

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Income derived from investment of depositors' funds	A24	1,498,784	1,739,409	4,551,540	4,979,534
Income derived from investment of investment account funds	A25	455,779	36,213	1,167,548	36,213
Income derived from investment of shareholder's funds	A26	95,628	66,022	236,926	198,253
Allowance for impairment on financing and advances	A27	(149,068)	(115,151)	(427,379)	(229,846)
<b>Total distributable income</b>		<b>1,901,123</b>	<b>1,726,493</b>	<b>5,528,635</b>	<b>4,984,154</b>
Profit distributed to depositors	A28	(889,931)	(931,008)	(2,627,314)	(2,807,377)
Profit distributed to investment account holders		(307,260)	(15,659)	(775,192)	(15,659)
<b>Total net income</b>		<b>703,932</b>	<b>779,826</b>	<b>2,126,129</b>	<b>2,161,118</b>
Overhead expenses	A29	(298,529)	(281,953)	(913,027)	(831,059)
Finance cost	A30	(29,679)	(28,568)	(92,978)	(84,766)
<b>Profit before taxation and zakat</b>		<b>375,724</b>	<b>469,305</b>	<b>1,120,124</b>	<b>1,245,293</b>
Taxation	A31	(94,769)	(124,584)	(269,652)	(317,594)
Zakat	A31	(1,371)	(1,636)	(10,544)	(7,526)
<b>Profit for the period</b>		<b>279,584</b>	<b>343,085</b>	<b>839,928</b>	<b>920,173</b>
<b>Profit attributable to :</b>					
Equity holders of the parent		<b>279,584</b>	<b>343,085</b>	<b>839,928</b>	<b>920,173</b>
<b>Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)</b>		<b>103.39</b>	<b>135.97</b>	<b>315.67</b>	<b>370.21</b>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<b>Profit for the period</b>	<b>279,584</b>	343,085	<b>839,928</b>	920,173
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on financial investments available-for-sale	<b>68,617</b>	(71,176)	<b>226,250</b>	(5,269)
Income tax relating to components of other comprehensive income	<b>(16,468)</b>	17,794	<b>(55,693)</b>	1,317
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>52,149</b>	(53,382)	<b>170,557</b>	(3,952)
<b>Total comprehensive income for the period, net of tax</b>	<b>331,733</b>	289,703	<b>1,010,485</b>	916,221
<b>Total comprehensive income attributable to :</b>				
Equity holders of the parent	<b>331,733</b>	289,703	<b>1,010,485</b>	916,221

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

	Note	30 September 2016 RM'000	31 December 2015 RM'000
<b>ASSETS</b>			
Cash and short-term funds		11,551,862	8,815,504
Deposits and placements with banks and other financial institutions	A12	1,963,050	-
Financial assets at fair value through profit or loss	A13(i)	567,977	335,384
Financial investments available-for-sale	A13(ii)	9,102,464	8,992,429
Financing and advances	A14	139,388,351	130,166,349
Derivative assets	A15	345,839	497,905
Other assets	A16	3,989,615	3,673,991
Statutory deposits with Bank Negara Malaysia		2,828,000	3,834,000
Deferred tax assets		-	36,892
<b>TOTAL ASSETS</b>		<b>169,737,158</b>	<b>156,352,454</b>
<b>LIABILITIES</b>			
Deposits from customers	A17	105,309,448	105,786,215
Investment accounts of customers	A18	30,371,356	17,657,893
Deposits and placements of banks and other financial institutions	A19	21,603,067	21,344,573
Bills and acceptances payable		94,309	33,556
Derivative liabilities	A15	345,015	587,772
Financial liabilities at fair value through profit or loss	A20	495,358	-
Other liabilities	A21	234,217	138,883
Provision for taxation and zakat		11,745	9,011
Deferred tax liabilities		19,509	-
Subordinated Sukuk	A23	2,540,930	2,527,960
<b>TOTAL LIABILITIES</b>		<b>161,024,954</b>	<b>148,085,863</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

	Note	30 September 2016 RM'000	31 December 2015 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>			
Share capital		281,556	263,959
Share premium		5,200,227	4,658,232
Retained profits		2,494,332	2,572,819
Other reserves		736,089	771,581
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>8,712,204</b>	<b>8,266,591</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>169,737,158</b>	<b>156,352,454</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A33	<b>49,113,143</b>	<b>49,648,320</b>
<b><u>CAPITAL ADEQUACY</u></b>	A34		
Based on credit, market and operational risk:			
CET1 capital ratio		13.827%	12.435%
Tier 1 capital ratio		13.827%	12.435%
Total capital ratio		<b>18.597%</b>	<b>16.489%</b>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<=====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
<b>At 1 January 2016</b>	263,959	4,658,232	1,697	409,672	(104,493)	34,456	430,249	2,572,819	8,266,591
Net profit for the period	-	-	-	-	-	-	-	839,928	839,928
Other comprehensive income	-	-	-	-	170,557	-	-	-	170,557
<b>Total comprehensive income for the period</b>	-	-	-	-	170,557	-	-	839,928	1,010,485
Dividend paid	-	-	-	-	-	-	-	(1,124,464)	(1,124,464)
Transfer to regulatory reserve	-	-	-	-	-	-	(206,049)	206,049	-
Issue of ordinary shares (Notes A8)	17,597	541,995	-	-	-	-	-	-	559,592
<b>Total transactions with shareholders</b>	17,597	541,995	-	-	-	-	(206,049)	(918,415)	(564,872)
<b>At 30 September 2016</b>	281,556	5,200,227	1,697	409,672	66,064	34,456	224,200	2,494,332	8,712,204

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<=====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
<b>At 1 January 2015</b>	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)
<b>Total comprehensive income for the period</b>	-	-	-	-	(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
<b>Total transactions with shareholders</b>	17,597	558,889	-	-	-	-	259,950	(1,006,426)	(169,990)
<b>At 30 September 2015</b>	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 CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	1,120,124	1,245,293
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	468,227	277,805
Amortisation of premium less accretion of discount	(96,329)	(63,266)
Unrealised (gains)/losses on revaluation of derivatives	(3,063)	68,545
Unrealised (gains)/losses on revaluation of financial assets at fair value through profit or loss	(25)	4,629
Unrealised losses on revaluation of financial liabilities at fair value through profit or loss	5,075	-
Gains on disposal of financial investments available-for-sale	(25,297)	(1,622)
Gains on disposal of financial assets at fair value through profit or loss	(2,826)	(11,810)
Gains on foreign exchange translations	(10,159)	(239,516)
Share options granted under ESS	906	1,271
Operating profit before working capital changes	1,456,633	1,281,329
Change in deposits and placements with banks and other financial institutions	(1,563,346)	-
Change in cash and short-term funds with original maturity of more than three months	304,778	-
Change in financial investments portfolio	8,098	746,950
Change in financing and advances	(9,690,230)	(18,547,213)
Change in derivative assets and liabilities	(87,629)	(97,233)
Change in other assets	(315,622)	3,925,452
Change in statutory deposits with Bank Negara Malaysia	1,006,000	(424,000)
Change in deposits from customers	(476,768)	9,380,662
Change in investment accounts of customers	12,713,463	3,486,144
Change in deposits and placements of banks and other financial institutions	268,654	(13,722,682)
Change in financial liabilities at fair value through profit or loss	490,283	-
Change in bills and acceptances payable	60,752	24,499
Change in other liabilities	187,407	66,169
Cash generated/(used in) from operating activities	4,362,473	(13,879,923)
Taxes and zakat paid	(276,753)	(266,921)
<b>Net cash generated/(used in) from operating activities</b>	<b>4,085,720</b>	<b>(14,146,844)</b>
<b>Cash flows from financing activities</b>		
Profit paid for subordinated sukuk	(80,009)	(77,727)
Proceeds from issuance of shares	559,593	576,486
Dividend paid	(1,124,464)	(746,475)
<b>Net cash used in investing activities</b>	<b>(644,880)</b>	<b>(247,716)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,440,840</b>	<b>(14,394,560)</b>
Cash and cash equivalents at beginning of year	8,510,726	17,863,965
<b>Cash and cash equivalents at end of year</b>	<b>11,951,566</b>	<b>3,469,405</b>

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**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

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

	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
Cash and cash equivalents comprise:		
Cash and short term funds	11,551,862	3,469,405
Deposits and placements with banks and other financial institutions	<u>1,963,050</u>	<u>-</u>
	<b>13,514,912</b>	<b>3,469,405</b>
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	<u>(1,563,346)</u>	<u>-</u>
	<b><u>11,951,566</u></b>	<b><u>3,469,405</u></b>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015. 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 2015.

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 2015 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) and annual improvements to MFRSs which effective for annual periods beginning on or after 1 January 2016:

- MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10)
- MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)
- MFRS 12 Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 12)
- MFRS 101 Presentation of Financial Statements - Disclosure Initiative (Amendments to MFRS 101)
- MFRS 127 Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 128)
- Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above amendments to MFRSs and annual improvements to MFRSs do not have any significant financial impact to the Bank's financial statements, except for as disclosed below:

**MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)**

The amendments apply to both the acquisition of the initial interest in joint operation and the acquisition of any additional interests in the same joint operation, in which the activity of the joint operation constitutes a business.

The amendments require that a joint operator accounts for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant MFRS 3 principles for business combinations accounting, and other MFRS that do not conflict with MFRS 11.

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**A1. Basis of preparation (cont'd.)**

**MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11) (cont'd.)**

It also clarifies that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained.

In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

As at 30 September 2016, the Bank do not acquire any interest in joint operation.

**MFRS 101 Presentation of Financial Statements - Disclosure Initiative (Amendments to MFRS 101)**

The amendments are part of a major initiative to improve disclosure requirements in MFRS financial statements. These amendments include narrow-focus improvements in five areas as follows:

*(i) Materiality*

The amendments clarify that an entity must not reduce the ability to understand its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It also re-emphasises that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted.

*(ii) Disaggregation and subtotals*

The amendments clarify that specific line items in the statements of profit or loss and other comprehensive income and statement of financial position may be disaggregated.

It also introduces requirements for how an entity should present additional subtotals (in addition to those already required in MFRS) in the statements of profit or loss and other comprehensive income and statement of financial position, where the additional subtotals must:

- be comprised of line items made up of amounts recognised and measured in accordance with MFRS;
- be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- be consistent from period to period; and
- not be displayed with more prominence than the subtotals and totals currently required in MFRS for the statement of financial position or statements of profit or loss and other comprehensive income.

For additional subtotals presented in the statements of profit or loss and other comprehensive income, an entity must present the line items that reconcile any such subtotals with the subtotals or totals currently required in MFRS for such statements.

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**A1. Basis of preparation (cont'd.)**

**MFRS 101 Presentation of Financial Statements - Disclosure Initiative (Amendments to MFRS 101) (cont'd.)**

*(iii) Notes structure*

The amendments clarify that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasise that understandability and comparability should be considered when deciding on that order.

Examples of systematic ordering or groupings of the notes include:

- Giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position;
- Grouping together information about items measured similarly, such as assets measured at fair value; or
- Following the order of the line items in statements of profit or loss and other comprehensive income and statement of financial position, similar to the order listed in current paragraph 114 of MFRS 101.

*(iv) Disclosure of accounting policies*

The amendments remove the examples of significant accounting policies in the current paragraph 20 of MFRS 101, i.e. the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be.

**Revised Bank Negara Malaysia's ("BNM") Policy Document on Financial Reporting for Islamic Banking Institutions**

On 5 February 2016, BNM issued a revised Policy Document on Financial Reporting for Islamic Banking Institutions ("revised policy document"). This revised policy document has taken effect on 5 February 2016 and it applies to all licensed Islamic banks and licensed banks which is carrying on Islamic banking businesses, except for licensed international Islamic bank. The issuance of this revised policy document has superseded the policy document issued by BNM previously, namely Financial Reporting for Islamic Banking Institutions dated 28 January 2015.

The requirements in this revised policy documents are as follows:

- (i) The requirement to present the carrying amount, income and expense related to Islamic deposit and investment account as separate line items in its financial statements;

As at 30 September 2016, the Bank has presented the required disclosures in Note A18 and Note A25.

- (ii) The requirement to disclose investment accounts customers with a breakdown by:

- types of investment account (e.g. unrestricted or restricted investment account) and further breakdown by Shariah contracts (e.g. wakalah and mudarabah);
- for investment accounts which qualify as unlisted capital market products under the Capital Markets and Services Act 2007 ("CMSA"), to disclose the carrying amount of investment account by type of product;

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**A1. Basis of preparation (cont'd.)**

**Revised Bank Negara Malaysia's ("BNM") Policy Document on Financial Reporting for Islamic Banking Institutions (cont'd.)**

(ii) The requirement to disclose investment accounts customers with a breakdown by (cont'd.):

- types of customers; and
- maturity structures of investment account with maturity.

As at 30 September 2016, the Bank has presented the required disclosures in Note A18.

(iii) The requirement to disclose investment account due to/ from designated financial institutions with a breakdown by:

- types of investment account and further breakdown by Shariah contracts; and
- types of counterparty (e.g. licensed Islamic banks, licensed banks)

The Bank do not have investment account that is due to/ from designated financial institution as at 30 September 2016.

**A2. Significant accounting policies**

The audited financial statements of the Bank for the financial year ended 31 December 2015 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 2015 except for the following:

**Adoption of fair value option ("FVO") for certain financial liabilities under MFRS139 Financial Instruments: Recognition and Measurement**

Effective on 1 January 2016, the Bank have designated certain financial liabilities namely, structured deposits and borrowings containing embedded derivatives at Fair Value Through Profit or Loss ("FVTPL") upon inception. This FVO adoption will be applied prospectively. As a result of this adoption, the Bank have presented "Financial liabilities at fair value through profit or loss", as a separate line item on the face of statements of financial position of the Bank. Details of the financial liabilities at FVTPL are disclosed in Note A20.

**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 2015.

**A4. Auditors' report on proceeding annual financial statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2015 was not qualified.

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**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 2016.

**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 2016.

**A7. Changes in estimates**

There were no material changes in estimates during the third quarter ended 30 September 2016.

**A8. Issue of Ordinary Share Capital**

On 29 August 2016, the issued and paid-up share capital of the Bank was increased from RM263,958,750 to RM281,556,000 via a rights issue of 17,597,250 new ordinary shares of RM1.00 each at a premium of RM30.80 per shares on the basis of one new share for every fifteen(15) existing ordinary shares held, to Maybank.

**A9. Changes in Debt and Equity Securities**

**(i) Issuance of Tier 2 Capital Islamic Subordinated Sukuk ("The Sukuk") of RM1.0 billion**

On 15 February 2016, the Bank issued RM1.0 billion nominal value Islamic Subordinated 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 4.65% per annum payable semi-annually in arrears in February and August each year and are due in February 2026. 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 fifth (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) Redemption of Tier 2 Capital Islamic Subordinated Sukuk ("The Sukuk") of RM1.0 billion**

On 31 March 2016, the Bank had fully redeemed the Tier 2 Capital Islamic Subordinated Sukuk of RM1.0 billion in nominal value. The Sukuk were issued on 31 March 2011 under the Shariah principle of Musyarakah.

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**A10. Dividends**

In respect of financial year ended 31 December 2015, a final tax-exempt (single-tier) dividend of RM2.14 per share on 263,958,750 ordinary shares, amounting to a dividend payable of RM564,871,725 was approved by shareholders on 6 April 2016. The payment of dividend was completed on 7 April 2016.

An interim tax-exempt (single tier) dividend in respect of the financial half year ended 30 June 2016 of RM2.12 per share on 263,958,750 ordinary shares, amounting to a dividend payable of RM559,592,550 has been paid on 29 August 2016.

The Directors do not recommend the payment of any dividend in respect of the third quarter ended 30 September 2016.

**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 September 2016 RM'000	31 December 2015 RM'000
Licensed Islamic banks	1,960,000	-
Licensed banks	3,050	-
	<b>1,963,050</b>	<b>-</b>

**A13. Financial investments portfolio**

	Note	30 September 2016 RM'000	31 December 2015 RM'000
Financial assets at fair value through profit or loss	(i)	567,977	335,384
Financial investments available-for-sale	(ii)	9,102,464	8,992,429
		<b>9,670,441</b>	<b>9,327,813</b>

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

Financial assets held-for-trading are as follows:

	30 September 2016 RM'000	31 December 2015 RM'000
<b>Unquoted securities:</b>		
Foreign Corporate Sukuk	567,977	335,384
<b>Total financial assets held-for-trading</b>	<b>567,977</b>	<b>335,384</b>

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

	30 September 2016 RM'000	31 December 2015 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	3,835,519	3,736,122
Negotiable Islamic instruments of deposits	3,733,562	3,648,665
Bankers' acceptances and Islamic accepted bills	85,697	-
Khazanah bonds	69,591	67,804
	<b>7,724,369</b>	<b>7,452,591</b>
<b>Unquoted securities:</b>		
Corporate Sukuk in Malaysia	1,280,258	1,414,039
Foreign Corporate Sukuk	50,279	34,177
Malaysian Government bond	46,808	91,122
Shares in Malaysia	750	500
	<b>1,378,095</b>	<b>1,539,838</b>
<b>Total financial investments available-for-sale</b>	<b>9,102,464</b>	<b>8,992,429</b>

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**A14. Financing and advances**

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

At 30 September 2016	Bai <sup>^</sup> RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total financing and advances RM'000
Cashline	-	4,574,094	-	-	-	155	-	4,574,249
Term financing								
- House financing	19,476,452	58,905,165	2,604,901	-	-	-	-	80,986,518
- Syndicated financing	-	790,370	-	-	-	-	-	790,370
- Hire purchase receivables	-	-	-	35,691,500	-	-	-	35,691,500
- Other term financing	28,584,310	66,312,181	1,512,251	-	493,683	148,729	52,273	97,103,427
Bills receivable	-	1,366	-	-	-	-	610	1,976
Trust receipts	-	160,996	-	-	-	-	-	160,996
Claims on customers under acceptance credits	-	4,347,843	-	-	-	-	-	4,347,843
Staff financing	763,091	1,315,021	10,502	149,186	-	-	41,448	2,279,248
Credit card receivables	-	-	-	-	-	-	747,350	747,350
Revolving credit	-	11,837,049	-	-	-	-	-	11,837,049
	<b>48,823,853</b>	<b>148,244,085</b>	<b>4,127,654</b>	<b>35,840,686</b>	<b>493,683</b>	<b>148,884</b>	<b>841,681</b>	<b>238,520,526</b>
Unearned income								<b>(97,791,318)</b>
Gross financing and advances <sup>^^</sup>								<b>140,729,208</b>
Allowances for impaired financing and advances:								
- individual								<b>(441,878)</b>
- collective								<b>(898,979)</b>
Net financing and advances								<b>139,388,351</b>

<sup>^</sup> Bai' comprises of Bai-Bithaman Ajil, Bai Al-Inah and Bai-Al-Dayn

<sup>^^</sup> Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA") and Investment Accounts of Customers ("IA").



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

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

At 31 December 2015	Bai <sup>^</sup> RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total financing and advances RM'000
Cashline	-	3,780,361	-	-	-	-	-	3,780,361
Term financing								
- House financing	20,673,308	55,978,143	2,729,517	-	-	-	-	79,380,968
- Syndicated financing	-	805,196	-	-	-	-	-	805,196
- Hire purchase receivables	-	-	-	35,493,985	-	-	-	35,493,985
- Other term financing	35,375,989	58,582,281	1,643,176	-	527,534	158,480	51,430	96,338,890
Bills receivable	-	905	-	-	-	-	290	1,195
Trust receipts	-	164,745	-	-	-	-	-	164,745
Claims on customers under acceptance credits	-	4,368,353	-	-	-	-	-	4,368,353
Staff financing	856,469	1,133,622	12,088	145,427	-	-	40,175	2,187,781
Credit card receivables	-	-	-	-	-	-	624,865	624,865
Revolving credit	-	9,708,099	-	-	-	-	-	9,708,099
	<u>56,905,766</u>	<u>134,521,705</u>	<u>4,384,781</u>	<u>35,639,412</u>	<u>527,534</u>	<u>158,480</u>	<u>716,760</u>	<u>232,854,438</u>
Unearned income								(101,731,632)
Gross financing and advances <sup>^^</sup>								<u>131,122,806</u>
Allowances for impaired financing and advances:								
- individual								(208,683)
- collective								(747,774)
Net financing and advances								<u>130,166,349</u>

<sup>^</sup> Bai' comprises of Bai-Bithaman Ajil, Bai Al-Inah and Bai-Al-Dayn

<sup>^^</sup> Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA") and Investment Accounts of Customers ("IA").

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

**(ii) By type of customers**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Domestic non-banking institutions	5,722,440	3,982,710
Domestic business enterprises		
- Small and medium enterprises	16,673,341	14,453,597
- Others	22,848,463	22,726,186
Government and statutory bodies	7,569,215	7,069,349
Individuals	86,546,480	81,302,930
Other domestic entities	28,495	25,446
Foreign entities in Malaysia	1,340,774	1,562,588
Gross financing and advances	<u>140,729,208</u>	<u>131,122,806</u>

**(iii) By profit rate sensitivity**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Fixed rate		
- House financing	1,431,545	1,499,155
- Hire purchase receivables	30,911,378	30,680,181
- Other financing	22,713,438	21,798,831
Floating rate		
- House financing	29,023,144	25,277,084
- Other financing	56,649,703	51,867,555
Gross financing and advances	<u>140,729,208</u>	<u>131,122,806</u>

**(iv) By economic purpose**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Purchase of securities	19,214,358	18,801,131
Purchase of transport vehicles	30,889,984	30,661,915
Purchase of landed properties		
- residential	29,411,548	25,975,500
- non-residential	11,020,512	9,480,798
Purchase of fixed assets (exclude landed properties)	32,817	45,843
Personal use	2,829,213	2,302,898
Consumer durables	315	570
Construction	3,306,586	3,727,995
Working capital	43,237,288	39,463,731
Credit cards	786,587	662,425
Gross financing and advances	<u>140,729,208</u>	<u>131,122,806</u>

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

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

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Maturity within one year	25,832,989	21,839,845
One year to three years	5,144,771	7,411,423
Three years to five years	13,491,448	11,775,326
After five years	96,260,000	90,096,212
Gross financing and advances	<u>140,729,208</u>	<u>131,122,806</u>

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

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Purchase of securities	12,425	28,393
Purchase of transport vehicles	144,545	108,370
Purchase of landed properties		
- residential	111,959	91,604
- non-residential	82,989	49,422
Personal use	17,795	14,452
Credit cards	7,292	4,957
Consumer durables	8	8
Construction	376,025	130,363
Working capital	807,431	445,661
Gross impaired financing and advances	<u>1,560,469</u>	<u>873,230</u>

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

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Gross impaired financing and advances at 1 January 2016/2015	873,230	674,817
Newly impaired	1,250,641	1,024,632
Reclassified as non-impaired	(291,084)	(362,515)
Recovered	(195,150)	(292,292)
Amount written off	(77,168)	(171,412)
Gross impaired financing and advances at 30 September 2016/ 31 December 2015	<u>1,560,469</u>	<u>873,230</u>
Less: Individual allowance	(441,878)	(208,683)
Net impaired financing and advances	<u>1,118,591</u>	<u>664,547</u>

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

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

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Gross financing and advances (excluding financing funded by RPSIA and IA)	<b>97,476,332</b>	102,599,761
Less: Individual allowance	<b>(441,878)</b>	(208,683)
Net financing and advances	<b><u>97,034,454</u></b>	<u>102,391,078</u>
 Net impaired financing and advances as a percentage of net financing and advances	 <b><u>1.15%</u></b>	 <u>0.65%</u>

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

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<u>Individual Allowance</u>		
At 1 January 2016/2015	<b>208,683</b>	212,946
Allowance made*	<b>287,806</b>	102,818
Amount written back in respect of recoveries	<b>(48,734)</b>	(21,544)
Amount written off	<b>(2,805)</b>	(78,115)
Transferred to collective allowance	<b>(3,072)</b>	(7,422)
At 30 September 2016/31 December 2015	<b><u>441,878</u></b>	<u>208,683</u>
 <u>Collective Allowance</u>		
At 1 January 2016/2015	<b>747,774</b>	597,403
Net allowance made during the year*	<b>222,497</b>	236,245
Amount written off	<b>(74,364)</b>	(93,296)
Transferred from individual allowance	<b>3,072</b>	7,422
At 30 September 2016/31 December 2015	<b><u>898,979</u></b>	<u>747,774</u>
 As a % of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)	 <b><u>1.20%</u></b>	 <u>1.20%</u>

\* As at 30 September 2016, the gross exposure of the financing funded by RPSIA is RM12,881.5 million (31 December 2015 : RM10,999.0 million). The related individual allowance and collective allowance relating to these financing amounting to RM131.7 million and RM41.1 million respectively (31 December 2015 : Nil and RM77.1 million) are accounted for by the parent.

The gross exposure of the financing funded by IA as at 30 September 2016 was RM30,371.3 million (31 December 2015 : RM17,657.9 million). The related individual allowance and collective allowance relating to financing funded by IA are not recognised in the financial statement of the Bank, but is charged to and borne by the investors.

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**A15. Derivative financial instruments**

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of derivative's underlying asset, reference rate or index and is the basis upon which change in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period/year end and are indicative of neither the market risks nor the credit risk.

The Bank enters into derivative financial instruments at the request and on behalf of its customers as well as to hedge the bank's own exposures and not for speculative purpose.

	30 September 2016			31 December 2015		
	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts:</u>						
Currency forwards						
- Less than one year	3,932,845	53,944	(38,475)	3,184,856	199,294	(8,119)
Currency swaps						
- Less than one year	4,433,684	32,047	(45,201)	4,951,144	10,437	(213,121)
Currency spot						
- Less than one year	66,271	188	(182)	36,020	-	(26)
Currency options						
- Less than one year	1,466	54	(54)	-	-	-
Cross currency profit rate swaps						
- Less than one year	-	-	-	1,359,453	67,923	(68,702)
- More than three years	640,096	50,111	(49,392)	652,367	63,285	(62,067)
<u>Profit rate related contracts:</u>						
Profit rate options						
- One year to three years	-	-	-	400,000	-	(30,702)
- More than three years	1,670,000	5,185	(5,135)	555,000	10,832	(23,525)
Profit rate swaps						
- More than three years	3,113,452	90,148	(83,011)	3,155,797	37,706	(30,291)
	<b>13,857,814</b>	<b>231,677</b>	<b>(221,450)</b>	<b>14,294,637</b>	<b>389,477</b>	<b>(436,553)</b>
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts:</u>						
Cross currency profit rate swaps						
- One year to three years	1,686,662	111,284	(121,112)	170,607	-	(43,937)
- More than three years	-	-	-	1,516,849	102,112	(102,112)
<u>Profit rate related contracts:</u>						
Profit rate swaps						
- Less than one year	1,368,000	307	(271)	718,000	718	(133)
- One year to three years	621,525	2,571	(2,182)	1,000,000	3,683	(3,683)
- More than three years	-	-	-	643,950	1,915	(1,354)
	<b>3,676,187</b>	<b>114,162</b>	<b>(123,565)</b>	<b>4,049,406</b>	<b>108,428</b>	<b>(151,219)</b>
<b>Total derivative assets/(liabilities)</b>	<b>17,534,001</b>	<b>345,839</b>	<b>(345,015)</b>	<b>18,344,043</b>	<b>497,905</b>	<b>(587,772)</b>

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**A16. Other assets**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Amount due from holding company	3,165,933	2,907,155
Handling fees	174,599	185,068
Prepayments and deposits	264,479	235,825
Tax recoverable	29,662	30,143
Margin call	32,210	301,450
Others	322,732	14,350
	<b>3,989,615</b>	<b>3,673,991</b>

**A17. Deposits from customers**

**i) By type of deposit**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<u>Savings deposits</u>		
Wadiah	13,472,398	12,173,654
<u>Demand deposits</u>		
Wadiah	17,068,061	17,282,238
<u>Term deposits</u>		
Murabahah	74,768,989	75,261,088
Negotiable Islamic Debt Certificate (NIDC)		
Bai Al-Inah	-	144,083
Hybrid (Bai' Bithaman Ajil and Murabahah)*	-	925,152
	<b>105,309,448</b>	<b>105,786,215</b>

\* Hybrid term deposits are structured deposits which are Ringgit Malaysia time deposits with embedded foreign currency exchange option, commodity-linked time deposits and profit rate options.

**ii) By type of customer**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Business enterprises	39,133,782	44,395,761
Individuals	34,548,834	29,387,959
Government and statutory bodies	18,469,931	17,744,227
Others	13,156,901	14,258,268
	<b>105,309,448</b>	<b>105,786,215</b>

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**A18. Investment account of customers**

(i) Unrestricted investment account are sourced from the following customers:

	30 September 2016 RM'000	31 December 2015 RM'000
Business enterprises	14,710,022	6,585,991
Individuals	13,125,350	9,931,294
Government and statutory bodies	829,460	682,878
Others	1,706,524	457,730
	<b>30,371,356</b>	<b>17,657,893</b>

(ii) Maturity structure of unrestricted investment account are as follows:

	30 September 2016 RM'000	31 December 2015 RM'000
<b>Unrestricted investment account</b>		
<u>Mudharabah</u>		
- without maturity	7,804,027	5,664,558
- with maturity		
Due within six months	21,484,443	1,436,463
Six months to one year	1,079,096	10,556,227
One year to three years	2,018	400
Three years to five years	1,772	245
	<b>22,567,329</b>	<b>11,993,335</b>
<b>Total investment account of customers</b>	<b>30,371,356</b>	<b>17,657,893</b>

(iii) The allocation of investment asset are as follows:

	30 September 2016 RM'000	31 December 2015 RM'000
<b>Unrestricted Investment</b>		
Retail financing	28,069,711	13,691,213
Non-retail financing	2,301,645	3,832,880
Marketable securities	-	133,800
<b>Total investment</b>	<b>30,371,356</b>	<b>17,657,893</b>

(iv) Profit sharing ratio and rate of return are as follows:

	30 September 2016		31 December 2015	
	Investment account holder			
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Investment accounts of customers	<b>71%</b>	<b>3.78%</b>	<b>64%</b>	<b>3.47%</b>

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**A19. Deposits and placements of banks and other financial institutions**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<u>Mudharabah Fund</u>		
Licensed banks*	<b>12,935,292</b>	11,037,806
	<b>12,935,292</b>	11,037,806
<u>Non-Mudharabah Fund</u>		
Licensed banks	<b>6,953,236</b>	8,546,052
Licensed islamic banks	<b>180,015</b>	592,383
Other financial institutions	<b>1,534,524</b>	1,168,332
	<b>8,667,775</b>	10,306,767
	<b>21,603,067</b>	21,344,573

\* Included in the Mudharabah deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent amounting to RM12,927.1 million (31 December 2015: RM11,037.8 million). These placements are used to fund certain specific financing.

**A20. Financial liabilities at fair value through profit or loss**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Structured deposits	<b>495,358</b>	-

The Bank has issued structured deposits and designated them at fair value in accordance with MFRS139 - *Financial instruments: Recognition and Measurement*. The Bank has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

**A21. Other liabilities**

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Sundry creditors	<b>212,929</b>	111,068
Deposit on trade financing	<b>13,036</b>	12,511
Provisions and accruals	<b>8,252</b>	15,304
	<b>234,217</b>	138,883



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**A22. Sources and uses of charity funds**

	30 September 2016 RM'000	31 December 2015 RM'000
<b>Sources of charity funds</b>		
Shariah non-compliant/prohibited income	94	56
<b>Total sources of charity funds during the year</b>	<b>94</b>	<b>56</b>
<b>Uses of charity funds</b>		
Contribution to non-profit organisation	10	56
<b>Total uses of charity funds during the year</b>	<b>10</b>	<b>56</b>
<b>Undistributed charity funds as at 30 September 2016/ 31 December 2015</b>	<b>84</b>	<b>-</b>

**A23. Subordinated Sukuk**

	Note	30 September 2016 RM'000	31 December 2015 RM'000
RM1,000 million Tier 2 Islamic Subordinated Sukuk due in 2021	(i)	-	1,010,782
RM1,500 million Tier 2 Islamic Subordinated Sukuk due in 2024	(ii)	1,534,942	1,517,178
RM1,000 million Tier 2 Islamic Subordinated Sukuk due in 2026	(iii)	1,005,988	-
		<b>2,540,930</b>	<b>2,527,960</b>

(i) On 31 March 2016, the Bank had fully redeemed the Tier 2 Capital Islamic Subordinated Sukuk ("the Sukuk") of RM1.0 billion in nominal value. The Sukuk were issued on 31 March 2011 under the Shariah principle of Musyarakah.

(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.

(iii) On 15 February 2016, the Bank issued RM1.0 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 4.65% per annum payable semi-annually in arrears in February and August each year and are due in February 2026. 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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**A24. Income derived from investment of depositors' funds**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	1,046,174	1,182,296	3,231,563	3,372,217
ii) Other deposits	452,610	557,113	1,319,977	1,607,317
	<u>1,498,784</u>	<u>1,739,409</u>	<u>4,551,540</u>	<u>4,979,534</u>

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financing and advances	827,110	990,635	2,619,126	2,846,543
Money at call and deposit with financial institutions	87,611	29,171	225,827	132,218
Financial investments available-for-sale	33,932	33,718	115,715	100,990
Financial assets at fair value through profit or loss	1,080	221	3,364	1,053
	<u>949,733</u>	<u>1,053,745</u>	<u>2,964,032</u>	<u>3,080,804</u>
Amortisation of premium less accretion of discounts	24,945	19,606	65,009	41,204
Total finance income and hibah	<u>974,678</u>	<u>1,073,351</u>	<u>3,029,041</u>	<u>3,122,008</u>
Other operating income :				
Fee income				
- Processing fees	6,329	1,696	15,587	2,440
- Commissions	20,285	17,362	64,021	52,267
- Service charges and other fees	16,590	24,791	89,523	67,788
Gains on disposal of financial investments available-for-sale	5,334	61	17,072	1,056
Gains/(losses) on disposal of financial assets at fair value through profit or loss	434	(3)	1,907	7,692
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	6	(31)	17	(3,014)
- Financial liabilities at fair value through profit or loss	(542)	-	(3,425)	-
- Derivatives	551	(28,188)	2,067	(44,642)
Gains/(losses) on foreign exchange:				
- Realised	15,797	(123,323)	72,932	(36,114)
- Unrealised	4,233	213,435	(66,076)	192,107
Net dividend on derivatives	2,479	3,145	8,897	10,629
	<u>1,046,174</u>	<u>1,182,296</u>	<u>3,231,563</u>	<u>3,372,217</u>

Included in finance income were income on impaired assets amounting to RM29.8 million (30.9.2015: RM15.4 million).

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**A24. 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 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Financing and advances	<b>358,580</b>	466,740	<b>1,069,819</b>	1,356,764
Money at call and deposit with financial institutions	<b>37,385</b>	13,602	<b>92,242</b>	63,020
Financial investments available-for-sale	<b>14,807</b>	15,874	<b>47,266</b>	48,135
Financial assets at fair value through profit or loss	<b>468</b>	103	<b>1,374</b>	502
	<b>411,240</b>	496,319	<b>1,210,701</b>	1,468,421
Amortisation of premium less accretion of discounts	<b>10,653</b>	9,281	<b>26,554</b>	19,639
Total finance income and hibah	<b>421,893</b>	505,600	<b>1,237,255</b>	1,488,060
Other operating income :				
Fee income				
- Processing fees	<b>2,693</b>	806	<b>6,367</b>	1,163
- Commissions	<b>8,791</b>	8,173	<b>26,150</b>	24,912
- Service charges and other fees	<b>7,620</b>	11,690	<b>36,567</b>	32,310
Gains on disposal of financial investments available-for-sale	<b>2,314</b>	26	<b>6,973</b>	503
Gains/(losses) on disposal of financial assets at fair value through profit or loss	<b>194</b>	(24)	<b>779</b>	3,666
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	<b>3</b>	(6)	<b>7</b>	(1,437)
- Financial liabilities at fair value through profit or loss	<b>(255)</b>	-	<b>(1,399)</b>	-
- Derivatives	<b>242</b>	(13,387)	<b>844</b>	(21,278)
Gains/(losses) on foreign exchange:				
- Realised	<b>7,113</b>	(59,035)	<b>29,790</b>	(17,213)
- Unrealised	<b>915</b>	101,793	<b>(26,990)</b>	91,565
Net dividend on derivatives	<b>1,087</b>	1,477	<b>3,634</b>	5,066
	<b>452,610</b>	557,113	<b>1,319,977</b>	1,607,317

Included in finance income were income on impaired assets amounting to RM12.2 million (30.9.2015: RM7.3 million).

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**A25. Income derived from investment of investment account funds**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financing and advances	442,405	33,730	1,135,065	33,730
Financial investments available-for-sale	1,046	1,730	1,308	1,730
Total finance income and hibah	<u>443,451</u>	<u>35,460</u>	<u>1,136,373</u>	<u>35,460</u>
Other operating income :				
Fee income				
- Commissions	221	14	561	14
- Service charges and other fees	12,107	739	30,614	739
	<u>455,779</u>	<u>36,213</u>	<u>1,167,548</u>	<u>36,213</u>

**A26. Income derived from investment of shareholder's funds**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financing and advances	76,160	55,288	192,023	167,350
Money at call and deposit with financial institutions	7,621	1,551	16,557	7,773
Financial investments available-for-sale	3,196	1,875	8,484	5,937
Financial assets at fair value through profit or loss	99	12	247	62
	<u>87,076</u>	<u>58,726</u>	<u>217,311</u>	<u>181,122</u>
Amortisation of premium less accretion of discounts	2,176	1,118	4,766	2,422
Total finance income and hibah	<u>89,252</u>	<u>59,844</u>	<u>222,077</u>	<u>183,544</u>
Other operating income :				
Fee income				
- Processing fees	544	98	1,143	143
- Commissions	1,866	965	4,694	3,073
- Service charges and other fees	1,847	1,389	6,563	3,985
Gains on disposal of financial investments available-for-sale	493	2	1,252	62
Gains/(losses) on disposal of financial assets at fair value through profit or loss	45	(13)	140	452
Unrealised gains/(losses) on revaluation of:				
- Financial assets at fair value through profit or loss	-	3	1	(177)
- Financial liabilities at fair value through profit or loss	(65)	-	(251)	-
- Derivatives	54	(1,632)	152	(2,625)
Gains/(losses) on foreign exchange:				
- Realised	1,653	(7,389)	5,347	(2,123)
- Unrealised	(298)	12,582	(4,844)	11,294
Net dividend on derivatives	237	173	652	625
	<u>95,628</u>	<u>66,022</u>	<u>236,926</u>	<u>198,253</u>

Included in finance income were income on impaired assets amounting to RM2.2 million (30.9.2015: RM0.9 million).

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**A27. Allowance for losses on financing and advances**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing and advances:				
- collective allowance made	<b>(47,468)</b>	65,279	<b>222,497</b>	177,623
- individual allowance made	<b>215,952</b>	65,081	<b>287,806</b>	106,933
- individual allowance written back	<b>(13,594)</b>	(5,069)	<b>(48,734)</b>	(16,031)
Impaired financing and advances written off	<b>1,679</b>	4,333	<b>6,765</b>	9,280
Impaired financing and advances recovered	<b>(7,462)</b>	(14,473)	<b>(40,849)</b>	(47,959)
Writeback of impairment losses on other debts	<b>(39)</b>	-	<b>(106)</b>	-
	<b>149,068</b>	115,151	<b>427,379</b>	229,846

**A28. Profit distributed to depositors**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	-	35	-	238,102
- Non-Mudharabah	<b>725,532</b>	722,928	<b>2,120,759</b>	1,893,494
	<b>725,532</b>	722,963	<b>2,120,759</b>	2,131,596
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>103,857</b>	104,841	<b>291,704</b>	330,350
- Non-Mudharabah	<b>60,542</b>	103,204	<b>214,851</b>	345,431
	<b>164,399</b>	208,045	<b>506,555</b>	675,781
	<b>889,931</b>	931,008	<b>2,627,314</b>	2,807,377

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**A29. Overhead expenses**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Personnel expenses	9,668	10,898	30,435	31,003
- Salaries, allowances and bonuses	7,458	7,345	22,435	21,367
- Pension costs	1,132	1,127	3,469	3,223
- Shares/Options granted under Employee's Shares Scheme	435	501	906	1,271
- Others	643	1,925	3,625	5,142
Establishment costs	1,147	1,085	3,317	2,718
- Rental of premises	429	429	1,286	1,286
- Repairs, servicing and maintenance	7	15	28	45
- Information technology expenses	711	641	2,003	1,387
Marketing costs	3,620	7,928	8,511	9,912
- Advertisement and publicity	3,117	6,809	7,079	8,469
- Others	503	1,119	1,432	1,443
Administration and general expenses	284,094	262,042	870,764	787,426
- Fees and brokerage	6,645	9,632	35,421	15,908
- Administrative expenses	312	1,249	1,794	4,079
- General expenses	11,195	10,566	28,880	23,204
- Shared service cost paid/payable to Maybank	265,942	240,595	804,669	744,235
	<b>298,529</b>	<b>281,953</b>	<b>913,027</b>	<b>831,059</b>

**A30. Finance cost**

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Islamic subordinated sukuk	29,679	28,568	92,978	84,766

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**A31. Taxation and zakat**

The analysis of the taxation and zakat expense for the third quarter ended 30 September 2016 are as follows:

	3rd Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Malaysian income tax	95,161	115,277	268,936	308,405
Under provision in prior period:				
Malaysian income tax	-	9,688	8	9,688
Deferred tax				
- Relating to origination and reversal of temporary differences	<b>(392)</b>	(381)	<b>708</b>	(499)
Tax expense for the financial period	<b>94,769</b>	124,584	<b>269,652</b>	317,594
Zakat	<b>1,371</b>	1,636	<b>10,544</b>	7,526
	<b>96,140</b>	126,220	<b>280,196</b>	325,120

**A32. 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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**A33. 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 2016			As at 31 December 2015		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<b><u>Credit-related</u></b>						
Direct credit substitutes	1,192,226	1,192,226	1,050,851	910,954	910,954	781,531
Certain transaction-related contingent items	2,192,969	1,081,861	817,581	1,910,743	925,818	957,057
Short-term self-liquidating trade-related contingencies	251,697	43,445	28,025	267,119	48,758	44,704
Irrevocable commitments to extend credit:						
- maturity within one year	19,396,581	4,005,589	1,866,230	17,696,250	3,541,800	2,034,823
- maturity more than one year	8,496,850	3,726,376	1,778,461	10,471,923	4,158,267	1,247,773
Miscellaneous	48,819	-	-	47,288	-	-
Total credit-related commitments and contingencies	<b>31,579,142</b>	<b>10,049,497</b>	<b>5,541,148</b>	<b>31,304,277</b>	<b>9,585,597</b>	<b>5,065,888</b>
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- less than one year	8,434,266	269,367	70,899	9,531,473	357,026	96,863
- one year to less than five years	2,326,758	45,432	13,956	2,339,823	57,958	19,457
Profit rate related contracts:						
- less than one year	1,368,000	482	101	718,000	112,958	28,930
- one year to less than five years	3,082,960	384,070	162,669	3,348,950	433,288	151,603
- five years and above	2,322,017	247,325	178,802	2,405,797	231,346	151,347
Total treasury-related commitments and contingencies	<b>17,534,001</b>	<b>946,676</b>	<b>426,427</b>	<b>18,344,043</b>	<b>1,192,576</b>	<b>448,200</b>
	<b>49,113,143</b>	<b>10,996,173</b>	<b>5,967,575</b>	<b>49,648,320</b>	<b>10,778,173</b>	<b>5,514,088</b>

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



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**A34. Capital Adequacy**

**(a) Capital Adequacy Framework**

- (i) Bank Negara Malaysia ("BNM") had on 13 October 2015 issued Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks. The policy documents come into effect on 1 January 2016 and superseded the Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 28 November 2012. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

<b>Common Equity Tier I (CET1) Ratio</b>	<b>Tier 1 Capital Ratio</b>	<b>Total Capital Ratio</b>
4.5%*	6.0%	8.0%

\* Excluding Capital Conservation Buffer of 2.5% of total risk-weighted assets ("RWA") which is subject to phase-in arrangement effective on 1 January 2016 as well as Countercyclical Capital Buffer ranging between 0%-2.5% of total RWA and any other capital buffers which may be introduced by BNM.

- (ii) Total 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 13 October 2015 for Islamic banks.

The sum of the above is 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 ratios 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 (Risk-Weighted Assets) issued on 13 October 2015. 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.

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**A34. Capital Adequacy (cont'd.)**

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

	30 September 2016	31 December 2015
<b>Capital ratios</b>		
CET1 capital ratio	13.827%	12.435%
Tier 1 capital ratio	13.827%	12.435%
Total capital ratio	<b>18.597%</b>	<b>16.489%</b>

(d) Components of capital:

	30 September 2016 RM '000	31 December 2015 RM'000
<b>CET1/Tier 1 capital</b>		
Paid-up share capital	281,556	263,959
Share premium	5,200,227	4,658,232
Retained profits	2,214,748	2,572,819
Other reserves	701,633	771,581
<b>CET1 capital before regulatory adjustments</b>	<b>8,398,164</b>	<b>8,266,591</b>
Less: Regulatory adjustment applied in CET1 capital	<b>(260,535)</b>	<b>(501,597)</b>
Deferred tax assets	-	(36,892)
Profit equalisation reserve	-	(34,456)
Cumulative gain of financial instruments classified as 'AFS' or 'designated at fair value'	<b>(36,335)</b>	-
Regulatory reserve	<b>(224,200)</b>	(430,249)
<b>Total CET1/Tier 1 capital</b>	<b>8,137,629</b>	<b>7,764,994</b>
<b>Tier 2 capital</b>		
Tier 2 capital instruments	2,500,000	2,200,000
Collective allowance <sup>1</sup>	27,234	27,625
Surplus of eligible provision over expected loss	280,160	303,861
<b>Total Tier 2 capital</b>	<b>2,807,394</b>	<b>2,531,486</b>
<b>Total Capital</b>	<b>10,945,023</b>	<b>10,296,480</b>

<sup>1</sup> 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 2016 RM'000	31 December 2015 RM'000
Standardised Approach exposure	6,556,853	6,417,990
Internal Ratings-Based Approach exposure after scaling factor	<b>61,516,852</b>	59,046,097
Total risk-weighted asset for credit risk	<b>68,073,705</b>	65,464,087
Total risk-weighted asset for credit risk absorbed by parent and Investment Account Holder (IAH) <sup>^</sup>	<b>(15,810,430)</b>	(9,098,255)
Total risk-weighted asset for market risk	1,122,167	1,135,708
Total risk-weighted asset for operational risk	<b>5,467,368</b>	4,943,708
Total risk-weighted assets	<b>58,852,810</b>	<b>62,445,248</b>

<sup>^</sup> In accordance with BNM's guideline on the recognition and measurement of Restricted Profit Sharing Investment Account ("RPSIA") and Investment Account as Risk Absorbent, the credit risk on the assets funded by the RPSIA and IA are excluded from the capital adequacy ratios calculation.

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**A35. Fair Value Measurements of Financial Instruments**

**Fair value hierarchy**

For disclosure purposes, the level in the hierarchy within which the instruments are classified in its entirety is based on the lowest level input that is significant to the position's 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 for which all significant inputs are, or are based on, observable market data 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 for which significant inputs are not based on observable market data

Refers to financial instruments where fair value is measured using significant unobservable 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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**A35. 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 2016 and 31 December 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	
<b>At 30 September 2016</b>				
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	-	567,977	-	567,977
<i>Money market instruments</i>	-	-	-	-
<i>Non-money market instruments</i>	-	567,977	-	567,977
<b>Financial investments available-for-sale</b>	-	9,101,714	750	9,102,464
<i>Money market instruments</i>	-	7,724,369	-	7,724,369
<i>Non-money market instruments</i>	-	1,377,345	750	1,378,095
<b>Derivative assets</b>	-	345,839	-	345,839
<i>Foreign exchange related contracts</i>	-	136,343	-	136,343
<i>Profit rate related contracts</i>	-	209,496	-	209,496
	-	10,015,530	750	10,016,280
Financial liabilities measured at fair value:				
<b>Financial liabilities at fair value through profit or loss</b>	-	-	495,358	495,358
<i>Structured deposits</i>	-	-	495,358	495,358
<b>Derivative liabilities</b>	-	345,015	-	345,015
<i>Foreign exchange related contracts</i>	-	133,304	-	133,304
<i>Profit rate related contracts</i>	-	211,711	-	211,711
	-	345,015	495,358	840,373

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**A35. Fair value of financial instruments (cont'd.)**

At 31 December 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:				
<b>Financial assets held-for-trading</b>	-	335,384	-	335,384
<i>Money market instruments</i>	-	-	-	-
<i>Non-money market instruments</i>	-	335,384	-	335,384
<b>Financial investments available-for-sale</b>	-	8,991,929	500	8,992,429
<i>Money market instruments</i>	-	7,452,591	-	7,452,591
<i>Non-money market instruments</i>	-	1,539,338	500	1,539,838
<b>Derivative assets</b>	-	497,904	-	497,904
<i>Foreign exchange related contracts</i>	-	340,938	-	340,938
<i>Profit rate related contracts</i>	-	156,966	-	156,966
	-	9,825,217	500	9,825,717
Financial liabilities measured at fair value:				
<b>Derivative liabilities</b>	-	544,377	43,395	587,772
<i>Foreign exchange related contracts</i>	-	352,033	-	352,033
<i>Profit rate related contracts</i>	-	192,344	43,395	235,739
	-	544,377	43,395	587,772

**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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**A35. Fair value of financial instruments (cont'd.)**

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

	At 1 January 2016 RM'000	Total realised gains/(losses) recognised in income statements* RM'000	Total unrealised gains/(losses) recognised in income statements* RM'000	Purchases RM'000	Sales RM'000	Settlements RM'000	At 30 September 2016 RM'000
<b>At 30 September 2016</b>							
<b>Financial investments available-for-sale</b>							
<i>Non-money market     instruments</i>	500	-	-	250	-	-	750
<b>Derivative assets</b>							
<i>Profit rate related contracts</i>	-	-	-	653	(653)	-	-
<b>Total Level 3 financial assets</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>903</b>	<b>(653)</b>	<b>-</b>	<b>750</b>
<b>Financial liabilities at fair value through profit or loss</b>							
<i>Structured deposits</i>	-	(5,283)	(5,075)	(485,000)	-	-	(495,358)
<b>Derivative liabilities</b>							
<i>Profit rate related contracts</i>	(43,395)	(61,481)	-	-	54,454	50,422	-
<b>Total Level 3 financial liabilities</b>	<b>(43,395)</b>	<b>(66,764)</b>	<b>(5,075)</b>	<b>(485,000)</b>	<b>54,454</b>	<b>50,422</b>	<b>(495,358)</b>
<b>Total net Level 3 financial assets/(liabilities)</b>	<b>(42,895)</b>	<b>(66,764)</b>	<b>(5,075)</b>	<b>(484,097)</b>	<b>53,801</b>	<b>50,422</b>	<b>(494,608)</b>

\* Included within 'Other operating income'.

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**A35. Fair value of financial instruments (cont'd.)**

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy (cont'd):

	At 1 January 2015 RM'000	Total realised gains/(losses) recognised in income statements* RM'000	Total unrealised gains/(losses) recognised in income statements* RM'000	Purchases RM'000	Sales RM'000	Settlements RM'000	At 31 December 2015 RM'000
<b>At 31 December 2015</b>							
<b>Financial investments available-for-sale</b>							
<i>Non-money market     instruments</i>	-	-	-	500	-	-	500
<b>Derivative assets</b>							
<i>Profit rate related contracts</i>	-	635	-	-	-	(635)	-
<b>Total Level 3 financial assets</b>	-	635	-	500	-	(635)	500
<b>Derivative liabilities</b>							
<i>Profit rate related contracts</i>	(85,029)	9,642	31,992	-	-	-	(43,395)
<b>Total Level 3 financial liabilities</b>	(85,029)	9,642	31,992	-	-	-	(43,395)
<b>Total net Level 3 financial assets/(liabilities)</b>	(85,029)	10,277	31,992	500	-	(635)	(42,895)

\* Included within 'Other operating income'.

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

There were no transfers between Level 1 and Level 2 for the Bank during the third quarter ended 30 September 2016.

**Movements in Level 3 financial instruments measured at fair value**

There were no transfers into or out of Level 3 for the Bank during the third quarter ended 30 September 2016.

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**PART B – Review of Performance & Current Year Prospects**

**B1. Performance Review**

The Bank posted profit before tax and zakat of RM1,120.1 million for the financial period ended 30 September 2016, a decrease of RM125.2 million or 10% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances increased by RM197.5 million to RM427.4 million due to higher collective allowance made during the nine-month financial period ended 30 September 2016. The Bank's financing loss reserve coverage ratio with Regulatory Reserve stood at 100.29% as at 30 September 2016.

Total income grew by RM742.0 million or 14% to RM5,956.0 million from previous corresponding period, comprising of income derived from investment of depositors, income derived from investment account funds and income derived from investment of shareholder's funds of RM4,551.5 million, RM1,167.5 million and RM236.9 million respectively.

The Bank's gross financing and advances increased by RM9.6 billion to RM140.7 billion as compared to RM131.1 billion recorded in last financial year. As at 30 September 2016, funding outpaced the growth in financing and advances contributed by Investment Account which grew by RM12.7 billion to close at RM30.4 billion compared to RM17.7 billion in the last financial year. Total customer deposits slightly decreased by 0.5%, recorded at RM105.3 billion against RM105.8 billion in last financial year.

The Bank's capital position continued to be strong and well above regulatory requirements as reflected by its Common Equity Tier I and Tier I Capital Ratio of 13.827% and Total Capital Ratio of 18.597%.

**B2. Prospects**

Malaysia's real GDP growth is expected to ease to 4.1% (2015: 5.0%) on slower domestic demand from moderating consumer spending and private investment. However, public investment is expected to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. The recent Budget 2017 is a modest one, promoting new economic growth aside from construction and a push for more affordable housing projects. BNM in their last meeting for 2016 decided to maintain the Overnight Policy Rate ("OPR") at 3.00% to be in-line with market consensus for the benchmark key interest rate to stay at the current level to ensure that the domestic economy continues on a steady growth path amid stable inflation. Loans and financing growth for Malaysia has tapered further to 5%-5.5% in 2016 from 7%-8% in 2015, on the back of easing household loans growth. The Bank's financing growth is expected to be in line with Islamic industry financing.

The Bank's strategic priorities for 2016 will be to increase cross-sell and collaboration, improve network productivity, enhance automation and operational excellence, and invest in digital initiatives. Operationally, the Bank will also continue to preserve the strength of its balance sheet by managing liquidity and margins while maintaining vigilance over asset quality. As the Bank has proactively restructured and rescheduled customers' facilities in 1H FY2016, the Bank continues to monitor the impaired status of these financing with the intention of recognising some recoveries in 2H FY2016. The Bank also seeks to maintain strong capital levels, well above regulatory requirements.

Barring any unforeseen circumstances, the Bank expects its financial performance for 2016 to be satisfactory in a more challenging regional environment.