

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Income derived from investment of depositors' funds	A24	1,705,950	1,575,911	3,304,871	3,052,756
Income derived from investment of investment account funds	A25	394,851	393,866	807,212	711,769
Income derived from investment of shareholder's funds	A26	78,474	70,981	160,104	141,298
Allowances for impairment losses on financing, advances and other debts, net	A27	(124,270)	(250,184)	(177,691)	(278,311)
Total distributable income		2,055,005	1,790,574	4,094,496	3,627,512
Profit distributed to depositors	A28	(953,602)	(896,343)	(1,833,170)	(1,737,383)
Profit distributed to investment account holders		(246,609)	(260,547)	(509,342)	(467,932)
Total net income		854,794	633,684	1,751,984	1,422,197
Overhead expenses	A29	(338,557)	(325,868)	(679,540)	(614,498)
Finance cost	A30	(29,625)	(29,357)	(58,803)	(63,299)
Profit before taxation and zakat		486,612	278,459	1,013,641	744,400
Taxation	A31	(110,487)	(72,079)	(230,744)	(174,883)
Zakat	A31	(3,264)	(5,557)	(6,212)	(9,173)
Profit for the period		372,861	200,823	776,685	560,344
Profit attributable to :					
Equity holders of the parent		372,861	200,823	776,685	560,344
Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)		132.43	76.08	275.85	212.28

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit for the period	372,861	200,823	776,685	560,344
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain on financial investments available-for-sale	38,536	30,306	55,373	157,633
Income tax relating to components of other comprehensive income	(9,249)	(7,273)	(13,284)	(39,225)
Other comprehensive income for the period, net of tax	29,287	23,033	42,089	118,408
Total comprehensive income for the period, net of tax	402,148	223,856	818,774	678,752
Total comprehensive income attributable to :				
Equity holders of the parent	402,148	223,856	818,774	678,752

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 June 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds		12,551,460	15,535,992
Deposits and placements with banks and other financial institutions	A12	754,201	651,558
Financial assets at fair value through profit or loss	A13(i)	182,637	252,451
Financial investments available-for-sale	A13(ii)	9,929,876	8,719,654
Financial investments held-to-maturity	A13(iii)	1,419,320	-
Financing and advances	A14	152,999,908	148,523,310
Derivative assets	A15	343,933	515,554
Other assets	A16	4,310,772	4,506,551
Statutory deposits with Bank Negara Malaysia		2,620,000	3,070,000
Deferred tax assets		7,066	19,487
TOTAL ASSETS		185,119,173	181,794,557
LIABILITIES			
Deposits from customers	A17	113,156,605	106,604,492
Investment accounts of customers	A18	27,786,571	31,544,587
Deposits and placements of banks and other financial institutions	A19	30,783,378	30,342,006
Bills and acceptances payable		17,983	53,220
Derivative liabilities	A15	397,572	535,161
Financial liabilities at fair value through profit or loss	A20	897,047	902,091
Other liabilities	A21	254,374	91,739
Provision for taxation and zakat		161,371	98,090
Subordinated Sukuk	A23	2,533,918	2,534,496
TOTAL LIABILITIES		175,988,819	172,705,882

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 June 2017 RM'000	31 December 2016 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		5,481,783	281,556
Share premium		-	5,200,227
Retained profits		3,268,349	2,857,087
Other reserves		380,222	749,805
TOTAL SHAREHOLDER'S EQUITY		9,130,354	9,088,675
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		185,119,173	181,794,557
COMMITMENTS AND CONTINGENCIES	A34	54,698,448	52,067,915
<u>CAPITAL ADEQUACY</u>	A35		
Based on credit, market and operational risk:			
CET1 capital ratio		13.404%	13.992%
Tier 1 capital ratio		13.404%	13.992%
Total capital ratio		17.767%	18.553%

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

<=====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	Regulatory reserve RM'000	Distributable retained profits RM'000	Total equity RM'000
At 1 January 2017	281,556	5,200,227	1,697	409,672	(55,264)	393,700	2,857,087	9,088,675
Net profit for the period	-	-	-	-	-	-	776,685	776,685
Other comprehensive income	-	-	-	-	42,089	-	-	42,089
Total comprehensive income for the period	-	-	-	-	42,089	-	776,685	818,774
Transfer from regulatory reserve	-	-	-	-	-	(2,000)	2,000	-
Transfer from statutory reserve	-	-	-	(409,672)	-	-	409,672	-
Transfer from share premium	5,200,227	(5,200,227)	-	-	-	-	-	-
Dividend on ordinary shares (Note A10)	-	-	-	-	-	-	(777,095)	(777,095)
Total transactions with shareholder / other equity movements	5,200,227	(5,200,227)	-	(409,672)	-	(2,000)	(365,423)	(777,095)
At 30 June 2017	5,481,783	-	1,697	-	(13,175)	391,700	3,268,349	9,130,354

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

<=====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 2016	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	-	-	-	-	-	-	-	560,344	560,344
Other comprehensive income	-	-	-	-	118,408	-	-	-	118,408
Total comprehensive income for the period	-	-	-	-	118,408	-	-	560,344	678,752
Transfer from regulatory reserve	-	-	-	-	-	-	(317,249)	317,249	-
Dividend paid	-	-	-	-	-	-	-	(564,872)	(564,872)
Total transactions with shareholder / other equity movements	-	-	-	-	-	-	(317,249)	(247,623)	(564,872)
At 30 June 2016	263,959	4,658,232	1,697	409,672	13,915	34,456	113,000	2,885,540	8,380,471

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

	30 June 2017 RM'000	30 June 2016 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	1,013,643	744,400
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	202,085	311,698
Amortisation of premium less accretion of discount	(47,372)	(58,556)
Unrealised gains on revaluation of derivatives	(14,664)	(2,215)
Unrealised losses/(gains) on revaluation of financial assets at fair value through profit or loss	689	(16)
Unrealised losses on revaluation of financial liabilities at fair value through profit or loss	14,071	4,214
Gains on disposal of financial investments available-for-sale	(2,418)	(17,155)
Gains on disposal of financial assets at fair value through profit or loss	(452)	(2,153)
Gains/(losses) on foreign exchange translations	(5,364)	19,255
Share options granted under ESS	254	471
Operating profit before working capital changes	1,160,472	999,943
Change in deposits and placements with banks and other financial institutions	(102,642)	(2,860,535)
Change in cash and short-term funds with original maturity of more than three months	201,263	304,778
Change in financial investments portfolio	(2,454,803)	(1,327,639)
Change in financing and advances	(4,678,683)	(7,145,870)
Change in derivative assets and liabilities	48,696	(48,688)
Change in other assets	195,778	494,802
Change in statutory deposits with Bank Negara Malaysia	450,000	843,000
Change in deposits from customers	6,552,112	558,828
Change in investment accounts of customers	(3,758,017)	13,306,138
Change in deposits and placements of banks and other financial institutions	446,737	998,096
Change in financial liabilities at fair value through profit or loss	(19,115)	484,466
Change in bills and acceptances payable	(35,239)	9,694
Change in other liabilities	221,186	813,306
Cash (used in)/generated from operating activities	(1,772,255)	7,430,319
Taxes and zakat paid	(174,536)	(179,849)
Net cash (used in)/generated from operating activities	(1,946,791)	7,250,470
Cash flows from financing activities		
Profit paid for subordinated sukuk	(58,968)	(56,823)
Profit paid for term funding	(412)	-
Dividend paid	(777,096)	(564,872)
Net cash used in investing activities	(836,476)	(621,695)
Net (decrease)/increase in cash and cash equivalents	(2,783,267)	6,628,775
Cash and cash equivalents at beginning of period	15,334,727	8,510,726
Cash and cash equivalents at end of period	12,551,460	15,139,501

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

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

	30 June 2017 RM'000	30 June 2016 RM'000
Cash and cash equivalents comprise:		
Cash and short term funds	12,551,460	14,838,937
Deposits and placements with banks and other financial institutions	<u>754,201</u>	<u>3,161,099</u>
	13,305,661	18,000,036
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	<u>(754,201)</u>	<u>(2,860,535)</u>
	<u>12,551,460</u>	<u>15,139,501</u>

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements)

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

Explanatory Notes

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

A1. Basis of preparation

The unaudited condensed interim financial statements for 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 Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

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 2016. 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 2016.

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 2016 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2017:

- MFRS 107 *Statement of Cash Flows* - Disclosure Initiative (Amendments to MFRS 107)
- MFRS 112 *Income Taxes* - Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
- Annual Improvements to MFRSs 2014 - 2016 Cycle - *Disclosure of Interests in Other Entities* (Amendments to MFRS 12)

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 107 Statement of Cash Flows - Disclosure Initiative (Amendments to MFRS 107)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (for example foreign exchange movements and fair value changes).

On initial application of these amendments, entities are not required to provide comparative information for preceding periods. The Bank are not required to provide additional disclosures in the condensed interim financial statements, but will disclose the additional information in the annual financial statements for the year ending 31 December 2017.

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

A1. Basis of preparation (cont'd.)

Companies Act 2016

The unaudited condensed interim financial statements of the Bank are prepared in accordance with the requirements of the Companies Act 2016 ("New Act"), which replaced the Companies Act 1965. Amongst the key changes introduced in the New Act which affected the financial statements of the Bank upon the commencement of the New Act on 31 January 2017 are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares of the Bank will cease to have par or nominal value; and
- (c) the Bank's share premium will become part of the share capital.

During the financial half year ended 30 June 2017, the Bank has transferred RM5.2 billion share premium to its share capital. Pursuant to Section 618(3) of the New Act, the Bank has twenty four (24) months to utilise the amount of share premium that has been transferred to share capital.

Revised Policy Document on Capital Funds for Islamic Banks issued by Bank Negara Malaysia ("BNM")

On 3 May 2017, BNM issued a Revised Policy Document on Capital Funds for Islamic Banks ("Revised Policy Document"). This Revised Policy Document applies to banking institutions in Malaysia that cover licensed Islamic bank. The issuance of this Revised Policy Document has superseded guidelines issued by BNM previously, namely Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (a) the removal of the requirement on maintenance of a reserve fund; and
- (b) the revised component of capital funds shall exclude share premium and reserve fund.

Upon adoption of the Revised Policy Document, the Bank has transferred RM409.7 million statutory reserve to retained earnings as at 30 June 2017.

Policy Document on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 issued by Bank Negara Malaysia ("BNM")

On 21 June 2017, BNM issued a Policy Document on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA"). This Policy Document applies to banking institutions in Malaysia that covers licensed commercial bank and licensed Islamic bank.

The Policy Document clarifies that structured products that do not guarantee full repayment of principal amount on demand do not fulfill the definition of deposits under Section 2 of the FSA and IFSA and hence must not be classified as deposits or Islamic deposits.

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

A1. Basis of preparation (cont'd.)

Policy Document on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 issued by Bank Negara Malaysia ("BNM") (cont'd.)

In terms of financial reporting, insofar that the structured product is bifurcated, the principal amount shall not be reported under the "deposit", "Islamic deposit" or "investment account" line items in the banking institutions' financial statements. Effective from June 2017 reporting date onwards, banking institutions shall report structured products (in accordance with the accounting treatment adopted) under either of these items:

- "Financial Liabilities Designated at Fair Value through Profit or Loss" if applying fair value options;
- "Other Liabilities" if accounted for separately from the embedded derivative.

The adoption of the Policy Document will not have any financial effects on the Bank's financial results for the current financial year ending 31 December 2017.

A2. Significant accounting policies

The audited annual financial statements of the Bank for the financial year ended 31 December 2016 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2016 except for the application of the requirements of the New Act.

A3. Significant accounting estimates and judgments

The preparation of unaudited condensed interim financial statements requires management to make judgements, 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 judgements 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 annual financial statements for the financial year ended 31 December 2016.

A4. Auditors' report on proceeding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2016 was not qualified.

A5. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the financial half year ended 30 June 2017.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial half year ended 30 June 2017.

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

A7. Changes in estimates

There were no material changes in estimates during the financial half year ended 30 June 2017.

A8. Issue of Ordinary Share Capital

There was no issuance of ordinary share capital during the financial half year ended 30 June 2017.

A9. Changes in Debt and Equity Securities

(a) Share Capital

The share capital of the Bank increased from RM281,556,000 as at 31 December 2016 to RM5,481,783,300 as at 30 June 2017 via transfer of share premium amounting to RM5,200,227,300 to share capital pursuant to Companies Act 2016.

(b) Establishment of Islamic Commercial Paper/Medium Term Note Programme of up to RM10.0 billion in nominal value

On 21 February 2017, the Bank successfully established a RM10.0 billion Islamic commercial paper/medium term note programme in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar.

A10. Dividends Paid/Declared

During the Annual General Meeting held on 5 April 2017, a final single-tier dividend of RM2.76 per share on 281,556,000 ordinary shares, amounting to a dividend payable of RM777,094,560 was approved by shareholders. The payment of dividend was completed on 12 April 2017.

On 25 August 2017, the Board of Directors have declared an interim tax-exempt (single tier) dividend in respect of the financial year ending 31 December 2017 of RM2.70 per share on 281,556,000 ordinary shares, amounting to RM760,201,200.

A11. Related party transaction

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

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

A12. Deposits and Placements with banks and other financial institutions

	30 June 2017 RM'000	31 December 2016 RM'000
Licensed islamic banks	100,262	451,188
Licensed investment banks	653,939	200,370
	<u>754,201</u>	<u>651,558</u>

A13. Financial investments portfolio

	Note	30 June 2017 RM'000	31 December 2016 RM'000
Financial assets at fair value through profit or loss	(i)	182,637	252,451
Financial investments available-for-sale	(ii)	9,929,876	8,719,654
Financial investments held-to-maturity	(iii)	1,419,320	-
		<u>11,531,833</u>	<u>8,972,105</u>

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

Financial assets held-for-trading are as follows:

	30 June 2017 RM'000	31 December 2016 RM'000
At fair value		
Unquoted securities:		
Foreign Islamic Corporate Sukuk	182,637	252,451
Total financial assets at fair value through profit or loss	<u>182,637</u>	<u>252,451</u>

(ii) Financial investments available-for-sale

	30 June 2017 RM'000	31 December 2016 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	6,266,188	4,337,818
Negotiable Islamic instruments of deposits	2,085,430	3,088,513
	<u>8,351,618</u>	<u>7,426,331</u>

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

A13. Financial investments portfolio (cont'd.)

(ii) Financial investments available-for-sale (cont'd.)

	30 June 2017 RM'000	31 December 2016 RM'000
Unquoted securities:		
Corporate Sukuk in Malaysia	1,512,715	1,189,659
Foreign Islamic Corporate Sukuk	17,406	53,989
Malaysian Government sukuk	47,387	48,925
Equity	750	750
	<u>1,578,258</u>	<u>1,293,323</u>
Total financial investments available-for-sale	<u>9,929,876</u>	<u>8,719,654</u>

(iii) Financial investments held-to-maturity

	30 June 2017 RM'000	31 December 2016 RM'000
Unquoted securities:		
Corporate Sukuk in Malaysia	1,419,320	-
Total financial investments held-to-maturity	<u>1,419,320</u>	<u>-</u>

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

A14. Financing and advances

(i) By type and Shariah concepts

At 30 June 2017	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	-	5,130,146	-	-	-	-	-	5,130,146
Term financing								
- House financing	18,355,381	61,812,553	2,474,074	-	-	-	-	82,642,008
- Syndicated financing	-	737,392	-	-	-	-	-	737,392
- Hire purchase receivables	-	-	-	36,747,845	-	-	-	36,747,845
- Other term financing	23,512,711	72,782,208	1,257,921	-	121,620	147,213	55,237	97,876,910
Bills receivable	34,874	-	-	-	-	-	3,148	38,022
Trust receipts	-	152,395	-	-	-	-	-	152,395
Claims on customers under acceptance credits	-	4,690,134	-	-	-	-	-	4,690,134
Staff financing	683,374	1,446,960	10,225	154,548	-	-	43,600	2,338,707
Credit card receivables	-	-	-	-	-	-	867,913	867,913
Revolving credit	-	17,065,919	-	-	-	-	-	17,065,919
	42,586,340	163,817,707	3,742,220	36,902,393	121,620	147,213	969,898	248,287,391
Unearned income								(93,775,331)
Gross financing and advances ^{^^}								154,512,060
Allowances for impaired financing and advances:								
- individual								(663,320)
- collective								(848,832)
Net financing and advances								152,999,908

^ 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") and Investment Accounts of Customers ("IA").

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

A14. Financing and advances (cont'd.)

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

At 31 December 2016	Bai [^] RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total financing and advances RM'000
Cashline	-	4,844,236	-	-	-	157	-	4,844,393
Term financing								
- House financing	19,101,421	59,662,500	2,563,623	-	-	-	-	81,327,544
- Syndicated financing	-	785,260	-	-	-	-	-	785,260
- Hire purchase receivables	-	-	-	36,148,172	-	-	-	36,148,172
- Other term financing	27,660,430	69,777,874	1,339,766	-	118,178	148,079	54,879	99,099,206
Bills receivable	-	793	-	-	-	-	379	1,172
Trust receipts	-	153,310	-	-	-	-	-	153,310
Claims on customers under acceptance credits	-	4,838,297	-	-	-	-	-	4,838,297
Staff financing	737,996	1,372,550	10,546	150,323	-	-	44,793	2,316,208
Credit card receivables	-	-	-	-	-	-	825,661	825,661
Revolving credit	-	16,508,748	-	-	-	-	-	16,508,748
	<u>47,499,847</u>	<u>157,943,568</u>	<u>3,913,935</u>	<u>36,298,495</u>	<u>118,178</u>	<u>148,236</u>	<u>925,712</u>	<u>246,847,971</u>
Unearned income								(96,954,485)
Gross financing and advances ^{^^}								<u>149,893,486</u>
Allowances for impaired financing and advances:								
- individual								(617,350)
- collective								(752,826)
Net financing and advances								<u>148,523,310</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") and Investment Accounts of Customers ("IA").

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

A14. Financing and advances (cont'd.)

(ii) By type of customers

	30 June 2017 RM'000	31 December 2016 RM'000
Domestic non-banking institutions	4,992,674	5,389,556
Domestic business enterprises		
- Small and medium enterprises	17,780,002	17,140,131
- Others	28,239,666	28,085,529
Government and statutory bodies	9,435,167	8,546,355
Individuals	92,071,657	89,398,021
Other domestic entities	27,997	27,117
Foreign entities in Malaysia	1,964,897	1,306,777
Gross financing and advances	154,512,060	149,893,486

(iii) By profit rate sensitivity

	30 June 2017 RM'000	31 December 2016 RM'000
Fixed rate		
- House financing	1,361,320	1,411,729
- Hire purchase receivables	31,835,810	31,306,119
- Other financing	27,683,070	27,219,698
Floating rate		
- House financing	32,787,830	30,275,842
- Other financing	60,844,030	59,680,098
Gross financing and advances	154,512,060	149,893,486

(iv) By economic purpose

	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of securities	19,265,003	19,549,967
Purchase of transport vehicles	31,808,835	31,285,307
Purchase of landed properties		
- residential	33,615,582	30,558,405
- non-residential	11,072,874	11,448,638
Purchase of fixed assets (exclude landed properties)	38,249	30,867
Personal use	3,374,836	3,293,004
Consumer durables	301	293
Construction	3,455,811	3,553,259
Working capital	50,971,246	49,305,842
Credit/charge card	909,323	867,904
Gross financing and advances	154,512,060	149,893,486

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

A14. Financing and advances (cont'd.)

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

	30 June 2017 RM'000	31 December 2016 RM'000
Maturity within one year	32,177,107	31,796,935
One year to three years	6,609,642	5,178,971
Three years to five years	14,069,076	14,279,409
After five years	101,656,235	98,638,171
Gross financing and advances	<u>154,512,060</u>	<u>149,893,486</u>

(vi) Impaired financing and advances by economic purpose

	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of securities	11,576	14,906
Purchase of transport vehicles	154,710	135,642
Purchase of landed properties		
- residential	136,239	117,898
- non-residential	89,311	79,290
Personal use	18,542	17,375
Credit/charge cards	9,334	7,939
Consumer durables	8	14
Construction	348,692	356,865
Working capital	916,365	759,357
Gross impaired financing and advances	<u>1,684,777</u>	<u>1,489,286</u>

(vii) Movement in impaired financing and advances

	30 June 2017 RM'000	31 December 2016 RM'000
Gross impaired financing and advances at 1 January 2017/2016	1,489,286	873,230
Newly impaired	700,774	1,399,827
Reclassified as non-impaired	(257,469)	(415,007)
Recovered	(191,320)	(237,721)
Amount written off	(56,494)	(131,043)
Gross impaired financing and advances at 30 June 2017/ 31 December 2016	<u>1,684,777</u>	<u>1,489,286</u>

Calculation of ratio of net impaired financing and advances:

Gross impaired financing and advances at 30 June 2017/ 31 December 2016 (excluding financing funded by RPSIA and IA)*	1,607,161	1,407,595
Less: Individual allowance	(663,320)	(617,350)
Net impaired financing and advances	<u>943,841</u>	<u>790,245</u>

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

A14. Financing and advances (cont'd.)

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

	30 June 2017 RM'000	31 December 2016 RM'000
Gross financing and advances (excluding financing funded by RPSIA and IA)	108,054,975	100,618,436
Less: Individual allowance	<u>(663,320)</u>	<u>(617,350)</u>
Net financing and advances	<u>107,391,655</u>	<u>100,001,086</u>
 Net impaired financing and advances as a percentage of net financing and advances	 <u>0.88%</u>	 <u>0.79%</u>

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

	30 June 2017 RM'000	31 December 2016 RM'000
<u>Individual Allowance</u>		
At 1 January 2017/2016	617,350	208,683
Allowance made*	111,823	460,108
Amount written back in respect of recoveries	(60,275)	(22,583)
Amount written off	(2,932)	(25,452)
Transferred to collective allowance	(2,646)	(3,406)
At 30 June 2017/31 December 2016	<u>663,320</u>	<u>617,350</u>
	 30 June 2017 RM'000	 31 December 2016 RM'000
<u>Collective Allowance</u>		
At 1 January 2017/2016	752,826	747,774
Net allowance made during the period/year*	146,922	107,237
Amount written off	(53,562)	(105,591)
Transferred from individual allowance	2,646	3,406
At 30 June 2017/31 December 2016	<u>848,832</u>	<u>752,826</u>
 As a % of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)	 <u>1.20%</u>	 <u>1.20%</u>

* As at 30 June 2017, the gross exposure of the financing funded by RPSIA is RM18,670.5 million (31 December 2016 : RM17,730.5 million). The related individual allowance and collective allowance relating to these financing amounting to RM152.67 million and RM49.87 million respectively (31 December 2016 : RM126.7 and RM52.0 million) are accounted for by the parent.

The gross exposure of the financing funded by IA as at 30 June 2017 was RM27,786.6 million (31 December 2016 : RM31,544.6 million). No individual allowance and collective allowance relating to financing funded by IA are recognised in the financial statements of the Bank, as the credit risk are borne by the investors.

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

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 June 2017			31 December 2016		
	Contract/ Notional Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Contract/ Notional 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	4,141,308	38,976	(53,985)	4,087,372	263,098	(3,724)
Currency swaps						
- Less than one year	6,204,569	60,651	(86,166)	5,212,700	14,892	(263,997)
- One year to three years	217,400	41	-	-	-	-
Currency spot						
- Less than one year	73,419	-	(28)	46,449	6	(24)
Currency options						
- Less than one year	-	-	-	1,794	130	(130)
Cross currency profit rate swaps						
- One year to three years	652,490	56,161	(55,112)	-	-	-
- More than three years	2,071,262	6,875	(6,875)	668,208	75,201	(73,928)
<u>Profit rate related contracts:</u>						
Profit rate options						
- More than three years	1,290,000	2,699	(10,259)	1,310,000	5,801	(28,111)
Profit rate swaps						
- One year to three years	850,000	3,106	(3,579)	750,000	2,700	(2,777)
- More than three years	2,552,528	35,917	(26,343)	2,603,674	25,356	(20,655)
	18,052,976	204,426	(242,347)	14,680,197	387,184	(393,346)
Hedging derivatives						
<u>Foreign exchange related contracts:</u>						
Cross currency profit rate swaps						
- One year to three years	1,709,552	139,186	(155,225)	1,704,621	127,296	(141,161)
<u>Profit rate related contracts:</u>						
Profit rate swaps						
- Less than one year	-	-	-	1,000,000	368	(368)
- One year to three years	644,175	321	-	672,900	706	(286)
	2,353,727	139,507	(155,225)	3,377,521	128,370	(141,815)
Total derivative assets/(liabilities)	20,406,703	343,933	(397,572)	18,057,718	515,554	(535,161)

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

A16. Other assets

	30 June 2017 RM'000	31 December 2016 RM'000
Amount due from holding company	3,666,399	3,756,777
Handling fees	173,409	174,548
Prepayments and deposits	272,815	261,520
Margin call	-	224,220
Others	198,149	89,486
	<u>4,310,772</u>	<u>4,506,551</u>

A17. Deposits from customers

i) By type of deposits

	30 June 2017 RM'000	31 December 2016 RM'000
<u>Savings deposits</u>		
Wadiah	14,777,868	13,498,385
<u>Demand deposits</u>		
Wadiah	16,938,648	17,291,694
<u>Term deposits</u>		
Murabahah	80,254,313	73,527,095
Qard	1,185,776	2,287,318
	<u>113,156,605</u>	<u>106,604,492</u>

ii) By type of customers

	30 June 2017 RM'000	31 December 2016 RM'000
Business enterprises	42,526,018	43,055,514
Individuals	37,273,990	33,237,761
Government and statutory bodies	16,854,909	17,395,634
Others	16,501,688	12,915,583
	<u>113,156,605</u>	<u>106,604,492</u>

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

A18. Investment accounts of customers

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

	30 June 2017 RM'000	31 December 2016 RM'000
Business enterprises	9,990,084	13,040,863
Individuals	15,844,350	16,197,049
Government and statutory bodies	294,897	460,216
Others	1,657,240	1,846,459
	27,786,571	31,544,587

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

	30 June 2017 RM'000	31 December 2016 RM'000
Unrestricted investment accounts		
<u>Mudharabah</u>		
- without maturity	8,613,796	7,564,114
- with maturity		
Due within six months	14,902,152	15,045,407
Six months to one year	4,254,823	8,929,760
One year to three years	4,936	3,513
Three years to five years	10,864	1,793
	19,172,775	23,980,473
Total investment accounts of customers	27,786,571	31,544,587

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

	30 June 2017 RM'000	31 December 2016 RM'000
Unrestricted Investment		
Retail financing	27,786,571	27,913,126
Non-retail financing	-	3,631,461
Total investment	27,786,571	31,544,587

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

	30 June 2017		31 December 2016	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Investment accounts of customers	61%	3.04%	63%	3.17%

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

A19. Deposits and placements of banks and other financial institutions

	30 June 2017 RM'000	31 December 2016 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	18,738,724	17,767,671
<u>Non-Mudharabah Fund</u>		
Licensed banks	8,936,621	12,376,215
Licensed islamic banks	993,803	-
Licensed investment banks	318,194	-
Other financial institutions	1,796,036	198,120
	12,044,654	12,574,335
	30,783,378	30,342,006

* Mudharabah deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent. These placements are used to fund certain specific financing.

A20. Financial liabilities at fair value through profit or loss

	30 June 2017 RM'000	31 December 2016 RM'000
Structured deposits	897,047	902,091

The Bank has designated the above structured deposits at fair value through profit or loss ("FVTPL"). This designation is permitted under MFRS139 - *Financial instruments: Recognition and Measurement* as it significantly reduces accounting mismatch. These instruments are managed by the Bank on the basis of its fair value and include terms that have substantive derivative characteristics.

The carrying amount of structured deposits designated at fair value through profit or loss of the Bank as at 30 June 2017 was RM898,044,000 (31 December 2016 : RM917,160,000). The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A21. Other liabilities

	30 June 2017 RM'000	31 December 2016 RM'000
Sundry creditors	177,199	56,082
Deposit on trade financing	28,235	22,691
Provisions and accruals	9,354	12,966
Others	39,586	-
	254,374	91,739

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

A22. Sources and uses of charity funds

	30 June 2017 RM'000	31 December 2016 RM'000
Sources of charity funds		
Shariah non-compliant/prohibited income	1	64
Income earned from late payment charges	-	30
Total sources of charity funds during the period/year	1	94
Uses of charity funds		
Contribution to non-profit organisation	-	94
Total uses of charity funds during the period/year	-	94
Undistributed charity funds as at 30 June 2017/ 31 December 2016	1	-

A23. Subordinated Sukuk

		30 June 2017 RM'000	31 December 2016 RM'000
	Note		
RM1,500 million Tier 2 Islamic Subordinated Sukuk due in 2024	(i)	1,516,592	1,516,788
RM1,000 million Tier 2 Islamic Subordinated Sukuk due in 2026	(ii)	1,017,326	1,017,708
		2,533,918	2,534,496

(i) On 7 April 2014, the Bank issued RM1.5 billion in nominal value Basel III-compliant Tier 2 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.

(ii) On 15 February 2016, the Bank issued RM1.0 billion in nominal value Basel III-compliant Tier 2 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.

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

A24. Income derived from investment of depositors' funds

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Income derived from investment of:				
i) General investment deposits	1,262,255	1,140,095	2,378,552	2,185,389
ii) Other deposits	443,695	435,816	926,319	867,367
	1,705,950	1,575,911	3,304,871	3,052,756

i) Income derived from investment of general investment deposits

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Financing and advances	1,038,569	901,019	1,956,712	1,792,016
Money at call and deposit with financial institutions	77,536	86,869	148,564	138,216
Financial investments available-for-sale	52,357	40,499	92,544	81,783
Financial investments held-to-maturity	15,527	-	19,623	-
Financial assets at fair value through profit or loss	1,801	1,323	3,355	2,284
	1,185,790	1,029,710	2,220,798	2,014,299
Amortisation of premium less accretion of discounts	13,623	22,936	32,519	40,064
Total finance income and hibah	1,199,413	1,052,646	2,253,317	2,054,363
Other operating income :				
Fee income				
- Processing fees	5,481	5,334	11,840	9,258
- Commissions	26,501	15,523	46,971	43,736
- Service charges and other fees	28,083	36,328	54,751	72,933
Gains on disposal of financial investments available-for-sale	1,065	746	1,660	11,738
Gains on disposal of financial assets at fair value through profit or loss	316	222	310	1,473
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(457)	171	(473)	11
- Financial liabilities at fair value through profit or loss	(9,827)	(2,131)	(9,659)	(2,883)
- Derivatives	9,275	(3,612)	10,066	1,516
(Losses)/gains on foreign exchange:				
- Realised	(14,444)	38,445	(8,035)	57,135
- Unrealised	12,839	(6,411)	11,717	(70,309)
Realised gain on derivatives	4,010	2,834	6,087	6,418
	1,262,255	1,140,095	2,378,552	2,185,389

Included in finance income were income on impaired assets amounting to RM14.1 million (30 June 2016: RM20.8 million).

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

A24. Income derived from investment of depositors' funds (cont'd.)

ii) Income derived from investment of other deposits

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Financing and advances	365,081	343,382	762,034	711,239
Money at call and deposit with financial institutions	27,150	33,658	57,858	54,857
Financial investments available-for-sale	18,666	15,414	36,041	32,459
Financial investments held-to-maturity	5,871	-	7,642	-
Financial assets at fair value through profit or loss	635	509	1,307	906
	417,403	392,963	864,882	799,461
Amortisation of premium less accretion of discounts	4,495	8,830	12,664	15,901
Total finance income and hibah	421,898	401,793	877,546	815,362
Other operating income :				
Fee income				
- Processing fees	1,862	2,054	4,611	3,674
- Commissions	9,443	5,711	18,293	17,359
- Service charges and other fees	9,793	13,843	21,323	28,947
Gains on disposal of financial investments available-for-sale	389	121	646	4,659
Gains on disposal of financial assets at fair value through profit or loss	123	68	121	585
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(177)	70	(184)	4
- Financial liabilities at fair value through profit or loss	(3,835)	(833)	(3,762)	(1,144)
- Derivatives	3,578	(1,515)	3,920	602
(Losses)/gains on foreign exchange:				
- Realised	(5,900)	14,961	(3,129)	22,677
- Unrealised	5,048	(1,524)	4,563	(27,905)
Realised gain on derivatives	1,473	1,067	2,371	2,547
	443,695	435,816	926,319	867,367

Included in finance income were income on impaired assets amounting to RM5.5 million (30 June 2016: RM8.2 million).

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

A25. Income derived from investment of investment account funds

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Financing and advances	390,744	383,338	802,059	692,660
Financial investments available-for-sale	-	-	-	262
Total finance income and hibah	<u>390,744</u>	<u>383,338</u>	<u>802,059</u>	<u>692,922</u>
Other operating income :				
Fee income				
- Commissions	281	288	535	340
- Service charges and other fees	3,826	10,240	4,618	18,507
	<u>394,851</u>	<u>393,866</u>	<u>807,212</u>	<u>711,769</u>

A26. Income derived from investment of shareholder's funds

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Financing and advances	64,570	55,922	131,708	115,863
Money at call and deposit				
with financial institutions	4,806	5,482	10,000	8,936
Financial investments available-for-sale	3,290	2,511	6,229	5,288
Financial investments held-to-maturity	1,021	-	1,321	-
Financial assets at fair value through profit or loss	112	83	226	148
	<u>73,799</u>	<u>63,998</u>	<u>149,484</u>	<u>130,235</u>
Amortisation of premium less accretion of discounts	807	1,438	2,189	2,590
Total finance income and hibah	<u>74,606</u>	<u>65,436</u>	<u>151,673</u>	<u>132,825</u>
Other operating income :				
Fee income				
- Processing fees	332	335	797	599
- Commissions	1,665	930	3,162	2,828
- Service charges and other fees	1,735	2,255	3,685	4,716
Gains on disposal of financial investments available-for-sale	69	20	112	759
Gains on disposal of financial assets at fair value through profit or loss	21	11	21	95
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(31)	12	(32)	1
- Financial liabilities at fair value through profit or loss	(662)	(135)	(650)	(186)
- Derivatives	620	(247)	678	98
(Losses)/gains on foreign exchange:				
- Realised	(1,010)	2,437	(541)	3,694
- Unrealised	871	(247)	789	(4,546)
Realised gain on derivatives	258	174	410	415
	<u>78,474</u>	<u>70,981</u>	<u>160,104</u>	<u>141,298</u>

Included in finance income were income on impaired assets amounting to RM1.0 million (30 June 2016: RM1.3 million).

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

A27. Allowances for impairment losses on financing, advances and other debts, net

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on financing and advances:				
- collective allowance made	80,678	208,983	146,922	269,965
- individual allowance made	75,272	67,151	111,823	71,854
- individual allowance written back	(25,876)	(12,716)	(60,275)	(35,140)
Impaired financing and advances written off	1,807	2,423	3,550	5,086
Impaired financing and advances recovered	(7,736)	(15,630)	(24,393)	(33,387)
Allowances for/(writeback of) impairment losses on other debts	125	(27)	64	(67)
	<u>124,270</u>	<u>250,184</u>	<u>177,691</u>	<u>278,311</u>

A28. Profit distributed to depositors

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah	698,151	701,393	1,350,805	1,363,345
Deposits and placements of banks and other financial institutions				
- Mudharabah	157,414	89,523	305,659	187,847
- Non-Mudharabah	75,003	73,545	153,672	154,309
	<u>232,417</u>	<u>163,068</u>	<u>459,331</u>	<u>342,156</u>
Financial liabilities at fair value through profit or loss				
- Non-Mudharabah	23,034	31,882	23,034	31,882
	<u>953,602</u>	<u>896,343</u>	<u>1,833,170</u>	<u>1,737,383</u>

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

A29. Overhead expenses

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Personnel expenses	10,030	10,171	20,270	20,767
- Salaries, allowances and bonuses	7,232	7,639	14,449	14,977
- Pension costs	1,111	1,184	2,223	2,337
- Shares/Options granted under Employee's Shares Scheme	144	195	254	471
- Others	1,543	1,153	3,344	2,982
Establishment costs	1,083	1,392	2,237	2,170
- Rental of premises	572	428	1,001	857
- Repairs, servicing and maintenance	6	3	9	21
- Information technology expenses	505	961	1,227	1,292
Marketing costs	3,157	2,454	5,225	4,891
- Advertisement and publicity	959	764	1,193	970
- Others	2,198	1,690	4,032	3,921
Administration and general expenses	324,287	311,851	651,808	586,670
- Fees and brokerage	21,044	16,708	35,886	28,776
- Administrative expenses	356	604	704	1,482
- General expenses	19,602	9,040	38,992	17,685
- Shared service cost paid/payable to Maybank	283,285	285,499	576,226	538,727
	338,557	325,868	679,540	614,498

A30. Finance cost

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Subordinated sukuk	29,357	29,357	58,391	63,299
Term funding	268	-	412	-
	29,625	29,357	58,803	63,299

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

A31. Taxation and zakat

The analysis of the taxation and zakat expense for the financial half year ended 30 June 2017 are as follows:

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Malaysian income tax	111,327	71,719	231,606	173,775
Under provision in prior period:				
Malaysian income tax	-	-	-	8
Deferred tax				
- Relating to origination and reversal of temporary differences	<u>(840)</u>	360	<u>(862)</u>	1,100
Tax expense for the financial period	<u>110,487</u>	72,079	<u>230,744</u>	174,883
Zakat	<u>3,264</u>	5,557	<u>6,212</u>	9,173
	<u>113,751</u>	<u>77,636</u>	<u>236,956</u>	<u>184,056</u>

A32. Credit exposure arising from credit transactions with connected parties

	30 June 2017	31 December 2016
Outstanding credit exposure with connected parties (RM'000)	<u>4,036,537</u>	<u>3,339,693</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>2.69%</u>	<u>2.30%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

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

A33. 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.

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

A34. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

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

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

	As at 30 June 2017			As at 31 December 2016		
	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	1,257,045	1,257,045	1,109,522	1,243,371	1,243,371	1,275,387
Certain transaction-related contingent items	3,313,468	1,642,676	1,263,876	2,339,735	1,155,527	861,936
Short-term self-liquidating trade-related contingencies	241,321	39,300	25,254	295,126	50,777	35,283
Irrevocable commitments to extend credit:						
- maturity within one year	20,803,138	3,973,639	2,212,303	21,396,850	4,788,406	2,352,723
- maturity more than one year	8,632,513	4,153,111	1,846,057	8,679,087	2,728,616	1,321,241
Miscellaneous	44,260			56,028	-	-
Total credit-related commitments and contingencies	34,291,745	11,065,771	6,457,012	34,010,197	9,966,697	5,846,570
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	10,419,296	321,389	88,458	9,348,315	456,329	116,847
- one year to less than five years	4,650,703	41,113	13,183	2,372,829	137,963	53,150
Profit rate related contracts:						
- less than one year	-	-	-	1,000,000	612	710
- one year to less than five years	2,870,066	687,174	298,491	2,822,620	424,297	191,104
- five years and above	2,466,638	210,658	102,576	2,513,954	102,199	92,637
Total treasury-related commitments and contingencies	20,406,703	1,260,334	502,708	18,057,718	1,121,400	454,448
	54,698,448	12,326,105	6,959,720	52,067,915	11,088,097	6,301,018

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

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

A35. 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. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

Common Equity Tier I (CET1) Ratio	Tier 1 Capital Ratio	Total Capital Ratio
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 2 March 2017 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 and 2 March 2017 respectively. 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.

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

A35. Capital Adequacy (cont'd.)

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

	30 June 2017	31 December 2016
Capital ratios		
CET1 capital ratio	13.404%	13.992%
Tier 1 capital ratio	13.404%	13.992%
Total capital ratio	<u>17.767%</u>	<u>18.553%</u>

(d) Components of capital:

	30 June 2017 RM '000	31 December 2016 RM'000
CET1/Tier 1 capital		
Share capital	5,481,783	281,556
Share premium	-	5,200,227
Retained profits	3,268,349	2,857,087
Other reserves	<u>380,222</u>	<u>749,805</u>
CET1 capital before regulatory adjustments	<u>9,130,354</u>	<u>9,088,675</u>
Less: Regulatory adjustment applied in CET1 capital	<u>(398,766)</u>	<u>(413,187)</u>
Deferred tax assets	<u>(7,066)</u>	<u>(19,487)</u>
Regulatory reserve	<u>(391,700)</u>	<u>(393,700)</u>
Total CET1/Tier 1 capital	<u>8,731,588</u>	<u>8,675,488</u>
Tier 2 capital		
Tier 2 capital instruments	2,500,000	2,500,000
Collective allowance ¹	24,630	23,379
Surplus of eligible provision over expected loss	<u>317,862</u>	<u>304,154</u>
Total Tier 2 capital	<u>2,842,492</u>	<u>2,827,533</u>
Total Capital	<u>11,574,080</u>	<u>11,503,021</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 June 2017 RM'000	31 December 2016 RM'000
Standardised Approach exposure	6,717,932	7,151,955
Internal Ratings-Based Approach exposure after scaling factor	<u>67,405,985</u>	<u>64,702,050</u>
Total risk-weighted asset for credit risk	<u>74,123,917</u>	<u>71,854,005</u>
Total risk-weighted asset for credit risk absorbed by parent and Investment Account Holder (IAH) [^]	<u>(16,045,465)</u>	<u>(16,426,406)</u>
Total risk-weighted asset for market risk	943,072	882,544
Total risk-weighted asset for operational risk	<u>6,122,133</u>	<u>5,691,742</u>
Total risk-weighted assets	<u>65,143,657</u>	<u>62,001,885</u>

[^] 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.

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

A36. 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.

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

A36. Fair value of financial instruments (cont'd.)

The following table shows the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2017 and 31 December 2016.

	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 30 June 2017				
Financial assets measured at fair value:				
Financial assets held-for-trading	-	182,637	-	182,637
<i>Money market instruments</i>	-	-	-	-
<i>Non-money market instruments</i>	-	182,637	-	182,637
Financial investments available-for-sale	-	9,929,126	750	9,929,876
<i>Money market instruments</i>	-	8,351,618	-	8,351,618
<i>Non-money market instruments</i>	-	1,577,508	750	1,578,258
Derivative assets	-	343,933	-	343,933
<i>Foreign exchange related contracts</i>	-	162,704	-	162,704
<i>Profit rate related contracts</i>	-	181,229	-	181,229
	-	10,455,696	750	10,456,446
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss	-	897,047	-	897,047
<i>Structured deposits</i>	-	897,047	-	897,047
Derivative liabilities	-	397,572	-	397,572
<i>Foreign exchange related contracts</i>	-	202,167	-	202,167
<i>Profit rate related contracts</i>	-	195,405	-	195,405
	-	1,294,619	-	1,294,619

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

A36. Fair value of financial instruments (cont'd.)

	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2016				
Financial assets measured at fair value:				
Financial assets held-for-trading	-	252,451	-	252,451
<i>Money market instruments</i>	-	-	-	-
<i>Non-money market instruments</i>	-	252,451	-	252,451
Financial investments available-for-sale	-	8,718,904	750	8,719,654
<i>Money market instruments</i>	-	7,426,331	-	7,426,331
<i>Non-money market instruments</i>	-	1,292,573	750	1,293,323
Derivative assets	-	515,554	-	515,554
<i>Foreign exchange related contracts</i>	-	480,623	-	480,623
<i>Profit rate related contracts</i>	-	34,931	-	34,931
	-	9,486,909	750	9,487,659
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss	-	902,091	-	902,091
<i>Structured deposits</i>	-	902,091	-	902,091
Derivative liabilities	-	535,161	-	535,161
<i>Foreign exchange related contracts</i>	-	482,964	-	482,964
<i>Profit rate related contracts</i>	-	52,197	-	52,197
	-	1,437,252	-	1,437,252

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.

Financial liabilities designated at fair value through profit or loss

The fair values of financial liabilities designated at fair value through profit or loss are derived using discounted cash flows.

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

A36. Fair value of financial instruments (cont'd.)

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

	At 1 January 2017 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 June 2017 RM'000
At 30 June 2017							
Financial investments available-for-sale							
<i>Non-money market instruments</i>	750	-	-	-	-	-	750
Derivative assets							
<i>Profit rate related contracts</i>	-	-	-	-	-	-	-
Total Level 3 financial assets	750	-	-	-	-	-	750
Financial liabilities at fair value through profit or loss							
<i>Structured deposits</i>	-	-	-	-	-	-	-
Derivative liabilities							
<i>Profit rate related contracts</i>	-	-	-	-	-	-	-
Total Level 3 financial liabilities	-	-	-	-	-	-	-
Total net Level 3 financial assets/(liabilities)	750	-	-	-	-	-	750

* Included within 'Other operating income'.

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

A36. 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 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 31 December 2016 RM'000
At 31 December 2016							
Financial investments available-for-sale							
<i>Non-money market instruments</i>	500	-	-	250	-	-	750
Derivative assets							
<i>Profit rate related contracts</i>	-		-	653	-	(653)	-
Total Level 3 financial assets	<u>500</u>	<u>-</u>	<u>-</u>	<u>903</u>	<u>-</u>	<u>(653)</u>	<u>750</u>
Derivative liabilities							
<i>Profit rate related contracts</i>	43,395	61,481	-	-	-	(104,876)	-
Total Level 3 financial liabilities	<u>43,395</u>	<u>61,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,876)</u>	<u>-</u>
Total net Level 3 financial assets/(liabilities)	<u>43,895</u>	<u>61,481</u>	<u>-</u>	<u>903</u>	<u>-</u>	<u>(105,529)</u>	<u>750</u>

* 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 financial half year ended 30 June 2017.

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 financial half year ended 30 June 2017.

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

PART B – Review of Performance & Current Year Prospects

B1. Performance Review

The Bank posted profit before tax and zakat of RM1,013.6 million for the financial period ended 30 June 2017, an increase of RM269.2 million or 36.2% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances lower by RM100.6 million to RM177.7 million due to lower collective allowance made during the financial period ended 30 June 2017. The Bank's financing loss reserve coverage ratio with Regulatory Reserve stood at 113.0% as at 30 June 2017.

Total income grew by RM366.4 million or 9.4% to RM4,272.2 million from previous corresponding period, comprising income derived from investment of depositors funds, income derived from investment account funds and income derived from investment of shareholder's funds of RM3,304.9 million, RM807.2 million and RM160.1 million respectively.

The Bank's gross financing and advances increased by RM4.6 billion to RM154.5 billion as compared to RM149.9 billion recorded in last financial year. As at 30 June 2017, total funding increased by 2.0% contributed by customer deposits which grew by 6.2%, recorded at RM113.2 billion against RM106.6 billion in last financial year. Investment Account decreased by RM3.8 billion to close at RM27.8 billion compared to RM31.5 billion in the 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 13.404% and Total Capital Ratio of 17.767%.

B2. Prospects

Malaysia's real GDP growth is expected to expand by +5.5% in 2017 (2016: +4.2%) underpinned by sustained consumer spending, stronger growth in public and private investments, a rebound in Government consumption expenditure and a firmer export growth. Growth in public and private investments will be driven by the rollout of existing and new major infrastructure and investment projects. The Overnight Policy Rate (OPR) is also expected to remain unchanged at 3.00% in 2017 aimed at supporting domestic demand. The Bank's financing growth is expected to be in-line with industry growth in 2017, by focusing on pockets of opportunities within the consumer segment, retail SME and corporate financing.

Against the backdrop of selective growth in the market, the Bank will maintain its approach of proactively managing asset quality and liquidity management to ensure stability and sustainability. An integral part of the key strategic priorities for 2017 would focus on enhancing the Bank's global brand visibility and deepening its existing regional presence, via the pursuit of more headline deals and participation in international conferences and thought leadership programs. The Bank would also look to take on a more leadership role in promoting Islamic Social Finance via its Zakat and Waqaf initiatives.