

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income derived from investment of depositors' funds	A25	1,598,921	1,476,845	1,598,921	1,476,845
Income derived from investment of investment account funds	A26	412,361	317,903	412,361	317,903
Income derived from investment of shareholder's funds	A27	81,630	70,317	81,630	70,317
Allowance for impairment on financing and advances	A28	(53,421)	(28,127)	(53,421)	(28,127)
<b>Total distributable income</b>		<b>2,039,491</b>	<b>1,836,938</b>	<b>2,039,491</b>	<b>1,836,938</b>
Profit distributed to depositors	A29	(879,568)	(841,040)	(879,568)	(841,040)
Profit distributed to investment account holders		(262,733)	(207,385)	(262,733)	(207,385)
<b>Total net income</b>		<b>897,190</b>	<b>788,513</b>	<b>897,190</b>	<b>788,513</b>
Overhead expenses	A30	(340,983)	(288,630)	(340,983)	(288,630)
Finance cost	A31	(29,178)	(33,942)	(29,178)	(33,942)
<b>Profit before taxation and zakat</b>		<b>527,029</b>	<b>465,941</b>	<b>527,029</b>	<b>465,941</b>
Taxation	A32	(120,257)	(102,804)	(120,257)	(102,804)
Zakat	A32	(2,948)	(3,616)	(2,948)	(3,616)
<b>Profit for the period</b>		<b>403,824</b>	<b>359,521</b>	<b>403,824</b>	<b>359,521</b>
<b>Profit attributable to :</b>					
Equity holders of the parent		<b>403,824</b>	<b>359,521</b>	<b>403,824</b>	<b>359,521</b>
<b>Earnings per share attributable to equity holder of the Bank - Basic/diluted (sen)</b>		<b>143.43</b>	<b>136.20</b>	<b>143.43</b>	<b>136.20</b>

(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 interim financial statements)

**MAYBANK ISLAMIC BERHAD**  
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**(Incorporated in Malaysia)**

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
<b>Profit for the period</b>	<b>403,824</b>	359,521	<b>403,824</b>	359,521
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain on financial investments available-for-sale	<b>16,837</b>	127,327	<b>16,837</b>	127,327
Income tax relating to components of other comprehensive income	<b>(4,035)</b>	(31,952)	<b>(4,035)</b>	(31,952)
<b>Other comprehensive income for the period, net of tax</b>	<b>12,802</b>	95,375	<b>12,802</b>	95,375
<b>Total comprehensive income for the period, net of tax</b>	<b>416,626</b>	454,896	<b>416,626</b>	454,896
<b>Total comprehensive income attributable to :</b>				
Equity holders of the parent	<b>416,626</b>	454,896	<b>416,626</b>	454,896

(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 interim financial statements)

**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	Note	31 March 2017 RM'000	31 December 2016 RM'000
<b>ASSETS</b>			
Cash and short-term funds		11,567,599	15,535,992
Deposits and placements with banks and other financial institutions	A12	703,492	651,558
Financial assets at fair value through profit or loss	A13(i)	473,029	252,451
Financial investments available-for-sale	A13(ii)	9,535,313	8,719,654
Financial investments held-to-maturity	A13(iii)	1,419,567	-
Financing and advances	A14	149,041,939	148,523,310
Derivative assets	A15	449,992	515,554
Other assets	A16	4,379,478	4,506,551
Statutory deposits with Bank Negara Malaysia		2,672,000	3,070,000
Deferred tax assets		15,474	19,487
<b>TOTAL ASSETS</b>		<b>180,257,883</b>	<b>181,794,557</b>
<b>LIABILITIES</b>			
Deposits from customers	A17	107,376,477	106,604,492
Investment accounts of customers	A18	31,714,614	31,544,587
Deposits and placements of banks and other financial institutions	A19	27,195,745	30,342,006
Bills and acceptances payable		15,443	53,220
Derivative liabilities	A15	484,955	535,161
Financial liabilities at fair value through profit or loss	A20	986,633	902,091
Other liabilities	A21	265,646	91,739
Provision for taxation and zakat		123,249	98,090
Subordinated Sukuk	A23	2,540,089	2,534,496
Term funding	A24	49,731	-
<b>TOTAL LIABILITIES</b>		<b>170,752,582</b>	<b>172,705,882</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	Note	31 March 2017 RM'000	31 December 2016 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>			
Share capital		5,481,783	281,556
Share premium		-	5,200,227
Retained profits		3,284,911	2,857,087
Other reserves		738,607	749,805
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>9,505,301</b>	<b>9,088,675</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>180,257,883</b>	<b>181,794,557</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A34	<b>56,789,866</b>	<b>52,067,915</b>
<b><u>CAPITAL ADEQUACY</u></b>	A35		
Based on credit, market and operational risk:			
CET1 capital ratio		13.566%	13.992%
Tier 1 capital ratio		13.566%	13.992%
Total capital ratio		17.975%	18.553%

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 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
<b>At 1 January 2017</b>	281,556	5,200,227	1,697	409,672	(55,264)	-	393,700	2,857,087	9,088,675
Net profit for the period	-	-	-	-	-	-	-	403,824	403,824
Other comprehensive income	-	-	-	-	12,802	-	-	-	12,802
<b>Total comprehensive income for the period</b>	-	-	-	-	12,802	-	-	403,824	416,626
Transfer from regulatory reserve	-	-	-	-	-	-	(24,000)	24,000	-
Transfer to share capital (Note A1)	5,200,227	(5,200,227)	-	-	-	-	-	-	-
<b>Total transactions with shareholders</b>	5,200,227	(5,200,227)	-	-	-	-	(24,000)	24,000	-
<b>At 31 March 2017</b>	5,481,783	-	1,697	409,672	(42,462)	-	369,700	3,284,911	9,505,301

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 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
<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	-	-	-	-	-	-	-	359,521	359,521
Other comprehensive income	-	-	-	-	95,375	-	-	-	95,375
<b>Total comprehensive income for the period</b>	-	-	-	-	95,375	-	-	359,521	454,896
Transfer from regulatory reserve	-	-	-	-	-	-	(58,950)	58,950	-
<b>Total transactions with shareholders</b>	-	-	-	-	-	-	(58,950)	58,950	-
<b>At 31 March 2016</b>	263,959	4,658,232	1,697	409,672	(9,118)	34,456	371,299	2,991,290	8,721,487

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	<b>31 March 2017 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	527,029	465,941
Adjustments for non-operating and non-cash items:		
Allowances for losses on financing and advances	70,078	45,884
Amortisation of premium less accretion of discount	(28,447)	(25,351)
Unrealised gains on revaluation of derivatives	(1,191)	(7,590)
Unrealised losses on revaluation of financial assets at fair value through profit or loss	24	237
Unrealised (gains)/losses on revaluation of financial liabilities at fair value through profit or loss	(253)	1,113
Gains on disposal of financial investments available-for-sale	(895)	(16,270)
Losses /(gains) on disposal of financial assets at fair value through profit	8	(1,852)
(Gains)/losses on foreign exchange translations	(7,958)	66,914
Share options granted under ESS	110	276
Operating profit before working capital changes	558,505	529,302
Change in deposits and placements with banks and other financial institutions	(51,934)	(983,500)
Change in cash and short-term funds with original maturity of more than three months	201,263	183,974
Change in financial investments portfolio	(2,409,659)	(216,835)
Change in financing and advances	(588,707)	(1,154,950)
Change in derivative assets and liabilities	16,547	(54,131)
Change in other assets	127,072	(285,081)
Change in statutory deposits with Bank Negara Malaysia	398,000	693,000
Change in deposits from customers	771,986	(2,412,256)
Change in investment accounts of customers	170,027	7,412,925
Change in deposits and placements of banks and other financial institutions	(3,138,302)	(1,001,407)
Change in financial liabilities at fair value through profit or loss	84,795	230,864
Change in bills and acceptances payable	(37,777)	86,450
Change in other liabilities	202,975	58,823
Cash (used in)/generated from operating activities	(3,695,209)	3,087,178
Taxes and zakat paid	(98,068)	(101,951)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,793,277)</b>	<b>2,985,227</b>
<b>Cash flows from financing activities</b>		
Profit paid for subordinated sukuk	(23,441)	(21,100)
Issuance of term funding	49,731	-
Profit paid for term funding	(143)	-
<b>Net cash used in/(generated) in investing activities</b>	<b>26,147</b>	<b>(21,100)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,767,130)</b>	<b>2,964,127</b>
Cash and cash equivalents at beginning of period	15,334,729	8,510,726
<b>Cash and cash equivalents at end of period</b>	<b>11,567,599</b>	<b>11,474,853</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

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

	<b>31 March 2017 RM'000</b>	<b>31 March 2016 RM'000</b>
Cash and cash equivalents comprise:		
Cash and short term funds	<b>11,567,599</b>	11,595,657
Deposits and placements with banks and other financial institutions	<b>703,492</b>	983,500
	<b>12,271,091</b>	12,579,157
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	<b>(703,492)</b>	(1,104,304)
	<b>11,567,599</b>	11,474,853

**(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 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 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 for Unrealised Losses (Amendments to MFRS 112)
- Annual Improvements to MFRSs 2014 - 2016 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 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.

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**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 period ended 31 March 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.

The adoption of the Revised 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.

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

The auditors' report on the audited financial statements for the financial year ended 31 December 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 first quarter ended 31 March 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 first quarter ended 31 March 2017.

**A7. Changes in estimates**

There were no material changes in estimates during the first quarter ended 31 March 2017.

**A8. Issue of Ordinary Share Capital**

There was no issuance of ordinary share capital during the first quarter ended 31 March 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 31 March 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.

As at 2 March 2017, the aggregate nominal value of the outstanding Ringgit Islamic Commercial Papers is RM50.0 million. The tenor for these Ringgit Islamic Commercial Papers is 92 days.

**A10. Dividends**

In respect of financial year ended 31 December 2016, a final tax-exempt (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 on 5 April 2017. The payment of dividend was completed on 12 April 2017.

The Directors do not recommend the payment of any dividend in respect of the first quarter ended 31 March 2017.

**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**

	31 March 2017 RM'000	31 December 2016 RM'000
Licensed islamic banks	703,492	451,188
Licensed investment banks	-	200,370
	<b>703,492</b>	<b>651,558</b>

**A13. Financial investments portfolio**

	Note	31 March 2017 RM'000	31 December 2016 RM'000
Financial assets at fair value through profit or loss	(i)	473,029	252,451
Financial investments available-for-sale	(ii)	9,535,313	8,719,654
Financial investments held-to-maturity	(iii)	1,419,567	-
		<b>11,427,909</b>	<b>8,972,105</b>

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

Financial assets held-for-trading are as follows:

	31 March 2017 RM'000	31 December 2016 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	59,361	-
	<b>59,361</b>	<b>-</b>
<b>Unquoted securities:</b>		
Foreign Corporate Sukuk	413,668	252,451
<b>Total financial assets held-for-trading</b>	<b>473,029</b>	<b>252,451</b>

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

	31 March 2017 RM'000	31 December 2016 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	5,129,727	4,337,818
Negotiable Islamic instruments of deposits	2,988,898	3,088,513
Bankers' acceptances and Islamic accepted bills	73,118	-
	<b>8,191,743</b>	<b>7,426,331</b>

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**A13. Financial investments portfolio (cont'd.)**

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

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>Unquoted securities:</b>		
Corporate Sukuk in Malaysia	1,241,133	1,189,659
Foreign Corporate Sukuk	53,458	53,989
Malaysian Government bond	48,229	48,925
Shares in Malaysia	750	750
	<u>1,343,570</u>	<u>1,293,323</u>
<b>Total financial investments available-for-sale</b>	<u><b>9,535,313</b></u>	<u><b>8,719,654</b></u>

**(iii) Financial investments held-to-maturity**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>Unquoted securities:</b>		
Corporate Sukuk in Malaysia	1,419,567	-
<b>Total financial investments held-to-maturity</b>	<u><b>1,419,567</b></u>	<u><b>-</b></u>

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**A14. Financing and advances**

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

At 31 March 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	-	4,954,632	-	-	-	159	-	4,954,791
Term financing								
- House financing	18,697,805	60,396,668	2,519,553	-	-	-	-	81,614,026
- Syndicated financing	-	757,525	-	-	-	-	-	757,525
- Hire purchase receivables	-	-	-	36,501,102	-	-	-	36,501,102
- Other term financing	25,372,820	70,807,242	1,303,533	-	119,879	147,596	55,399	97,806,469
Bills receivable	-	187	-	-	-	-	-	187
Trust receipts	-	147,959	-	-	-	-	-	147,959
Claims on customers under acceptance credits	-	4,624,289	-	-	-	-	-	4,624,289
Staff financing	710,275	1,393,381	10,680	152,596	-	-	41,451	2,308,383
Credit card receivables	-	-	-	-	-	-	823,392	823,392
Revolving credit	-	15,838,520	-	-	-	-	-	15,838,520
	<b>44,780,900</b>	<b>158,920,403</b>	<b>3,833,766</b>	<b>36,653,698</b>	<b>119,879</b>	<b>147,755</b>	<b>920,242</b>	<b>245,376,643</b>
Unearned income								<b>(94,925,472)</b>
Gross financing and advances <sup>^^</sup>								<b>150,451,171</b>
Allowances for impaired financing and advances:								
- individual								<b>(614,528)</b>
- collective								<b>(794,704)</b>
Net financing and advances								<b>149,041,939</b>

^ 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").

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

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

At 31 December 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	-	4,844,236	-	-	-	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 <sup>^^</sup>								<u>149,893,486</u>
Allowances for impaired financing and advances:								
- individual								(617,350)
- collective								(752,826)
Net financing and advances								<u><u>148,523,310</u></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>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Domestic non-banking institutions	5,366,795	5,389,556
Domestic business enterprises		
- Small and medium enterprises	17,429,635	17,140,131
- Others	27,863,721	28,085,529
Government and statutory bodies	8,016,059	8,546,355
Individuals	90,408,955	89,398,021
Other domestic entities	27,096	27,117
Foreign entities in Malaysia	1,338,910	1,306,777
Gross financing and advances	<u>150,451,171</u>	<u>149,893,486</u>

**(iii) By profit rate sensitivity**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Fixed rate		
- House financing	1,377,305	1,411,729
- Hire purchase receivables	31,611,239	31,306,119
- Other financing	26,268,669	27,219,698
Floating rate		
- House financing	31,469,283	30,275,842
- Other financing	59,724,675	59,680,098
Gross financing and advances	<u>150,451,171</u>	<u>149,893,486</u>

**(iv) By economic purpose**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Purchase of securities	19,375,420	19,549,967
Purchase of transport vehicles	31,589,299	31,285,307
Purchase of landed properties		
- residential	31,629,946	30,558,405
- non-residential	11,804,111	11,448,638
Purchase of fixed assets (exclude landed properties)	36,352	30,867
Personal use	3,296,042	3,293,004
Consumer durables	306	293
Construction	3,621,115	3,553,259
Working capital	48,235,514	49,305,842
Credit cards	863,066	867,904
Gross financing and advances	<u>150,451,171</u>	<u>149,893,486</u>



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

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

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Maturity within one year	<b>30,989,931</b>	31,796,935
One year to three years	<b>6,260,055</b>	5,178,971
Three years to five years	<b>13,574,792</b>	14,279,409
After five years	<b>99,626,393</b>	98,638,171
Gross financing and advances	<b><u>150,451,171</u></b>	<u>149,893,486</u>

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

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Purchase of securities	<b>19,040</b>	14,906
Purchase of transport vehicles	<b>148,977</b>	135,642
Purchase of landed properties		
- residential	<b>139,029</b>	117,898
- non-residential	<b>94,383</b>	79,290
Personal use	<b>18,442</b>	17,375
Credit cards	<b>8,636</b>	7,939
Consumer durables	<b>14</b>	14
Construction	<b>304,783</b>	356,865
Working capital	<b>863,906</b>	759,357
Gross impaired financing and advances	<b><u>1,597,210</u></b>	<u>1,489,286</u>

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

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Gross impaired financing and advances at 1 January 2017/2016	<b>1,489,286</b>	873,230
Newly impaired	<b>346,687</b>	1,399,827
Reclassified as non-impaired	<b>(121,652)</b>	(415,007)
Recovered	<b>(87,771)</b>	(237,721)
Amount written off	<b>(29,340)</b>	(131,043)
Gross impaired financing and advances at 31 March 2017/ 31 December 2016	<b><u>1,597,210</u></b>	<u>1,489,286</u>
Gross impaired financing and advances at 31 March 2017/ 31 December 2016 (excluding financing funded by RPSIA and IA)*	<b>1,502,494</b>	1,407,595
Less: Individual allowance	<b>(614,528)</b>	(617,350)
Net impaired financing and advances	<b><u>887,966</u></b>	<u>790,245</u>

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

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

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Gross financing and advances (excluding financing funded by RPSIA and IA)	<b>101,654,493</b>	100,618,436
Less: Individual allowance	<b>(614,528)</b>	(617,350)
Net financing and advances	<b>101,039,965</b>	100,001,086
Net impaired financing and advances as a percentage of net financing and advances	<b>0.88%</b>	0.79%

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

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<u>Individual Allowance</u>		
At 1 January 2017/2016	<b>617,350</b>	208,683
Allowance made*	<b>36,551</b>	460,108
Amount written back in respect of recoveries	<b>(34,399)</b>	(22,583)
Amount written off	<b>(2,932)</b>	(25,452)
Transferred to collective allowance	<b>(2,042)</b>	(3,406)
At 31 March 2017/31 December 2016	<b>614,528</b>	617,350
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<u>Collective Allowance</u>		
At 1 January 2017/2016	<b>752,826</b>	747,774
Net allowance made during the period year*	<b>66,243</b>	107,237
Amount written off	<b>(26,407)</b>	(105,591)
Transferred from individual allowance	<b>2,042</b>	3,406
At 31 March 2017/31 December 2016	<b>794,704</b>	752,826
As a % of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)	<b>1.20%</b>	1.20%

\* As at 31 March 2017, the gross exposure of the financing funded by RPSIA is RM17,082.0 million (31 December 2016 : RM17,730.5 million). The related individual allowance and collective allowance relating to these financing amounting to RM126.1 million and RM43.7 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 31 March 2017 was RM31,714.6 million (31 December 2016 : RM31,544.6 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.

	31 March 2017			31 December 2016		
	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	4,487,148	160,639	(9,606)	4,087,372	263,098	(3,724)
Currency swaps						
- Less than one year	5,867,274	6,378	(165,941)	5,212,700	14,892	(263,997)
Currency spot						
- Less than one year	375,816	309	(511)	46,449	6	(24)
Currency options						
- Less than one year	443	-	-	1,794	130	(130)
Cross currency profit rate swaps						
- One year to three years	663,037	68,333	(67,259)	-	-	-
- More than three years	2,101,716	30,449	(30,449)	668,208	75,201	(73,928)
<u>Profit rate related contracts:</u>						
Profit rate options						
- More than three years	1,370,000	5,688	(28,951)	1,310,000	5,801	(28,111)
Profit rate swaps						
- One year to three years	750,000	2,282	(2,200)	750,000	2,700	(2,777)
- More than three years	2,627,109	26,322	(17,192)	2,603,674	25,356	(20,655)
	<b>18,242,543</b>	<b>300,400</b>	<b>(322,109)</b>	<b>14,680,197</b>	<b>387,184</b>	<b>(393,346)</b>
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts:</u>						
Cross currency profit rate swaps						
- Less than one year	-	139	(139)	-	-	-
- One year to three years	1,722,192	1,010	(681)	1,704,621	127,296	(141,161)
<u>Profit rate related contracts:</u>						
Profit rate swaps						
- Less than one year	1,000,000	-	-	1,000,000	368	(368)
- One year to three years	663,450	148,443	(162,026)	672,900	706	(286)
	<b>3,385,642</b>	<b>149,592</b>	<b>(162,846)</b>	<b>3,377,521</b>	<b>128,370</b>	<b>(141,815)</b>
<b>Total derivative assets/(liabilities)</b>	<b>21,628,185</b>	<b>449,992</b>	<b>(484,955)</b>	<b>18,057,718</b>	<b>515,554</b>	<b>(535,161)</b>

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**A16. Other assets**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Amount due from holding company	3,724,605	3,756,777
Handling fees	174,287	174,548
Prepayments and deposits	264,552	261,520
Margin call	138,350	224,220
Others	77,684	89,486
	<b>4,379,478</b>	<b>4,506,551</b>

**A17. Deposits from customers**

**i) By type of deposit**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<u>Savings deposits</u>		
Wadiah	14,653,866	13,498,385
<u>Demand deposits</u>		
Wadiah	17,756,955	17,291,694
<u>Term deposits</u>		
Murabahah	74,634,738	73,527,095
Qard	330,918	2,287,318
	<b>107,376,477</b>	<b>106,604,492</b>

**ii) By type of customer**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Business enterprises	39,768,704	43,055,514
Individuals	36,940,440	33,237,761
Government and statutory bodies	16,229,441	17,395,634
Others	14,437,892	12,915,583
	<b>107,376,477</b>	<b>106,604,492</b>

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**A18. Investment account of customers**

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

	31 March 2017 RM'000	31 December 2016 RM'000
Business enterprises	13,306,219	13,040,863
Individuals	15,893,097	16,197,049
Government and statutory bodies	317,177	460,216
Others	2,198,121	1,846,459
	<b>31,714,614</b>	<b>31,544,587</b>

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

	31 March 2017 RM'000	31 December 2016 RM'000
<b>Unrestricted investment account</b>		
<u>Mudharabah</u>		
- without maturity	8,592,968	7,564,114
- with maturity		
Due within six months	14,490,875	15,045,407
Six months to one year	8,624,827	8,929,760
One year to three years	3,703	3,513
Three years to five years	2,241	1,793
	<b>23,121,646</b>	<b>23,980,473</b>
<b>Total investment account of customers</b>	<b>31,714,614</b>	<b>31,544,587</b>

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

	31 March 2017 RM'000	31 December 2016 RM'000
<b>Unrestricted Investment</b>		
Retail financing	29,738,075	27,913,126
Non-retail financing	1,976,539	3,631,461
<b>Total investment</b>	<b>31,714,614</b>	<b>31,544,587</b>

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

	31 March 2017		31 December 2016	
	Investment account holder			
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Investment accounts of customers	<b>66%</b>	<b>3.24%</b>	<b>63%</b>	<b>3.17%</b>

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

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<u>Mudharabah Fund</u>		
Licensed banks*	<u>17,121,672</u>	<u>17,767,671</u>
	<b>17,121,672</b>	<b>17,767,671</b>
<u>Non-Mudharabah Fund</u>		
Licensed banks	8,821,392	12,376,215
Other financial institutions	1,252,681	198,120
	<u>10,074,073</u>	<u>12,574,335</u>
	<b>27,195,745</b>	<b>30,342,006</b>

\* 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**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Structured deposits	<u>986,633</u>	<u>902,091</u>

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 an accounting mismatch. This 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 31 March was RM1,001,955,000 (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**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Sundry creditors	74,767	56,082
Deposit on trade financing	28,678	22,691
Provisions and accruals	12,373	12,966
Others	149,828	-
	<u>265,646</u>	<u>91,739</u>

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

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

**A23. Subordinated Sukuk**

		<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
	<b>Note</b>		
RM1,500 million Tier 2 Islamic Subordinated Sukuk due in 2024	(i)	<b>1,534,356</b>	1,516,788
RM1,000 million Tier 2 Islamic Subordinated Sukuk due in 2026	(ii)	<b>1,005,733</b>	1,017,708
		<b>2,540,089</b>	<b>2,534,496</b>

(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.

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**A24. Term Funding**

	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Unsecured Islamic Commercial Paper		
- Less than one year		
Denominated in:		
- RM	<u>49,731</u>	<u>-</u>
	<u>49,731</u>	<u>-</u>



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**A25. Income derived from investment of depositors' funds**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income derived from investment of:				
i) General investment deposits	1,116,297	1,045,294	1,116,297	1,045,294
ii) Other deposits	482,624	431,551	482,624	431,551
	<b>1,598,921</b>	<b>1,476,845</b>	<b>1,598,921</b>	<b>1,476,845</b>

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

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Financing and advances	918,143	890,997	918,143	890,997
Money at call and deposit with financial institutions	71,028	51,347	71,028	51,347
Financial investments available-for-sale	40,187	41,284	40,187	41,284
Financial investments held-to-maturity	4,096	-	4,096	-
Financial assets at fair value through profit or loss	1,554	961	1,554	961
	<b>1,035,008</b>	<b>984,589</b>	<b>1,035,008</b>	<b>984,589</b>
Amortisation of premium less accretion of discounts	18,896	17,128	18,896	17,128
Total finance income and hibah	<b>1,053,904</b>	<b>1,001,717</b>	<b>1,053,904</b>	<b>1,001,717</b>
Other operating income :				
Fee income				
- Processing fees	6,359	3,924	6,359	3,924
- Commissions	20,470	22,986	20,470	22,986
- Service charges and other fees	26,668	41,832	26,668	41,832
Gains on disposal of financial investments available-for-sale	595	10,992	595	10,992
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(6)	1,251	(6)	1,251
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(16)	(160)	(16)	(160)
- Financial liabilities at fair value through profit or loss	168	(752)	168	(752)
- Derivatives	791	5,128	791	5,128
Gains/(losses) on foreign exchange:				
- Realised	6,409	18,690	6,409	18,690
- Unrealised	(1,122)	(63,898)	(1,122)	(63,898)
Realised gain on derivatives	2,077	3,584	2,077	3,584
	<b>1,116,297</b>	<b>1,045,294</b>	<b>1,116,297</b>	<b>1,045,294</b>

Included in finance income were income on impaired assets amounting to RM6.2 million (31.3.2016: RM9.1 million).

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**A25. Income derived from investment of depositors' funds (cont'd)**

**ii) Income derived from investment of other deposits**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Financing and advances	<b>396,953</b>	367,857	<b>396,953</b>	367,857
Money at call and deposit with financial institutions	<b>30,708</b>	21,199	<b>30,708</b>	21,199
Financial investments available-for-sale	<b>17,375</b>	17,045	<b>17,375</b>	17,045
Financial investments held-to-maturity	<b>1,771</b>	-	<b>1,771</b>	-
Financial assets at fair value through profit or loss	<b>672</b>	397	<b>672</b>	397
	<b>447,479</b>	406,498	<b>447,479</b>	406,498
Amortisation of premium less accretion of discounts	<b>8,169</b>	7,071	<b>8,169</b>	7,071
Total finance income and hibah	<b>455,648</b>	413,569	<b>455,648</b>	413,569
Other operating income :				
Fee income				
- Processing fees	<b>2,749</b>	1,620	<b>2,749</b>	1,620
- Commissions	<b>8,850</b>	9,490	<b>8,850</b>	9,490
- Service charges and other fees	<b>11,530</b>	17,262	<b>11,530</b>	17,262
Gains on disposal of financial investments available-for-sale	<b>257</b>	4,538	<b>257</b>	4,538
(Losses)/gains on disposal of financial assets at fair value through profit or loss	<b>(2)</b>	517	<b>(2)</b>	517
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	<b>(7)</b>	(66)	<b>(7)</b>	(66)
- Financial liabilities at fair value through profit or loss	<b>73</b>	(311)	<b>73</b>	(311)
- Derivatives	<b>342</b>	2,117	<b>342</b>	2,117
Gains/(losses) on foreign exchange:				
- Realised	<b>2,771</b>	7,716	<b>2,771</b>	7,716
- Unrealised	<b>(485)</b>	(26,381)	<b>(485)</b>	(26,381)
Realised gain on derivatives	<b>898</b>	1,480	<b>898</b>	1,480
	<b>482,624</b>	431,551	<b>482,624</b>	431,551

Included in finance income were income on impaired assets amounting to RM2.7 million (31.3.2016: RM3.8 million).

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**A26. Income derived from investment of investment account funds**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Financing and advances	411,315	309,322	411,315	309,322
Financial investments available-for-sale	-	262	-	262
Total finance income and hibah	411,315	309,584	411,315	309,584
Other operating income :				
Fee income				
- Commissions	254	52	254	52
- Service charges and other fees	792	8,267	792	8,267
	412,361	317,903	412,361	317,903

**A27. Income derived from investment of shareholder's funds**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Financing and advances	67,138	59,941	67,138	59,941
Money at call and deposit with financial institutions	5,194	3,454	5,194	3,454
Financial investments available-for-sale	2,939	2,777	2,939	2,777
Financial investments held-to-maturity	300	-	300	-
Financial assets at fair value through profit or loss	114	65	114	65
	75,685	66,237	75,685	66,237
Amortisation of premium less accretion of discounts	1,382	1,152	1,382	1,152
Total finance income and hibah	77,067	67,389	77,067	67,389
Other operating income :				
Fee income				
- Processing fees	465	264	465	264
- Commissions	1,497	1,546	1,497	1,546
- Service charges and other fees	1,950	2,813	1,950	2,813
Gains on disposal of financial investments available-for-sale	43	739	43	739
Gains on disposal of financial assets at fair value through profit or loss	-	84	-	84
Unrealised (losses)/gains on revaluation of:				
- Financial assets at fair value through profit or loss	(1)	(11)	(1)	(11)
- Financial liabilities at fair value through profit or loss	12	(51)	12	(51)
- Derivatives	58	345	58	345
Gains/(losses) on foreign exchange:				
- Realised	469	1,257	469	1,257
- Unrealised	(82)	(4,299)	(82)	(4,299)
Realised gain on derivatives	152	241	152	241
	81,630	70,317	81,630	70,317

Included in finance income were income on impaired assets amounting to RM0.4 million (31.3.2016: RM0.6 million).

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**A28. Allowance for losses on financing and advances**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing and advances:				
- collective allowance made	<b>66,244</b>	60,982	<b>66,244</b>	60,982
- individual allowance made	<b>36,551</b>	4,703	<b>36,551</b>	4,703
- individual allowance written back	<b>(34,399)</b>	(22,424)	<b>(34,399)</b>	(22,424)
Impaired financing and advances written off	<b>1,743</b>	2,663	<b>1,743</b>	2,663
Impaired financing and advances recovered	<b>(16,657)</b>	(17,757)	<b>(16,657)</b>	(17,757)
Writeback of impairment losses on other debts	<b>(61)</b>	(40)	<b>(61)</b>	(40)
	<b>53,421</b>	28,127	<b>53,421</b>	28,127

**A29. Profit distributed to depositors**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah	<b>652,654</b>	661,952	<b>652,654</b>	661,952
	<b>652,654</b>	661,952	<b>652,654</b>	661,952
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>148,245</b>	98,324	<b>148,245</b>	98,324
- Non-Mudharabah	<b>78,669</b>	80,764	<b>78,669</b>	80,764
	<b>226,914</b>	179,088	<b>226,914</b>	179,088
	<b>879,568</b>	841,040	<b>879,568</b>	841,040

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**A30. Overhead expenses**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Personnel expenses	<b>10,240</b>	10,596	<b>10,240</b>	10,596
- Salaries, allowances and bonuses	<b>7,217</b>	7,338	<b>7,217</b>	7,338
- Pension costs	<b>1,112</b>	1,153	<b>1,112</b>	1,153
- Shares/Options granted under Employee's Shares Scheme	<b>110</b>	276	<b>110</b>	276
- Others	<b>1,801</b>	1,829	<b>1,801</b>	1,829
Establishment costs	<b>1,154</b>	778	<b>1,154</b>	778
- Rental of premises	<b>429</b>	429	<b>429</b>	429
- Repairs, servicing and maintenance	<b>3</b>	18	<b>3</b>	18
- Information technology expenses	<b>722</b>	331	<b>722</b>	331
Marketing costs	<b>2,068</b>	2,437	<b>2,068</b>	2,437
- Advertisement and publicity	<b>234</b>	206	<b>234</b>	206
- Others	<b>1,834</b>	2,231	<b>1,834</b>	2,231
Administration and general expenses	<b>327,521</b>	274,819	<b>327,521</b>	274,819
- Fees and brokerage	<b>14,842</b>	12,068	<b>14,842</b>	12,068
- Administrative expenses	<b>348</b>	878	<b>348</b>	878
- General expenses	<b>19,390</b>	8,645	<b>19,390</b>	8,645
- Shared service cost paid/payable to Maybank	<b>292,941</b>	253,228	<b>292,941</b>	253,228
	<b>340,983</b>	288,630	<b>340,983</b>	288,630

**A31. Finance cost**

	1st Quarter Ended		Cumulative 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Subordinated sukuk	<b>29,034</b>	33,942	<b>29,034</b>	33,942
Term funding	<b>144</b>	-	<b>144</b>	-
	<b>29,178</b>	33,942	<b>29,178</b>	33,942

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**A32. Taxation and zakat**

The analysis of the taxation and zakat expense for the first quarter ended 31 March 2017 are as follows:

	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>31 March 2017 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2016 RM'000</b>
Malaysian income tax	<b>120,279</b>	102,056	<b>120,279</b>	102,056
Under provision in prior period:				
Malaysian income tax	-	8	-	8
Deferred tax				
- Relating to origination and reversal of temporary differences	<b>(22)</b>	740	<b>(22)</b>	740
Tax expense for the financial period	<b>120,257</b>	102,804	<b>120,257</b>	102,804
Zakat	<b>2,948</b>	3,616	<b>2,948</b>	3,616
	<b>123,205</b>	106,420	<b>123,205</b>	106,420

**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.

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**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 31 March 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
<b><u>Credit-related</u></b>						
Direct credit substitutes	1,192,051	1,192,051	1,073,819	1,243,371	1,243,371	1,275,387
Certain transaction-related contingent items	2,783,068	1,377,358	1,089,826	2,339,735	1,155,527	861,936
Short-term self-liquidating trade-related contingencies	221,137	39,886	29,150	295,126	50,777	35,283
Irrevocable commitments to extend credit:						
- maturity within one year	22,333,331	7,481,866	4,118,604	21,396,850	4,788,406	2,352,723
- maturity more than one year	8,500,063	3,385,566	1,634,726	8,679,087	2,728,616	1,321,241
Miscellaneous	132,031	-	-	56,028	-	-
Total credit-related commitments and contingencies	<b>35,161,681</b>	<b>13,476,727</b>	<b>7,946,125</b>	<b>34,010,197</b>	<b>9,966,697</b>	<b>5,846,570</b>
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- less than one year	10,730,681	374,721	92,019	9,348,315	456,329	116,847
- one year to less than five years	4,486,945	137,995	51,558	2,372,829	137,963	53,150
Profit rate related contracts:						
- less than one year	1,000,000	-	-	1,000,000	612	710
- one year to less than five years	5,262,099	743,260	332,688	2,822,620	424,297	191,104
- five years and above	148,460	97,531	88,142	2,513,954	102,199	92,637
Total treasury-related commitments and contingencies	<b>21,628,185</b>	<b>1,353,507</b>	<b>564,407</b>	<b>18,057,718</b>	<b>1,121,400</b>	<b>454,448</b>
	<b>56,789,866</b>	<b>14,830,234</b>	<b>8,510,532</b>	<b>52,067,915</b>	<b>11,088,097</b>	<b>6,301,018</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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**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:

<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 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.



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**A35. Capital Adequacy (cont'd.)**

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

	31 March 2017	31 December 2016
<b>Capital ratios</b>		
CET1 capital ratio	13.566%	13.992%
Tier 1 capital ratio	13.566%	13.992%
Total capital ratio	<u>17.975%</u>	<u>18.553%</u>

**(d) Components of capital:**

	31 March 2017 RM '000	31 December 2016 RM'000
<b>CET1/Tier 1 capital</b>		
Share capital	5,481,783	281,556
Share premium	-	5,200,227
Retained profits	2,881,087	2,857,087
Other reserves	<u>738,607</u>	<u>749,805</u>
<b>CET1 capital before regulatory adjustments</b>	<u>9,101,477</u>	<u>9,088,675</u>
Less: Regulatory adjustment applied in CET1 capital	(385,173)	(413,187)
Deferred tax assets	<u>(15,473)</u>	<u>(19,487)</u>
Regulatory reserve	<u>(369,700)</u>	<u>(393,700)</u>
<b>Total CET1/Tier 1 capital</b>	<u>8,716,304</u>	<u>8,675,488</u>
<b>Tier 2 capital</b>		
Tier 2 capital instruments	2,500,000	2,500,000
Collective allowance <sup>1</sup>	24,633	23,379
Surplus of eligible provision over expected loss	<u>307,680</u>	<u>304,154</u>
<b>Total Tier 2 capital</b>	<u>2,832,313</u>	<u>2,827,533</u>
<b>Total Capital</b>	<u>11,548,617</u>	<u>11,503,021</u>

<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:**

	31 March 2017 RM'000	31 December 2016 RM'000
Standardised Approach exposure	8,017,792	7,151,955
Internal Ratings-Based Approach exposure after scaling factor	<u>66,064,328</u>	<u>64,702,050</u>
Total risk-weighted asset for credit risk	<u>74,082,120</u>	<u>71,854,005</u>
Total risk-weighted asset for credit risk absorbed by parent and Investment Account Holder (IAH) <sup>^</sup>	<u>(16,992,675)</u>	<u>(16,426,406)</u>
Total risk-weighted asset for market risk	1,258,354	882,544
Total risk-weighted asset for operational risk	<u>5,901,809</u>	<u>5,691,742</u>
Total risk-weighted assets	<u>64,249,608</u>	<u>62,001,885</u>

<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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**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.

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**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 31 March 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	
<b>At 31 March 2017</b>				
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	-	473,029	-	473,029
<i>Money market instruments</i>	-	59,361	-	59,361
<i>Non-money market instruments</i>	-	413,668	-	413,668
<b>Financial investments available-for-sale</b>	-	9,534,563	750	9,535,313
<i>Money market instruments</i>	-	8,191,743	-	8,191,743
<i>Non-money market instruments</i>	-	1,342,820	750	1,343,570
<b>Derivative assets</b>	-	449,992	-	449,992
<i>Foreign exchange related contracts</i>	-	266,108	-	266,108
<i>Profit rate related contracts</i>	-	183,884	-	183,884
	-	<b>10,457,584</b>	<b>750</b>	<b>10,458,334</b>
Financial liabilities measured at fair value:				
<b>Financial liabilities at fair value through profit or loss</b>	-	986,633	-	986,633
<i>Structured deposits</i>	-	986,633	-	986,633
<b>Derivative liabilities</b>	-	484,955	-	484,955
<i>Foreign exchange related contracts</i>	-	273,766	-	273,766
<i>Profit rate related contracts</i>	-	211,189	-	211,189
	-	<b>1,471,588</b>	-	<b>1,471,588</b>

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**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	
<b>At 31 December 2016</b>				
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	-	252,451	-	252,451
<i>Money market instruments</i>	-	-	-	-
<i>Non-money market instruments</i>	-	252,451	-	252,451
<b>Financial investments available-for-sale</b>	-	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
<b>Derivative assets</b>	-	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:				
<b>Financial liabilities at fair value through profit or loss</b>	-	902,091	-	902,091
<i>Structured deposits</i>	-	902,091	-	902,091
<b>Derivative liabilities</b>	-	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.

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**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 31 March 2017 RM'000
<b>At 31 March 2017</b>							
<b>Financial investments available-for-sale</b>							
<i>Non-money market     instruments</i>	750	-	-	-	-	-	750
<b>Derivative assets</b>							
<i>Profit rate related contracts</i>	-	-	-	-	-	-	-
<b>Total Level 3 financial assets</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750</b>
<b>Financial liabilities at fair value through profit or loss</b>							
<i>Structured deposits</i>	-	-	-	-	-	-	-
<b>Derivative liabilities</b>							
<i>Profit rate related contracts</i>	-	-	-	-	-	-	-
<b>Total Level 3 financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net Level 3 financial assets/(liabilities)</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750</b>

\* Included within 'Other operating income'.

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**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
<b>At 31 December 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>	<u>500</u>	<u>-</u>	<u>-</u>	<u>903</u>	<u>-</u>	<u>(653)</u>	<u>750</u>
<b>Derivative liabilities</b>							
<i>Profit rate related contracts</i>	43,395	61,481	-	-	-	(104,876)	-
<b>Total Level 3 financial liabilities</b>	<u>43,395</u>	<u>61,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,876)</u>	<u>-</u>
<b>Total net Level 3 financial assets/(liabilities)</b>	<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 first quarter ended 31 March 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 first quarter ended 31 March 2017.

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

**B1. Performance Review**

The Bank posted profit before tax and zakat of RM527.0 million for the financial period ended 31 March 2017, an increase of RM61.1 million or 13% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances increased by RM25.3 million to RM53.4 million due to higher individual allowance made during the financial period ended 31 March 2017. The Bank's financing loss reserve coverage ratio with Regulatory Reserve stood at 111.38% as at 31 March 2017.

Total income grew by RM227.8 million or 12% to RM2,092.9 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 RM1,598.9 million, RM412.4 million and RM81.6 million respectively.

The Bank's gross financing and advances increased by RM0.6 billion to RM150.5 billion as compared to RM149.9 billion recorded in last financial year. As at 31 March 2017, total funding increased by 1% contributed by customer deposits which grew by 0.7%, recorded at RM107.4 billion against RM106.6 billion in last financial year. Investment Account balance slightly increased by RM0.2 billion to close at RM31.7 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 13.566% and Total Capital Ratio of 17.975%.

**B2. Prospects**

Malaysia's real GDP growth is expected to see a slight expansion in growth to 4.4% in 2017 (2016: +4.2%) underpinned by sustained consumer spending, stronger growth in public and private investments and a rebound in Government consumption expenditure. 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. 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.

Despite the expectations of continued challenging economic conditions in 2017, the Bank remains positive on the prospects for Islamic banking both domestically and globally. The Bank is determined to continue its growth strategy, albeit on a cautious note, with increased emphasis and vigilance on asset quality and liquidity management, in ensuring 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 play a more leading role in promoting Islamic Social Finance via its Zakat, Waqaf and Social Sukuk initiatives.