

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Income derived from investment of depositors' funds	A21	1,774,233	1,409,337	5,014,358	3,964,389
Income derived from investment of shareholder's funds	A22	67,411	62,870	199,642	183,525
Allowance for impairment on financing and advances	A23	(115,151)	(37,122)	(229,846)	(90,608)
Total distributable income		1,726,493	1,435,085	4,984,154	4,057,306
Income attributable to depositors	A24	(946,667)	(766,588)	(2,823,036)	(2,175,673)
Total net income		779,826	668,497	2,161,118	1,881,633
Overhead expenses	A25	(281,953)	(232,555)	(831,059)	(768,053)
Finance cost	A26	(28,568)	(28,935)	(84,766)	(66,086)
Profit before taxation and zakat		469,305	407,007	1,245,293	1,047,494
Taxation	A27	(124,584)	(118,559)	(317,594)	(273,362)
Zakat	A28	(1,636)	(3,238)	(7,526)	(13,822)
Profit for the period		343,085	285,210	920,173	760,310
Profit attributable to :					
Equity holders of the parent		343,085	285,210	920,173	760,310
Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)		135.97	116.21	370.21	319.67

(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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(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Profit for the period	343,085	285,210	920,173	760,310
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net (loss)/gain on financial investments available-for-sale	(71,176)	37,623	(5,269)	57,971
Income tax relating to components of other comprehensive income	17,794	(9,406)	1,317	(14,493)
Other comprehensive income for the period, net of tax	(53,382)	28,217	(3,952)	43,478
Total comprehensive income for the period, net of tax	289,703	313,427	916,221	803,788
Total comprehensive income attributable to :				
Equity holders of the parent	289,703	313,427	916,221	803,788

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

	Note	30 September 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds		3,469,405	17,863,965
Financial assets at fair value through profit or loss	A12(i)	295,972	1,234,423
Financial investments available-for-sale	A12(ii)	8,271,375	8,013,073
Financing and advances	A13	125,998,648	107,729,239
Derivative assets	A14	925,210	169,535
Other assets	A15	3,646,016	7,571,469
Statutory deposits with Bank Negara Malaysia		4,202,000	3,778,000
Deferred tax assets		36,518	34,702
TOTAL ASSETS		146,845,144	146,394,406
LIABILITIES			
Deposits from customers	A16	109,075,934	99,695,272
Investment Account		3,486,144	-
Deposits and placements of banks and other financial institutions	A17	22,582,591	36,544,789
Bills and acceptances payable		30,446	5,947
Derivative liabilities	A14	1,000,852	273,864
Other liabilities	A18	62,343	79,666
Provision for taxation and zakat		96,966	38,269
Subordinated Sukuk	A20	2,534,667	2,527,629
TOTAL LIABILITIES		138,869,943	139,165,436

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

	Note	30 September 2015 RM'000	31 December 2014 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		263,959	246,362
Share premium		4,658,232	4,099,343
Retained profits		2,176,305	2,262,558
Other reserves		876,705	620,707
TOTAL SHAREHOLDER'S EQUITY		7,975,201	7,228,970
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		146,845,144	146,394,406
COMMITMENTS AND CONTINGENCIES	A29	50,322,882	37,707,274
<u>CAPITAL ADEQUACY</u>	A30		
Based on credit, market and operational risk:			
CET1 capital ratio		11.214%	12.003%
Tier 1 capital ratio		11.214%	12.003%
Total capital ratio		15.179%	16.088%

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	920,173	920,173
Other comprehensive income	-	-	-	-	(3,952)	-	-	-	(3,952)
Total comprehensive income for the period	-	-	-	-	(3,952)	-	-	920,173	916,221
Dividend paid	-	-	-	-	-	-	-	(746,476)	(746,476)
Transfer to regulatory reserve	-	-	-	-	-	-	259,950	(259,950)	-
Issue of ordinary shares (Notes A8)	17,597	558,889	-	-	-	-	-	-	576,486
Total transactions with shareholders	17,597	558,889	-	-	-	-	259,950	(1,006,426)	(169,990)
At 30 September 2015	263,959	4,658,232	1,697	409,672	(103,570)	34,456	534,450	2,176,305	7,975,201

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	760,310	760,310
Other comprehensive income	-	-	-	-	43,478	-	-	-	43,478
Total comprehensive income for the period	-	-	-	-	43,478	-	-	760,310	803,788
Dividend paid	-	-	-	-	-	-	-	(757,972)	(757,972)
Issue of ordinary shares (Notes A8)	27,374	373,374	-	-	-	-	-	-	400,748
Total transactions with shareholders	27,374	373,374	-	-	-	-	-	(757,972)	(357,224)
At 30 September 2014	246,362	4,099,343	1,697	409,672	(84,401)	34,456	-	2,174,990	6,882,119

(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)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	30 September 2015 RM'000	30 September 2014 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	1,245,293	1,047,494
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	277,805	150,264
Amortisation of premium less accretion of discount	(63,266)	(31,798)
Loss/(gain) on revaluation of derivatives	68,545	(27,067)
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss	4,629	(300)
Gain on disposal of financial investments available-for-sale	(1,622)	(2,513)
Gain on disposal of financial assets at fair value through profit or loss	(11,810)	(3,369)
Gain on foreign exchange translations	(239,516)	(15,657)
Share options granted under ESS	1,271	1,272
Operating profit before working capital changes	1,281,329	1,118,326
Change in deposits and placements with banks and other financial institutions	-	50,025
Change in financial investments portfolio	746,950	497,000
Change in financing and advances	(18,547,213)	(13,168,974)
Change in derivative assets and liabilities	(97,233)	(4,352)
Change in other assets	3,925,452	1,101,208
Change in statutory deposits with Bank Negara Malaysia	(424,000)	(503,000)
Change in deposits from customers	9,380,662	10,854,982
Change in investment account	3,486,144	-
Change in deposits and placements of banks and other financial institutions	(13,722,682)	(1,489,069)
Change in bills and acceptances payable	24,499	(26,098)
Change in other liabilities	66,169	184,786
Cash used in operating activities	(13,879,923)	(1,385,166)
Taxes and zakat paid	(266,921)	(218,502)
Net cash used in operating activities	(14,146,844)	(1,603,668)
Cash flows from financing activities		
Proceeds from issuance of Tier 2 Capital Subordinated Sukuk	-	1,500,000
Profit paid for subordinated sukuk	(77,727)	(42,200)
Financing sold to Cagamas, net	-	(620,976)
Proceeds from issuance of shares	576,486	400,748
Dividend paid	(746,475)	(757,972)
Net cash (used in)/generated from investing activities	(247,716)	479,600
Net decrease in cash and cash equivalents	(14,394,560)	(1,124,068)
Cash and cash equivalents at beginning of year	17,863,965	17,680,040
Cash and cash equivalents at end of year	3,469,405	16,555,972

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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

	30 September 2015 RM'000	30 September 2014 RM'000
Cash and short-term funds	<u>3,469,405</u>	<u>16,555,972</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 RM274.5 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).

During the 9 months financial period ended 30 September 2015, the Bank has transferred RM260.0 million from its retained profits to regulatory reserve.

Presentation of Mudarabah Investment Account as separate line item on face of Statements of Financial Position

On 14 March 2014, BNM issued a policy document on Investment Account ("IA") where it requires the Islamic Financial Institution ("IFI") to distinguish IA from Islamic deposit. IA is defined by the application of Shariah contracts as investment with non-principal guarantee feature. Under the Islamic Financial Services Act 2013, the priority payment for IA upon liquidation of IFI is treated separately from Islamic deposit, in accordance with the rights and obligations accrued to the investment account holders.

During the third quarter ended 30 September 2015, the Bank has introduced Mudarabah IA as a new product to its customer. For presentation purpose, the Mudarabah IA is presented as a separate line item on the face of Statements of Financial Position as at 30 September 2015.

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.

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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 third quarter ended 30 September 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 third quarter ended 30 September 2015.

A7. Changes in estimates

There were no material changes in estimates during the third quarter ended 30 September 2015.

A8. Issue Of Ordinary Share Capital

On 28 August 2015, the issued and paid-up share capital of the Bank was increased from RM246,361,500 to RM263,958,750 via a rights issue of 17,597,250 new ordinary shares of RM1.00 each at a premium of RM31.76 per shares on the basis of one new share for every fourteen existing ordinary shares held, to Maybank.

A9. Issuance and Repayment of Debt and Securities

There was no repayment of debt and equity securities during the third quarter ended 30 September 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 2015.

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 has been paid on 28 August 2015.

The Directors do not recommend the payment of any dividend in respect of the third quarter ended 30 September 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. Financial investments portfolio

	Note	30 September 2015 RM'000	31 December 2014 RM'000
Financial assets at fair value through profit or loss	(i)	295,972	1,234,423
Financial investments available-for-sale	(ii)	8,271,375	8,013,073
		<u>8,567,347</u>	<u>9,247,496</u>

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

Financial assets held-for-trading are as follows:

	30 September 2015 RM'000	31 December 2014 RM'000
At fair value		
Money market instruments:		
Bank Negara Malaysia Monetary Notes	-	1,205,399
	-	<u>1,205,399</u>
Unquoted securities:		
Foreign private debt securities	295,972	29,024
	<u>295,972</u>	<u>29,024</u>
Total financial assets held-for-trading	<u>295,972</u>	<u>1,234,423</u>

(ii) Financial investments available-for-sale

	30 September 2015 RM'000	31 December 2014 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	3,853,241	4,211,737
Negotiable Islamic instruments of deposits	2,742,237	2,100,000
Khazanah bonds	66,976	65,027
	<u>6,662,454</u>	<u>6,376,764</u>
Unquoted securities:		
Islamic private debt securities in Malaysia	1,480,096	1,532,753
Foreign private debt securities	35,086	27,871
Malaysian Government bond	93,239	75,685
Shares in Malaysia	500	-
	<u>1,608,921</u>	<u>1,636,309</u>
Total financial investments available-for-sale	<u>8,271,375</u>	<u>8,013,073</u>

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A13. Financing and advances

(i) By type and Shariah concepts

At 30 September 2015	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	-	3,475,488	-	-	-	-	-	3,475,488
Term financing								
- House financing	21,079,918	54,359,844	2,760,059	-	-	-	-	78,199,821
- Syndicated financing	-	809,927	-	-	-	-	-	809,927
- Hire purchase receivables	-	-	-	35,759,187	-	-	-	35,759,187
- Other term financing	36,545,579	55,976,653	1,673,998	-	548,488	168,759	50,057	94,963,534
Bills receivable	-	-	-	-	-	-	596	596
Trust receipts	-	203,046	-	-	-	-	-	203,046
Claims on customers under acceptance credits	-	3,789,914	-	-	-	-	-	3,789,914
Staff financing	878,092	1,019,656	11,567	146,996	-	-	37,947	2,094,258
Credit card receivables	-	-	-	-	-	-	543,324	543,324
Revolving credit	-	9,204,310	-	-	-	-	-	9,204,310
	58,503,589	128,838,838	4,445,624	35,906,183	548,488	168,759	631,924	229,043,405
Unearned income								(102,083,871)
Gross financing and advances ^{^^}								126,959,534
Allowances for impaired financing and advances:								
- individual								(253,722)
- collective								(707,164)
Net financing and advances								125,998,648

[^] 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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A13. 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								<u>(96,078,268)</u>
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>107,729,239</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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A13. Financing and advances (cont'd.)

(ii) By type of customers

	30 September 2015 RM'000	31 December 2014 RM'000
Domestic non-banking institutions	4,015,190	4,009,723
Domestic business enterprises		
- Small and medium enterprises	13,636,167	11,249,588
- Others	21,984,916	16,403,825
Government and statutory bodies	7,052,139	7,209,490
Individuals	78,725,180	68,760,815
Other domestic entities	25,539	22,678
Foreign entities in Malaysia	1,520,403	883,469
Gross financing and advances	<u>126,959,534</u>	<u>108,539,588</u>

(iii) By profit rate sensitivity

	30 September 2015 RM'000	31 December 2014 RM'000
Fixed rate		
- House financing	1,514,492	1,579,702
- Hire purchase receivables	30,827,330	27,780,000
- Other financing	22,011,758	23,659,411
Floating rate		
- House financing	23,528,506	18,557,590
- Other financing	49,077,448	36,962,885
Gross financing and advances	<u>126,959,534</u>	<u>108,539,588</u>

(iv) By economic purpose

	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of securities	18,369,745	17,017,134
Purchase of transport vehicles	30,805,843	27,783,945
Purchase of landed properties		
- residential	24,311,209	19,553,193
- non-residential	8,931,520	6,963,083
Purchase of fixed assets (exclude landed properties)	46,334	16,774
Personal use	2,127,087	1,845,384
Consumer durables	595	718
Construction	3,668,307	3,122,738
Working capital	38,120,146	31,761,002
Credit cards	578,748	475,617
Gross financing and advances	<u>126,959,534</u>	<u>108,539,588</u>

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A13. Financing and advances (cont'd.)

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

	30 September 2015 RM'000	31 December 2014 RM'000
Maturity within one year	21,391,222	17,375,050
One year to three years	6,609,416	9,370,334
Three years to five years	13,383,884	7,996,742
After five years	85,575,012	73,797,462
Gross financing and advances	<u>126,959,534</u>	<u>108,539,588</u>

(vi) Impaired financing and advances by economic purpose

	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of securities	27,776	21,956
Purchase of transport vehicles	115,576	94,031
Purchase of landed properties		
- residential	95,922	82,395
- non-residential	54,158	40,649
Personal use	14,248	12,139
Credit cards	4,591	3,092
Consumer durables	8	8
Construction	269,485	128,655
Working capital	333,484	291,892
Gross impaired financing and advances	<u>915,248</u>	<u>674,817</u>

(vii) Movement in impaired financing and advances

	30 September 2015 RM'000	31 December 2014 RM'000
Gross impaired financing and advances at 1 January 2015/2014	674,817	520,793
Newly impaired	835,405	728,670
Reclassified as non-impaired	(237,980)	(285,316)
Recovered	(237,142)	(165,310)
Amount written off	(117,988)	(124,020)
Converted to financial investments AFS	(1,864)	-
Gross impaired financing and advances at 30 September 2015/ 31 December 2014	<u>915,248</u>	<u>674,817</u>
Less: Individual allowance	(253,722)	(212,946)
Net impaired financing and advances	<u>661,526</u>	<u>461,871</u>

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A13. Financing and advances (cont'd.)

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

	30 September 2015 RM'000	31 December 2014 RM'000
Gross financing and advances (excluding RPSIA and IA financing)	113,121,149	98,991,402
Less: Individual allowance	<u>(253,722)</u>	<u>(212,946)</u>
Net financing and advances	<u>112,867,427</u>	<u>98,778,456</u>
Net impaired financing and advances as a percentage of net financing and advances	<u>0.59%</u>	<u>0.47%</u>

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

	30 September 2015 RM'000	31 December 2014 RM'000
<u>Individual Allowance</u>		
At 1 January 2015/2014	212,946	162,046
Allowance made	106,933	123,303
Amount written back in respect of recoveries	(16,031)	(11,726)
Amount written off	(45,305)	(58,321)
Transferred to collective allowance	<u>(4,821)</u>	<u>(2,356)</u>
At 30 September 2015/31 December 2014	<u>253,722</u>	<u>212,946</u>
	30 September 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*	177,623	79,251
Amount written off	(72,683)	(65,700)
Transferred from individual allowance	4,821	2,356
At 30 September 2015/31 December 2014	<u>707,164</u>	<u>597,403</u>
As a % of gross financing and advances (excluding RPSIA and IA financing) less individual allowance (including Regulatory Reserve)	<u>1.10%</u>	<u>0.88%</u>

* As at 30 September 2015, the gross exposure of the assets under the RPSIA is RM11,316.6 million (31 December 2014 : RM9,548.2 million) and the collective allowance relating to this RPSIA amounting RM81.1 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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A14. Derivative financial instruments

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

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

	30 September 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
Trading derivatives						
<u>Foreign exchange related contracts:</u>						
Currency forwards						
- Less than one year	3,609,488	422,323	(8,696)	2,194,500	97,395	(1,225)
Currency swaps						
- Less than one year	6,474,597	121,964	(467,088)	3,894,756	10,624	(103,724)
Currency spot						
- Less than one year	226,795	566	(532)	46,097	25	(44)
Cross currency profit rate swaps						
- Less than one year	1,374,082	75,066	(74,967)	-	-	-
- One year to three years	-	-	-	325,025	28,262	(28,262)
- More than three years	815,913	89,497	(76,351)	-	-	-
<u>Profit rate related contracts:</u>						
Profit rate options						
- One year to three years	400,000	-	(33,678)	400,000	-	(43,025)
- More than three years	535,000	29,733	(44,265)	430,000	479	(42,484)
Profit rate swaps						
- More than three years	3,216,320	60,890	(53,824)	2,616,597	22,711	(18,708)
	16,652,195	800,039	(759,401)	9,906,975	159,496	(237,472)
Hedging derivatives						
<u>Foreign exchange related contracts:</u>						
Cross currency profit rate swaps						
- More than three years	1,915,201	113,271	(230,826)	1,794,612	1,622	(29,532)
<u>Profit rate related contracts:</u>						
Profit rate swaps						
- Less than one year	350,000	172	(216)	-	-	-
- One year to three years	1,368,000	6,458	(5,716)	1,718,000	7,697	(6,724)
- More than three years	660,150	5,270	(4,693)	524,325	720	(136)
	4,293,351	125,171	(241,451)	4,036,937	10,039	(36,392)
Total derivative assets/(liabilities)	20,945,546	925,210	(1,000,852)	13,943,912	169,535	(273,864)

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A15. Other assets

	30 September 2015 RM'000	31 December 2014 RM'000
Amount due from holding company	2,533,307	7,158,796
Handling fees	190,531	179,232
Prepayments and deposits	226,537	229,897
Others	695,641	3,544
	3,646,016	7,571,469

A16. Deposits from customers

i) By type of deposit

	30 September 2015 RM'000	31 December 2014 RM'000
<u>Savings deposits</u>		
Wadiah	11,951,808	9,977,407
Mudharabah	-	888,055
<u>Demand deposits</u>		
Wadiah	20,615,695	8,230,155
Mudharabah	-	12,772,222
<u>Term deposits</u>		
Murabahah	75,464,659	53,655,446
General investment account		
Mudharabah	-	13,257,051
Negotiable Islamic Debt Certificate (NIDC)		
Bai Al-Inah	142,106	151,380
Hybrid (Bai' Bithaman Ajil and Murabahah)*	901,666	763,556
	109,075,934	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 September 2015 RM'000	31 December 2014 RM'000
Business enterprises	44,698,190	40,243,289
Individuals	30,742,331	24,682,853
Government and statutory bodies	20,578,016	15,231,857
Others	13,057,397	19,537,273
	109,075,934	99,695,272

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A17. Deposits and placements of banks and other financial institutions

	30 September 2015 RM'000	31 December 2014 RM'000
<u>Mudharabah Fund</u>		
Licensed banks	12,498,833	11,926,165
Licensed islamic banks	156,597	-
Licensed investment banks	-	2,101
Other financial institutions	-	287,371
	12,655,430	12,215,637
<u>Non-Mudharabah Fund</u>		
Licensed banks	7,645,158	11,217,068
Licensed islamic banks	1,293,822	1,935,134
Licensed investment banks	-	817,155
Other financial institutions	988,181	10,359,795
	9,927,161	24,329,152
	22,582,591	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 RM10,519.3 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.

A18. Other liabilities

	30 September 2015 RM'000	31 December 2014 RM'000
Sundry creditors	37,959	27,553
Deposit on trade financing	11,958	22,682
Provisions and accruals	12,426	20,064
Others	-	9,367
	62,343	79,666

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A19. Sources and uses of charity funds

	30 September 2015 RM'000	31 December 2014 RM'000
Sources of charity funds		
Non-Islamic/prohibited income	56	52
Total sources of charity funds during the year	56	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 September 2015/ 31 December 2014	49	-

A20. Subordinated Sukuk

	Note	30 September 2015 RM'000	31 December 2014 RM'000
RM1,000 million Islamic Subordinated Sukuk due in 2021	(i)	1,000,116	1,010,841
RM1,500 million Islamic Subordinated Sukuk due in 2024	(ii)	1,534,551	1,516,788
		2,534,667	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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A21. Income derived from investment of depositors' funds

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Income derived from investment of:				
i) General investment deposits	1,205,878	957,480	3,395,799	2,675,135
ii) Other deposits	568,355	451,857	1,618,559	1,289,254
	<u>1,774,233</u>	<u>1,409,337</u>	<u>5,014,358</u>	<u>3,964,389</u>

i) Income derived from investment of general investment deposits

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Financing and advances	1,012,600	788,740	2,868,508	2,196,643
Money at call and deposit with financial institutions	29,171	63,245	132,218	184,028
Financial investments available-for-sale	34,845	36,285	102,117	111,177
Financial assets at fair value through profit or loss	221	1,168	1,053	4,330
	<u>1,076,837</u>	<u>889,438</u>	<u>3,103,896</u>	<u>2,496,178</u>
Amortisation of premium less accretion of discounts	19,606	6,599	41,204	20,508
Total finance income and hibah	<u>1,096,443</u>	<u>896,037</u>	<u>3,145,100</u>	<u>2,516,686</u>
Other operating income :				
Fee income				
- Processing fees	1,696	1,303	2,440	1,769
- Commissions	17,371	20,606	52,276	65,541
- Service charges and other fees	25,272	17,769	68,269	49,393
Gains on disposal of financial investments available-for-sale	61	912	1,056	1,621
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(3)	194	7,692	2,173
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(31)	256	(3,014)	194
- Derivatives	(28,188)	13,399	(44,642)	17,456
(Losses)/gains on foreign exchange:				
- Realised	(123,323)	308	(36,114)	(6,019)
- Unrealised	213,435	515	192,107	16,117
Net dividend on derivatives	3,145	6,181	10,629	10,204
	<u>1,205,878</u>	<u>957,480</u>	<u>3,395,799</u>	<u>2,675,135</u>

Included in finance income were income on impaired assets amounting to RM15.4 million (30.9.2014: RM11.6 million).

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A21. Income derived from investment of depositors' funds (cont'd)

ii) Income derived from investment of other deposits

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Financing and advances	477,210	372,267	1,367,234	1,058,650
Money at call and deposit with financial institutions	13,602	29,806	63,020	88,690
Financial investments available-for-sale	16,411	17,069	48,672	53,581
Financial assets at fair value through profit or loss	103	545	502	2,087
	507,326	419,687	1,479,428	1,203,008
Amortisation of premium less accretion of discounts	9,281	3,103	19,639	9,884
Total finance income and hibah	516,607	422,790	1,499,067	1,212,892
Other operating income :				
Fee income				
- Processing fees	806	626	1,163	853
- Commissions	8,178	9,680	24,917	31,587
- Service charges and other fees	11,920	8,386	32,540	23,804
Gains on disposal of financial investments available-for-sale	26	435	503	781
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(24)	82	3,666	1,047
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(6)	123	(1,437)	93
- Derivatives	(13,387)	6,435	(21,278)	8,413
(Losses)/gains on foreign exchange:				
- Realised	(59,035)	183	(17,213)	(2,901)
- Unrealised	101,793	160	91,565	7,767
Net dividend on derivatives	1,477	2,957	5,066	4,918
	568,355	451,857	1,618,559	1,289,254

Included in finance income were income on impaired assets amounting to RM7.3 million (30.9.2014: RM5.6 million).

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A22. Income derived from investment of shareholder's funds

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Financing and advances	56,580	51,802	168,642	150,699
Money at call and deposit with financial institutions	1,551	4,141	7,773	12,625
Financial investments available-for-sale	1,942	2,366	6,004	7,627
Financial assets at fair value through profit or loss	12	75	62	297
	60,085	58,384	182,481	171,248
Amortisation of premium less accretion of discounts	1,118	430	2,422	1,407
Total finance income and hibah	61,203	58,814	184,903	172,655
Other operating income :				
Fee income				
- Processing fees	98	88	143	121
- Commissions	965	1,340	3,073	4,496
- Service charges and other fees	1,419	1,168	4,015	3,389
Gains on disposal of financial investments available-for-sale	2	61	62	111
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(13)	10	452	149
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	3	17	(177)	13
- Derivatives	(1,632)	915	(2,625)	1,198
(Losses)/gains on foreign exchange:				
- Realised	(7,389)	31	(2,123)	(413)
- Unrealised	12,582	10	11,294	1,106
Net dividend on derivatives	173	416	625	700
	67,411	62,870	199,642	183,525

Included in finance income were income on impaired assets amounting to RM0.9 million (30.9.2014: RM0.8 million).

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A23. Allowance for losses on financing and advances

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Allowances for impaired financing and advances:				
- collective allowance made	65,279	35,711	177,623	76,165
- individual allowance made	65,081	21,249	106,933	74,046
- individual allowance written back	(5,069)	(3,063)	(16,031)	(9,718)
Impaired financing and advances written off	4,333	3,526	9,280	9,771
Impaired financing and advances recovered	(14,473)	(20,301)	(47,959)	(59,656)
	115,151	37,122	229,846	90,608

A24. Income attributable to depositors

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Deposits from customers				
- Mudharabah	35	257,108	238,102	590,200
- Non-Mudharabah	722,928	336,333	1,893,494	1,028,385
	722,963	593,441	2,131,596	1,618,585
Deposits and placements of banks and other financial institutions				
- Mudharabah	104,841	99,579	330,350	378,807
- Non-Mudharabah	103,204	73,568	345,431	178,281
	208,045	173,147	675,781	557,088
Investment account				
- Mudharabah	15,659	-	15,659	-
	946,667	766,588	2,823,036	2,175,673

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A25. Overhead expenses

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Personnel expenses	10,898	8,312	31,003	26,358
- Salaries, allowances and bonuses	7,345	5,946	21,367	18,871
- Pension costs	1,127	902	3,223	2,895
- Shares/Options granted under Employee's Shares Scheme	501	508	1,271	1,272
- Others	1,925	956	5,142	3,320
Establishment costs	1,085	313	2,718	1,534
- Rental of premises	429	429	1,286	1,286
- Repairs, servicing and maintenance	15	18	45	75
- Information technology expenses	641	(134)	1,387	173
Marketing costs	7,928	4,410	9,912	7,065
- Advertisement and publicity	4,279	3,291	4,279	4,842
- Others	3,649	1,119	5,633	2,223
Administration and general expenses	262,042	219,520	787,426	733,096
- Fees and brokerage	9,632	1,565	15,908	6,678
- Administrative expenses	1,249	1,211	4,079	3,325
- General expenses	10,566	3,703	23,204	10,596
- Shared service cost paid/payable to Maybank	240,595	213,041	744,235	712,497
	281,953	232,555	831,059	768,053

A26. Finance cost

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Islamic subordinated sukuk	28,568	28,935	84,766	66,086

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A27. Taxation and zakat

The analysis of the taxation and zakat expense for the third quarter ended 30 September 2015 are as follows:

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Malaysian income tax	115,277	104,765	308,405	259,010
Under/(Over) provision in prior period:				
Malaysian income tax	9,688	-	9,688	(201,664)
Deferred tax				
- Relating to origination and reversal of temporary differences	(381)	-	(499)	-
- Reversal of deferred tax no longer required	-	13,794	-	216,016
Tax expense for the financial period	124,584	118,559	317,594	273,362
Zakat	1,636	3,238	7,526	13,822
	126,220	121,797	325,120	287,184

A28. 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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A29. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

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

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

	As at 30 September 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	874,679	874,679	753,923	728,537	703,467	373,128
Certain transaction-related contingent items	1,657,325	800,979	694,341	1,204,607	582,491	494,447
Short-term self-liquidating trade-related contingencies	180,026	29,613	21,674	186,627	36,646	22,058
Irrevocable commitments to extend credit:						
- maturity within one year	16,639,808	3,414,584	1,909,173	13,503,588	2,620,597	1,493,669
- maturity more than one year	9,984,566	4,429,703	1,810,807	8,084,845	4,707,946	1,605,452
Miscellaneous	40,932	-	-	55,158	-	-
Total credit-related commitments and contingencies	29,377,336	9,549,558	5,189,918	23,763,362	8,651,147	3,988,754
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	11,684,962	704,808	293,230	6,135,353	212,154	17,156
- one year to less than five years	815,913	77,599	26,514	2,119,637	129,985	27,101
Profit rate related contracts:						
- less than one year	350,000	119,724	29,550	-	-	-
- one year to less than five years	5,628,351	521,349	179,767	3,747,325	238,208	91,437
- five years and above	2,466,320	256,656	174,041	1,941,597	189,556	105,977
Total treasury-related commitments and contingencies	20,945,546	1,680,136	703,102	13,943,912	769,903	241,671
	50,322,882	11,229,694	5,893,020	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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A30. 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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A30. Capital Adequacy (cont'd.)

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

	30 September 2015	31 December 2014
Capital ratios		
CET1 capital ratio	11.214%	12.003%
Tier 1 capital ratio	11.214%	12.003%
Total capital ratio	<u>15.179%</u>	<u>16.088%</u>

(d) Components of capital:

	30 September 2015 RM '000	31 December 2014 RM'000
CET1/Tier 1 capital		
Paid-up share capital	263,959	246,362
Share premium	4,658,232	4,099,343
Retained profits	1,944,820	2,262,558
Other reserves	<u>876,705</u>	<u>620,707</u>
CET1 capital before regulatory adjustments	<u>7,743,716</u>	<u>7,228,970</u>
Less: Regulatory adjustment applied in CET1 capital	<u>(605,424)</u>	<u>(376,012)</u>
Deferred tax assets	(36,518)	(34,702)
Profit equalisation reserve	(34,456)	(34,456)
Regulatory reserve	(534,450)	(274,500)
Shortfall of eligible provision to expected loss	-	(32,354)
Total CET1/Tier 1 capital	<u>7,138,292</u>	<u>6,852,958</u>
Tier 2 capital		
Tier 2 capital instruments	2,200,000	2,300,000
Collective allowance ¹	26,473	32,255
Surplus of eligible provision over expected loss	<u>297,053</u>	<u>-</u>
Total Tier 2 capital	<u>2,523,526</u>	<u>2,332,255</u>
Total Capital	<u>9,661,818</u>	<u>9,185,213</u>

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 September 2015 RM'000	31 December 2014 RM'000
Standardised Approach exposure	5,780,411	4,831,718
Internal Ratings-Based Approach exposure after scaling factor	<u>57,563,032</u>	<u>51,473,277</u>
Total risk-weighted asset for credit risk	<u>63,343,443</u>	56,304,995
Total risk-weighted asset for credit risk absorbed by parent [^]	<u>(5,498,326)</u>	(3,930,555)
Total risk-weighted asset for market risk	1,046,967	573,921
Total risk-weighted asset for operational risk	<u>4,762,157</u>	<u>4,145,952</u>
Total risk-weighted assets	<u>63,654,241</u>	<u>57,094,313</u>

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

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

At 30 September 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	-	295,972	-	295,972
<i>Money market instruments</i>	-	-	-	-
<i>Non-money market instruments</i>	-	295,972	-	295,972
Financial investments available-for-sale	-	8,271,375	-	8,271,375
<i>Money market instruments</i>	-	6,662,454	-	6,662,454
<i>Non-money market instruments</i>	-	1,608,921	-	1,608,921
Derivative assets	-	925,210	-	925,210
<i>Foreign exchange related contracts</i>	-	709,416	-	709,416
<i>Profit rate related contracts</i>	-	215,794	-	215,794
	-	9,492,557	-	9,492,557

Financial liabilities measured at fair value:

Derivative liabilities	-	952,643	48,209	1,000,852
<i>Foreign exchange related contracts</i>	-	627,633	-	627,633
<i>Profit rate related contracts</i>	-	325,010	48,209	373,219

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A31. 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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A31. 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 September 2015 RM'000
At 30 September 2015						
Derivative assets						
<i>Profit rate related contracts</i>	-	125	-	-	(125)	-
Total Level 3 financial assets	-	125	-	-	(125)	-
Derivative liabilities						
<i>Profit rate related contracts</i>	(85,029)	(11,348)	16,177	-	31,991	(48,209)
Total Level 3 financial liabilities	(85,029)	(11,348)	16,177	-	31,991	(48,209)
Total net Level 3 financial assets/ (liabilities)	(85,029)	(11,223)	16,177	-	31,866	(48,209)

* 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 September 2015.

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PART B – Review of Performance & Current Year Prospects

B1. Performance Review

The Bank's gross financing grew by RM18.4 billion or 17% to RM127.0 billion as compared to RM108.5 billion recorded in the last financial year. Total customer deposits and funding closed at RM112.6 billion, increased by RM12.9 billion from RM99.7 billion recorded in last financial year ended 31 December 2014.

As a result, total income grew by RM1.1 billion or 26% to RM5,214.0 million from last year's corresponding period, comprising RM 5,014.4 million income derived from investment of depositors' funds and RM199.6 million income derived from investment of shareholder's funds.

The net impaired financing ratio remained healthy at 0.59% as at 30 September 2015. The Bank continues to maintain strong capital level well above regulatory requirements.

The Bank recorded a profit before tax and zakat of RM1,245.3 million for the financial quarter ended 30 September 2015, a growth of RM197.8 million or 19% from previous corresponding period.

B2. Prospects

Amidst the current global financial market and currency volatility, the world GDP growth is expected to moderate to 3.1% in 2015 (3.4% in 2014) as sustained growth and recovery momentum in the major advanced economies are tempered by the downturns in the emerging economies. While US growth appeared to be holding up, China's growth rate is expected to slightly miss the official target of 7%. ASEAN-6 economies are expected to have a stable real GDP growth of 4.5% (4.5% in 2014) amid firmer growth in the Philippines, Thailand and Vietnam while growth in the Group's core markets of Malaysia, Singapore and Indonesia are expected to moderate.

Malaysia's real GDP growth is expected to slow to 4.9% in 2015 (6.0% in 2014) on the impact of lower commodity prices (oil, palm oil and rubber in particular), the introduction of the Goods and Services Tax (GST) in April as well as the volatile financial markets and currency exchange rates on consumer spending, business expenditure and exports. Bank Negara Malaysia is expected to keep the Overnight Policy Rate (OPR) unchanged at 3.25% in 2016.

Barring any unforeseen circumstances, the Bank expects its financial performance for 2015 to be satisfactory in a more challenging environment. Greater emphasis would be placed on managing asset quality and raising operational and capital efficiencies.