financial assets/ (liabilities)	(89,348)	-	18,204	(13,885)	-	(85,029)

* Included within 'Non-profit income'.

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

There were no transfers between Level 1 and Level 2 for the Bank during the financial period ended 30 June 2015.

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PART B – Review of Performance & Current Year Prospects

B1. Performance Review

The Bank's total asset grew steadily by RM14.5 billion or 10%, driven by growth in gross financing by RM13.3 billion or 12% to RM121.9 billion as compared to RM108.5 billion recorded in the last financial year. Total customer deposits closed at RM106.5 billion, increased by RM6.8 billion from RM99.7 billion recorded in last financial year ended 31 December 2014.

As a result, total income grew by RM696.6 million or 26% to RM3,372.3 million from last year's corresponding period, comprising RM3,240.1 million income derived from investment of depositors' funds and RM132.2 million income derived from investment of shareholder's funds.

The net impaired financing ratio stood healthy at 0.44% as at 30 June 2015.

The Bank recorded a profit before tax and zakat of RM776.0 million for the financial half year ended 30 June 2015, a growth of RM135.5 million or 21% from previous corresponding period.

B2. Prospects

Amid current market volatility, the global economy is expected to grow at a slightly lower growth of 3.3% in 2015 (3.4% in 2014) as sustained growth and recovery momentum in the major advanced economies are tempered by the downside risks to the large emerging economies. While US growth appeared to be holding up well, China's growth rate shows signs of struggling to maintain its targeted 7% growth rate. In line with this, the ASEAN-6 economies are expected to have a real GDP growth of 4.6% (4.5% in 2014) amid a relatively firmer growth in the Philippines, Thailand and Vietnam. In the Group's core markets of Malaysia, Singapore and Indonesia, all are expected to slow down.

Malaysia's real GDP growth is expected to slow to 4.9% in 2015 (6.0% in 2014) with lower commodity prices (oil, palm oil and rubber in particular) and the short term impact of the introduction of the Goods and Services Tax (GST) in April. With the slowing domestic demand, Bank Negara Malaysia is expected to keep the Overnight Policy Rate (OPR) unchanged at 3.25%.