

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Income derived from investment of depositors' funds	A25	2,343,071	2,066,271	2,343,071	2,066,271
Income derived from investment of investment account funds	A26	278,757	311,420	278,757	311,420
Income derived from investment of shareholder's funds	A27	112,973	79,039	112,973	79,039
Writeback of/(allowances for) impairment losses on financing and advances, net	A28	41,981	(348,540)	41,981	(348,540)
Writeback of impairment losses on financial investments, net	A29	1,744	4,865	1,744	4,865
(Allowances for)/writeback of impairment losses on other financial assets, net	A30	(42)	171	(42)	171
Total distributable income		2,778,484	2,113,226	2,778,484	2,113,226
Profit distributed to depositors	A31	(1,380,241)	(1,145,413)	(1,380,241)	(1,145,413)
Profit distributed to investment account holders		(165,056)	(183,574)	(165,056)	(183,574)
Total net income		1,233,187	784,239	1,233,187	784,239
Overhead expenses	A32	(404,594)	(355,410)	(404,594)	(355,410)
Finance cost	A33	(97,881)	(90,073)	(97,881)	(90,073)
Profit before taxation and zakat		730,712	338,756	730,712	338,756
Taxation	A34	(175,891)	(81,143)	(175,891)	(81,143)
Zakat	A34	(5,545)	(4,986)	(5,545)	(4,986)
Profit for the period		549,276	252,627	549,276	252,627
Profit attributable to :					
Equity holders of the parent		549,276	252,627	549,276	252,627
Earnings per share attributable to equity holder of the Bank					
- basic/diluted (sen)		162.07	89.73	162.07	89.73

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 FIRST QUARTER ENDED 31 MARCH 2019

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Profit for the period	549,276	252,627	549,276	252,627
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain on financial investments at fair value through other comprehensive income	133,538	16,149	133,538	16,149
- Net gain from change in fair value	177,507	13,560	177,507	13,560
- Changes in expected credit losses	(1,367)	5,535	(1,367)	5,535
- Income tax effect	(42,602)	(2,946)	(42,602)	(2,946)
Other comprehensive income for the period, net of tax	133,538	16,149	133,538	16,149
Total comprehensive income for the period, net of tax	682,814	268,776	682,814	268,776
Total comprehensive income attributable to :				
Equity holders of the Bank	682,814	268,776	682,814	268,776

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	31 March 2019 RM'000	31 December 2018 RM'000
ASSETS			
Cash and short-term funds		22,946,616	21,922,103
Deposits and placements with banks and other financial institutions	A11	-	251,328
Financial investments at fair value through profit or loss	A12(i)	371,966	995,072
Financial investments at fair value through other comprehensive income	A12(ii)	12,588,150	12,447,389
Financial investments at amortised cost	A12(iii)	7,176,844	6,454,985
Financing and advances	A13	177,673,761	174,268,203
Derivative assets	A14	321,694	403,993
Other assets	A15	4,068,758	4,242,911
Statutory deposits with Bank Negara Malaysia		4,398,766	4,205,000
Right-of-use assets		6,227	-
Deferred tax assets		-	24,077
TOTAL ASSETS		229,552,782	225,215,061
LIABILITIES			
Customers' funding:			
- Deposits from customers	A16	149,277,475	147,781,749
- Investment accounts of customers ¹	A17	22,800,306	23,565,061
Deposits and placements of banks and other financial institutions	A18	36,884,490	32,174,135
Bills and acceptances payable		20,419	11,050
Financial liabilities at fair value through profit or loss	A19	149,587	385,687
Derivative liabilities	A14	317,136	391,949
Other liabilities	A20	912,622	2,129,694
Provision for taxation and zakat		28,995	23,450
Term funding	A22	4,962,574	4,738,180
Subordinated sukuk	A23	2,005,733	2,534,301
Capital securities	A24	1,014,647	1,002,441
Deferred tax liabilities		18,620	-
TOTAL LIABILITIES		218,392,604	214,737,697

¹ Investment accounts of customers are used to fund financing and advances as disclosed in Note A13.

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	31 March 2019 RM'000	31 December 2018 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		7,197,398	7,197,398
Retained profits		3,332,166	2,970,618
Other reserves		630,614	309,348
TOTAL SHAREHOLDER'S EQUITY		11,160,178	10,477,364
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		229,552,782	225,215,061
COMMITMENTS AND CONTINGENCIES	A36	62,079,630	59,033,318
<u>CAPITAL ADEQUACY</u>	A37		
The capital adequacy ratios of the Bank are as follows:			
CET1 capital ratio		15.545%	16.368%
Tier 1 capital ratio		17.094%	17.984%
Total capital ratio		20.696%	22.545%

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	<=====Non Distributable=====>					Total equity RM'000
	Share capital RM'000	Equity contribution from the holding company RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Distributable retained profits RM'000	
At 1 January 2019	7,197,398	1,697	(5,865)	313,516	2,970,618	10,477,364
Profit for the period	-	-	-	-	549,276	549,276
Other comprehensive income	-	-	133,538	-	-	133,538
Total comprehensive income for the period	-	-	133,538	-	549,276	682,814
Transfer to regulatory reserve	-	-	-	187,728	(187,728)	-
Total transactions with shareholder/ other equity movements	-	-	-	187,728	(187,728)	-
At 31 March 2019	7,197,398	1,697	127,673	501,244	3,332,166	11,160,178

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

<=====Non Distributable=====>

	Share capital RM'000	Equity contribution from the holding company RM'000	Fair Value Through Other Comprehensive Income reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2018						
- as previously stated	5,481,783	1,697	(32,318)	508,700	3,351,547	9,311,409
- effect of adopting MFRS 9	-	-	1,350	(493,501)	(342,607)	(834,758)
At 1 January 2018, as restated	5,481,783	1,697	(30,968)	15,199	3,008,940	8,476,651
Profit for the period	-	-	-	-	252,627	252,627
Other comprehensive income	-	-	16,149	-	-	16,149
Total comprehensive income for the period	-	-	16,149	-	252,627	268,776
Transfer to regulatory reserve	-	-	-	67,916	(67,916)	-
Total transactions with shareholder/ other equity movements	-	-	-	67,916	(67,916)	-
At 31 March 2018	5,481,783	1,697	(14,819)	83,115	3,193,651	8,745,427

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	31 March 2019 RM'000	31 March 2018 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	730,712	338,756
Adjustments for non-operating and non-cash items:		
(Writeback of)/allowances for impairment losses on financing and advances	(25,857)	353,524
Writeback of impairment losses on financial investments	(1,744)	-
Allowances for impairment losses on other financial assets	42	-
Accretion of discount less amortisation of premium	(58)	(16,545)
Depreciation of right-of-use assets	467	-
Finance cost on lease liabilities	90	-
Unrealised gains on revaluation of derivatives	(1,887)	(1,613)
Unrealised gains on revaluation of financial investments at fair value through profit or loss	(1,637)	(41)
Unrealised losses/(gains) on revaluation of financial liabilities at fair value through profit or loss	913	(1,410)
Gains on disposal of financial investments at fair value through other comprehensive income	(22,497)	(2,634)
(Gains)/losses on disposal of financial investment at fair value through profit or loss	(147)	345
Gains on foreign exchange translations	(16,427)	(21,844)
ESGP expenses	275	-
Finance cost	97,881	90,072
Operating profit before working capital changes	760,126	738,610
Change in deposits and placements with banks and other financial institutions	251,328	(701,065)
Change in cash and short-term funds with original maturity of more than three months	50,452	-
Change in financial investments portfolio	(37,337)	(2,641,006)
Change in financing and advances	(3,379,658)	(4,260,443)
Change in derivative assets and liabilities	9,373	(98,975)
Change in other assets	174,114	2,977,302
Change in statutory deposits with Bank Negara Malaysia	(193,766)	(1,440,000)
Change in deposits from customers	1,495,916	13,409,206
Change in investment accounts of customers	(764,755)	(2,713,496)
Change in deposits and placements of banks and other financial institutions	4,726,782	(2,767,374)
Change in financial liabilities at fair value through profit or loss	(237,013)	2,645
Change in bills and acceptances payable	9,369	16,119
Change in other liabilities	(1,722,052)	502,068
Cash generated from operating activities	1,142,879	3,023,591
Taxes and zakat paid	(175,986)	(316,727)
Net cash generated from operating activities	966,893	2,706,864

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	31 March 2019 RM'000	31 March 2018 RM'000
Cash flows from financing activities		
Dividend paid for subordinated sukuk	(57,602)	(23,441)
Drawdown/(redemption) of term funding	250,000	(4,932)
Dividend paid for term funding	(82,248)	(24,898)
Repayment of lease liability	(2,078)	-
Net cash used in investing activities	108,072	(53,271)
Net increase in cash and cash equivalents	1,074,965	2,653,593
Cash and cash equivalents at beginning of period	21,871,651	17,134,358
Cash and cash equivalents at end of period	22,946,616	19,787,951

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

	31 March 2019 RM'000	31 March 2018 RM'000
Cash and cash equivalents comprise:		
Cash and short term funds	22,946,616	19,787,951
Deposits and placements with banks and other financial institutions	-	701,065
	22,946,616	20,489,016
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	-	(701,065)
	22,946,616	19,787,951

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the financial statements)

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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 assets at fair value through other comprehensive income, financial assets and liabilities 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 audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2018. 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 2018.

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 2018 except for adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”), amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2019:

- MFRS 9 *Prepayment Features with Negative Compensation* (Amendments to MFRS 9)
- MFRS 16 *Leases*
- MFRS 128 *Long-term Interests in Associates and Joint Ventures* (Amendments to MFRS 128)
- Annual Improvements to MFRSs 2015-2017 Cycle
 - (i) MFRS 3 *Business Combinations*
 - (ii) MFRS 11 *Joint Arrangements*
 - (iii) MFRS 112 *Income Taxes*
 - (iv) MFRS 123 *Borrowing Costs*
- MFRS 119 *Plan Amendment, Curtailment or Settlement* (Amendments to MFRS 119)
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

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

MFRS 16 Leases

Before the adoption of MFRS 16, the Bank classified each of its leases such as premises for branches, data centres and IT and office equipments at the inception date as either a finance lease or an operating lease in accordance with MFRS 117 Leases. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Bank; otherwise, it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between profit (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased assets were not capitalised and the lease payments were recognised as rental expense in the statements of comprehensive income on a straight-line basis over the lease term. Any prepaid and accrued rent were recognised under other assets:prepayments and other liabilities:accruals, respectively.

A1. Basis of preparation (cont'd.)

MFRS 16 Leases (cont'd.)

MFRS 16 is mandatorily applicable initially for annual periods beginning on or after 1 January 2019 and replaces MFRS 117, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease — Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 17. Therefore, MFRS 16 did not have an impact for leases where the Bank is the lessor.

Maybank Group has analysed the impact of the first-time application of MFRS 16 in a Group-wide project, including existing processes, systems and policies. The Bank has developed its approach for assessing the different types of leases including applying the recognition exemptions in the standard that allows the Bank not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets; and incorporating forward-looking assumptions in making certain decisions such as extension and termination options on lease contracts of which management have assessed on a case by case basis.

Leases previously classified as operating leases - The Bank as lessee

On 1 January 2019, the Bank has applied MFRS 16 for the first time using the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying MFRS 16, to the retained earnings brought forward and not restate prior year/period comparatives information which remain as previously reported under MFRS 117 and related interpretations. The Bank also made use of the transition practical expedient in the standard to not recognise lease arrangements for which the lease term ends within 12 months of the date of initial application. The Bank has elected, on a lease-by-lease basis, to recognise the right-of-use assets at the amount equal to the lease liabilities, hence there were no impact to the retained earnings brought forward as at 1 January 2019.

The Bank elected the following transition practical expedients on a lease-by-lease basis for measurement purposes at first-time application of the standard:

- (1) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment;
- (2) Short-term lease contracts with a term not exceeding 12 months at the date of initial application are not recognised under MFRS 16;
- (3) Initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application; and
- (4) The Bank used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The detailed financial impact of the adoption of MFRS 16 on the financial statements of the Bank are disclosed in Note A39.

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A1. Basis of preparation (cont'd.)

MFRS 16 Leases (cont'd.)

Summary of new accounting policies

Right-of-Use Assets

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Bank combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Bank is reasonably certain to exercise that option. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

Lease Liabilities

At the commencement date of the lease, the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank use the incremental funding rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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A1. Basis of preparation (cont'd.)

MFRS 16 Leases (cont'd.)

Summary of new accounting policies (cont'd.)

Short-Term Leases and Leases of Low-Value Assets

The Bank apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant Judgement in Determining the Lease Term of Contracts with Renewal Options

The Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has the option, under some of its leases to lease the assets for additional terms of three to five years. The Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Bank included the renewal period as part of the lease term for leases of premises and IT equipments due to the significance of these assets to its operations.

A2. Significant Accounting Policies

The audited annual financial statements of the Bank for the financial year ended 31 December 2018 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 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 2018 except for the adoption of the new MFRSs, amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2019 as disclosed in Note A1.

A3. Significant Accounting Estimates and Judgements

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 2018 except for the measurement of right-of-use assets and lease liabilities under MFRS 16 which involves increased complexity and judgement as disclosed in Note A1.

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A4. Auditors' Report on Preceding Audited Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2018 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 period ended 31 March 2019.

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 period ended 31 March 2019.

A7. Changes in Estimates

There were no material changes in estimates during the financial period ended 31 March 2019.

A8. Changes in Debt and Equity Securities

(i) Save as disclosed below, there were no new shares issuance by the Bank during the first quarter ended 31 March 2019.

(a) **Term funding**

Issuance of commercial papers by Maybank Islamic Berhad

The aggregate nominal value of the commercial papers issued by Maybank Islamic Berhad and outstanding as at 31 March 2019 are as follows:

Currency	Description	Aggregate Nominal Value (in Million)
RM	Zero Coupon Notes	3,000.0

(ii) The following are the changes in debt securities for the Bank subsequent to the first quarter ended 31 March 2019:

(a) **Subordinated Sukuk**

Issuance of Subordinated Sukuk Murabahah pursuant to the RM10.0 billion Subordinated Sukuk Programme by Maybank Islamic Berhad

Issuance	Issue Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	5 April 2019	5 April 2029	RM1.0 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5)	10 years

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A8. Changes in Debt and Equity Securities (cont'd.)

(ii) The following are the changes in debt securities for the Bank subsequent to the first quarter ended 31 March 2019 (cont'd.):

(a) **Subordinated Sukuk (cont'd.)**

Redemption of Subordinated Sukuk Murabahah pursuant to the RM10.0 billion Subordinated Sukuk Programme by Maybank Islamic Berhad

Redemption	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	5 April 2019	5 April 2024	RM1.5 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5) ¹	10 years

¹ These subordinated sukuk were fully redeemed on 5 April 2019.

A9. Dividends Paid/Declared

(a) During the Annual General Meeting held on 8 April 2019, a final single-tier dividend of RM3.64 per share on 338,910,000 ordinary shares, amounting to a dividend payable of RM1,233,632,400 was approved by shareholders. The payment of dividend was completed on 18 April 2019.

(b) The Directors do not recommend the payment of any dividend in respect of the first quarter ended 31 March 2019.

A10. 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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A11. Deposits and placements with banks and other financial institutions

	31 March 2019 RM'000	31 December 2018 RM'000
Licensed Islamic banks	-	150,781
Other financial institutions	-	100,547
	<u>-</u>	<u>251,328</u>

A12. Financial investments portfolio

	Note	31 March 2019 RM'000	31 December 2018 RM'000
Financial investments at fair value through profit or loss	(i)	371,966	995,072
Financial investments at fair value through other comprehensive income	(ii)	12,588,150	12,447,389
Financial investments at amortised cost	(iii)	7,176,844	6,454,985
		<u>20,136,960</u>	<u>19,897,446</u>

(i) Financial investments at fair value through profit or loss ("FVTPL")

	31 March 2019 RM'000	31 December 2018 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	<u>371,966</u>	<u>745,765</u>
Unquoted securities:		
Outside Malaysia:		
Islamic Corporate Sukuk	-	249,307
	-	<u>249,307</u>
Total financial investments at fair value through profit or loss	<u>371,966</u>	<u>995,072</u>

(ii) Financial investments at fair value through other comprehensive income ("FVOCI")

	31 March 2019 RM'000	31 December 2018 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	10,071,160	9,466,355
Khazanah sukuk	34,497	153,244
	<u>10,105,657</u>	<u>9,619,599</u>

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A12. Financial investments portfolio (cont'd.)

(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (cont'd.)

	31 March 2019 RM'000	31 December 2018 RM'000
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	2,438,322	2,766,366
Malaysian Government sukuk	42,921	43,767
Equity	1,250	1,250
	2,482,493	2,811,383
Outside Malaysia:		
Islamic Corporate Sukuk	-	16,407
	2,482,493	2,827,790
Total financial investments at fair value through other comprehensive income	12,588,150	12,447,389

(a) Movements in the allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
At 31 March 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	484	44	-	528
Transferred to Stage 1	44	(44)	-	-
Net remeasurement of allowances	(32)	-	-	(32)
Financial assets derecognised	(4)	-	-	(4)
Changes in models/ risk parameters	(22)	-	-	(22)
At 31 March 2019	470	-	-	470

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A12. Financial investments portfolio (cont'd.)

(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (cont'd.)

(a) Movements in the allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows (cont'd.):

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
At 31 December 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9	1,131	155	-	1,286
At 1 January 2018, as restated	1,131	155	-	1,286
Transferred to Stage 2	(14)	14	-	-
Net remeasurement of allowances	229	30	-	259
New financial assets originated or purchased	57	-	-	57
Financial assets derecognised	(920)	(155)	-	(1,075)
Exchange differences	1	-	-	1
At 31 December 2018	484	44	-	528

(iii) Financial investments at amortised cost

	31 March 2019 RM'000	31 December 2018 RM'000
Money market instruments:-		
Malaysian Government Investment Issues	1,556,111	1,540,977
	<u>1,556,111</u>	<u>1,540,977</u>
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	5,634,426	4,929,387
Accumulated impairment losses	(13,693)	(15,379)
Total financial investments at amortised cost	<u>7,176,844</u>	<u>6,454,985</u>

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A12. Financial investments portfolio (cont'd.)

(iii) Financial investments at amortised cost (cont'd.)

(a) Movements in the allowances for impairment losses on financial investments at amortised cost are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
At 31 March 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	6,025	9,354	-	15,379
New financial assets originated or purchased	1,100	-	-	1,100
Changes in models/ risk parameters	(758)	(2,028)	-	(2,786)
At 31 March 2019	<u>6,367</u>	<u>7,326</u>	<u>-</u>	<u>13,693</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
At 31 December 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				22,157
- effect of adopting MFRS 9				22,157
At 1 January 2018, as restated	8,493	13,664	-	22,157
Net remeasurement of allowances	(6,253)	(4,310)	-	(10,563)
New financial assets originated or purchased	5,194	-	-	5,194
Financial assets derecognised	(1,409)	-	-	(1,409)
At 31 December 2018	<u>6,025</u>	<u>9,354</u>	<u>-</u>	<u>15,379</u>

A13. Financing and advances

	31 March 2019 RM'000	31 December 2018 RM'000
Financing and advances:		
(A) Financing and advances at FVOCI	479,604	471,122
(B) Financing and advances at amortised cost	274,206,723	271,226,088
	<u>274,686,327</u>	<u>271,697,210</u>
Unearned income	(94,673,697)	(94,879,201)
Gross financing and advances	<u>180,012,630</u>	<u>176,818,009</u>
Allowances for impairment losses, financing and advances:		
- Stage 1 - 12-month ECL	(474,393)	(510,284)
- Stage 2 - Lifetime ECL not credit impaired	(837,630)	(983,711)
- Stage 3 - Lifetime ECL credit impaired	(1,026,846)	(1,055,811)
Net financing and advances	<u>177,673,761</u>	<u>174,268,203</u>

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A13. Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah concepts are as follows:

At 31 March 2019	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	-	5,995,851	-	-	-	-	-	5,995,851
Term financing								
- House financing	15,613,281	66,858,536	2,125,062	-	-	-	624	84,597,503
- Syndicated financing	-	1,444,007	-	-	-	-	-	1,444,007
- Hire purchase receivables	-	595,723	-	38,218,501	-	-	-	38,814,224
- Lease receivables	-	-	-	-	89,012	-	-	89,012
- Other term financing	15,750,854	102,861,647	813,884	-	-	126,066	27,410	119,579,861
Trust receipts	-	123,334	-	-	-	-	-	123,334
Claims on customers under acceptance credits	-	5,041,460	-	-	-	-	-	5,041,460
Staff financing	496,291	1,721,414	9,539	160,895	3,236	-	45,799	2,437,174
Credit card receivables	-	-	-	-	-	-	1,091,865	1,091,865
Revolving credit	-	15,443,922	-	-	-	-	-	15,443,922
Share Margin Financing	-	22,805	-	-	-	-	-	22,805
Financing to:								
- Directors of the Bank	-	2,652	-	420	-	-	72	3,144
- Directors of related companies	-	1,408	-	750	-	-	7	2,165
	31,860,426	200,112,759	2,948,485	38,380,566	92,248	126,066	1,165,777	274,686,327
Unearned income								(94,673,697)
Gross financing and advances^^								180,012,630
Allowances for impaired financing and advances:								
- Stage 1 - 12-month ECL								(474,393)
- Stage 2 - Lifetime ECL not credit impaired								(837,630)
- Stage 3 - Lifetime ECL credit impaired								(1,026,846)
Net financing and advances								177,673,761

^ 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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A13. Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah concepts are as follows (cont'd.):

At 31 December 2018	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	-	6,113,117	-	-	-	126	-	6,113,243
Term financing								
- House financing	15,968,002	65,870,117	2,140,367	-	-	-	627	83,979,113
- Syndicated financing	-	1,432,287	-	-	-	-	-	1,432,287
- Hire purchase receivables	-	224,525	-	37,895,766	-	-	-	38,120,291
- Lease receivables	-	-	-	-	9,450	-	-	9,450
- Other term financing	17,456,478	99,485,956	563,979	-	102,001	127,395	17,280	117,753,089
Bills receivable	-	163	-	-	-	-	799	962
Trust receipts	-	145,613	-	-	-	-	-	145,613
Claims on customers under acceptance credits	-	4,921,799	-	-	-	-	-	4,921,799
Staff financing	517,202	1,670,905	8,965	156,713	2,539	-	50,956	2,407,280
Credit card receivables	-	-	-	-	-	-	1,104,219	1,104,219
Revolving credit	-	15,681,860	-	-	-	-	-	15,681,860
Share Margin Financing	-	22,322	-	-	-	-	-	22,322
Financing to:								
- Directors of the Bank	-	2,503	-	465	-	-	8	2,976
- Directors of related companies	-	2,030	-	676	-	-	-	2,706
	<u>33,941,682</u>	<u>195,573,197</u>	<u>2,713,311</u>	<u>38,053,620</u>	<u>113,990</u>	<u>127,521</u>	<u>1,173,889</u>	<u>271,697,210</u>
Unearned income								(94,879,201)
Gross financing and advances^^								<u>176,818,009</u>
Allowances for impaired financing and advances:								
- Stage 1 - 12-month ECL								(510,284)
- Stage 2 - Lifetime ECL not credit impaired								(983,711)
- Stage 3 - Lifetime ECL credit impaired								(1,055,811)
Net financing and advances								<u><u>174,268,203</u></u>

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

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

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A13. Financing and advances (cont'd.)

(ii) Financing and advances analysed by type of customers are as follows:

	31 March 2019 RM'000	31 December 2018 RM'000
Domestic non-banking financial institutions	4,647,550	4,616,580
Domestic business enterprises		
- Small and medium enterprises	34,309,210	34,744,124
- Others	17,613,858	17,178,166
Government and statutory bodies	14,419,353	13,517,323
Individuals	107,596,532	105,109,091
Other domestic entities	23,295	26,714
Foreign entities in Malaysia	1,402,832	1,626,011
Gross financing and advances	180,012,630	176,818,009

(iii) Financing and advances analysed by profit rate sensitivity are as follows:

	31 March 2019 RM'000	31 December 2018 RM'000
Fixed rate		
- House financing	1,240,039	1,240,669
- Hire purchase receivables	33,775,830	33,187,018
- Other financing	24,723,213	25,597,990
Floating rate		
- House financing	41,902,482	40,537,477
- Other financing	78,371,066	76,254,855
Gross financing and advances	180,012,630	176,818,009

(iv) Financing and advances analysed by their economic purposes are as follows:

	31 March 2019 RM'000	31 December 2018 RM'000
Purchase of securities	23,827,276	23,163,495
Purchase of transport vehicles	33,674,045	33,118,017
Purchase of landed properties		
- residential	42,147,893	40,756,304
- non-residential	12,139,642	11,874,200
Purchase of fixed assets (excluding landed properties)	61,358	54,876
Personal use	3,794,507	3,853,527
Consumer durables	279	302
Construction	2,701,923	2,576,566
Working capital	60,528,629	60,261,860
Credit/charge card	1,137,078	1,158,862
Gross financing and advances	180,012,630	176,818,009

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A13. Financing and advances (cont'd.)

(v) The maturity profile of financing and advances is as follows:

	31 March 2019 RM'000	31 December 2018 RM'000
Within one year	32,746,459	33,069,988
One year to three years	6,589,916	6,912,461
Three years to five years	15,265,089	14,374,816
After five years	125,411,166	122,460,744
Gross financing and advances	<u>180,012,630</u>	<u>176,818,009</u>

(vi) Movements in the impaired financing and advances are as follows:

	31 March 2019 RM'000	31 December 2018 RM'000
At 1 January		
- as previously stated	2,094,107	1,710,533
- effect of adopting MFRS 9	-	121,439
Gross impaired financing and advances at 1 January, as restated	<u>2,094,107</u>	<u>1,831,972</u>
Impaired during the financial period/year	234,041	1,367,882
Reclassified as non-impaired	(79,003)	(228,568)
Amount recovered	(6,560)	(444,519)
Amount written off	<u>(160,749)</u>	<u>(432,660)</u>
Gross impaired financing and advances at 31 March 2019/ 31 December 2018	2,081,836	2,094,107
Less: Stage 3 - Lifetime ECL credit impaired	<u>(1,026,846)</u>	<u>(1,055,811)</u>
Net impaired financing and advances at 31 March 2019/ 31 December 2018	<u>1,054,990</u>	<u>1,038,296</u>

Calculation of ratio of net impaired financing and advances:

Gross impaired financing and advances at 31 March 2019/ 31 December 2018 (excluding financing funded by RPSIA and IA)*	1,969,511	2,030,688
Less: Stage 3 - Lifetime ECL credit impaired	<u>(1,026,846)</u>	<u>(1,055,811)</u>
Net impaired financing and advances	<u>942,665</u>	<u>974,877</u>

Gross financing and advances (excluding financing funded by RPSIA and IA)	141,200,199	137,310,796
Less: Stage 3 - Lifetime ECL credit impaired	<u>(2,342,759)</u>	<u>(2,555,005)</u>
Net financing and advances	<u>138,857,440</u>	<u>134,755,791</u>

Net impaired financing and advances as a percentage of net financing and advances	<u>0.68%</u>	<u>0.72%</u>
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A13. Financing and advances (cont'd.)

(vii) Impaired financing and advances analysed by their economic purpose are as follows:

	31 March 2019 RM'000	31 December 2018 RM'000
Purchase of securities	5,820	5,666
Purchase of transport vehicles	190,533	189,958
Purchase of landed properties		
- residential	289,958	278,783
- non-residential	148,007	142,442
Purchase of fixed assets (exclude landed properties)	304	527
Personal use	46,316	37,998
Credit/charge cards	9,096	8,372
Consumer durables	3	8
Construction	248,154	244,765
Working capital	1,143,645	1,185,588
Gross impaired financing and advances	2,081,836	2,094,107

(viii) Movement in the allowance for impairment losses on financing and advances are as follows:

At fair value through other comprehensive income

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
At 31 March 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	1,399	3,800	-	5,199
Changes in models/risk parameters	(787)	(522)	-	(1,309)
At 31 March 2019	612	3,278	-	3,890

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A13. Financing and advances (cont'd.)

(viii) Movement in the allowance for impairment losses on financing and advances are as follows (cont'd.):

At fair value through other comprehensive income (cont'd.)

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 31 December 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018, as restated - effect of adopting MFRS 9	522	-	-	522
At 1 January 2018, as restated	522	-	-	522
Net remeasurement of allowances	45	-	-	45
New financial assets originated or purchased	1,354	3,800	-	5,154
Financial assets derecognised	(522)	-	-	(522)
At 31 December 2018	<u>1,399</u>	<u>3,800</u>	<u>-</u>	<u>5,199</u>

At amortised cost

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 31 March 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	510,284	983,711	1,055,811	2,549,806
Transferred to Stage 1	263,567	(150,337)	(113,230)	-
Transferred to Stage 2	(14,134)	157,886	(143,752)	-
Transferred to Stage 3	(717)	(29,883)	30,600	-
Net remeasurement of allowances*	(240,680)	(67,137)	325,462	17,645
New financial assets originated or purchased	62,304	42,333	-	104,637
Financial assets derecognised	(30,034)	(54,140)	4,890	(79,284)
Changes in models/risk parameters	(76,288)	(44,803)	28,383	(92,708)
Amount related to Restricted Investment Accounts	-	-	(569)	(569)
Amount written-off	-	-	(160,749)	(160,749)
Exchange differences	91	-	-	91
At 31 March 2019	<u>474,393</u>	<u>837,630</u>	<u>1,026,846</u>	<u>2,338,869</u>

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A13. Financing and advances (cont'd.)

(viii) Movement in the allowance for impairment losses on financing and advances are as follows (cont'd.):

At amortised cost (cont'd.)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-month ECL</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	<u>Total</u>
At 31 December 2018	RM'000	not credit impaired RM'000	credit impaired RM'000	RM'000
At 1 January 2018				
- as previously stated - MFRS 139				1,482,363
- effect of adopting MFRS 9				1,051,345
At 1 January 2018, as restated	409,260	1,058,009	1,066,439	2,533,708
Transferred to Stage 1	410,336	(263,234)	(147,102)	-
Transferred to Stage 2	(32,812)	69,092	(36,280)	-
Transferred to Stage 3	(2,942)	(96,473)	99,415	-
Net remeasurement of allowances*	(329,067)	180,529	723,244	574,706
New financial assets originated or purchased	194,840	128,773	-	323,613
Financial assets derecognised	(69,870)	(87,251)	(267,462)	(424,583)
Changes in models/risk parameters	(69,473)	(6,305)	(1,683)	(77,461)
Amount related to Restricted Investment Accounts	-	-	50,553	50,553
Amount written-off	-	-	(432,659)	(432,659)
Exchange differences	12	571	1,346	1,929
At 31 December 2018	<u>510,284</u>	<u>983,711</u>	<u>1,055,811</u>	<u>2,549,806</u>

* As at 31 March 2019, the gross exposure of the financing funded by RPSIA is RM16,012.1 million (31 December 2018: RM15,942.2 million). The expected credit loss relating to these financing amounting to RM107.6 million (31 December 2018: RM274.5 million) is accounted for by the holding company.

The gross exposure of the financing funded by IA as at 31 March 2019 was RM22,800.3 million (31 December 2018: RM23,565.1 million). No expected credit loss relating to financing funded by IA are recognised in the financial statements of the Bank, as the credit risk are borne by the investors.

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A14. 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 2019			31 December 2018		
	Notional Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	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	5,566,146	49,983	(31,139)	5,493,987	114,998	(24,049)
- One year to three years	824,528	7,156	(7,387)	870,321	4,883	(4,913)
- More than three years	838,419	3,035	(3,035)	60,842	49	(49)
	7,229,093	60,174	(41,561)	6,425,150	119,930	(29,011)
Currency swaps:						
- Less than one year	7,365,823	18,917	(42,558)	5,893,262	50,859	(135,612)
- One year to three years	20,030	230	-	27,111	44	(14)
	7,385,853	19,147	(42,558)	5,920,373	50,903	(135,626)
Currency spot:						
- Less than one year	400,499	337	(252)	191,924	69	(66)
	400,499	337	(252)	191,924	69	(66)
Cross currency profit rate swaps:						
- One year to three years	2,657,383	104,690	(104,354)	639,685	36,618	(36,110)
- More than three years	57,051	122	(122)	2,065,349	59,109	(59,109)
	2,714,434	104,812	(104,476)	2,705,034	95,727	(95,219)
<u>Profit rate related contracts</u>						
Profit rate options:						
- One year to three years	345,000	1,549	(647)	680,000	1,316	(2,734)
- More than three years	-	-	-	100,000	352	(352)
	345,000	1,549	(647)	780,000	1,668	(3,086)
Profit rate swaps:						
- Less than one year	750,000	717	(693)	750,000	795	(765)
- One year to three years	181,730	1,212	(1,201)	182,770	1,572	(1,560)
- More than three years	3,985,545	27,891	(19,893)	3,885,554	19,186	(12,552)
	4,917,275	29,820	(21,787)	4,818,324	21,553	(14,877)
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency profit rate swaps						
- Less than one year	1,510,975	105,855	(105,855)	1,515,787	112,648	(112,648)
	1,510,975	105,855	(105,855)	1,515,787	112,648	(112,648)
<u>Profit rate related contracts</u>						
Profit rate swaps						
- Less than one year	-	-	-	620,776	1,495	(1,416)
	-	-	-	620,776	1,495	(1,416)
Total derivative assets/(liabilities)	24,503,129	321,694	(317,136)	22,977,368	403,993	(391,949)

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A15. Other assets

	31 March 2019 RM'000	31 December 2018 RM'000
Amount due from holding company	3,226,082	3,569,497
Handling fees	173,253	170,830
Prepayments and deposits	274,948	276,695
Tax recoverable	188,458	176,213
Others debtors	206,017	49,676
	4,068,758	4,242,911

A16. Deposits from customers

(i) By type of deposits

	31 March 2019 RM'000	31 December 2018 RM'000
Savings deposits		
Qard	16,801,216	16,081,568
Demand deposits		
Qard	17,605,932	18,403,932
Term deposits		
Murabahah	112,862,895	111,692,152
Qard	2,007,432	1,604,097
	114,870,327	113,296,249
	149,277,475	147,781,749

(ii) By type of customers

	31 March 2019 RM'000	31 December 2018 RM'000
Business enterprises	55,086,348	51,815,432
Individuals	38,295,331	39,445,354
Government and statutory bodies	27,030,375	26,423,140
Others	28,865,421	30,097,823
	149,277,475	147,781,749

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A17. Investment accounts of customers

Mudharabah	31 March 2019 RM'000	31 December 2018 RM'000
Unrestricted Investment accounts	22,680,210	23,445,562
Restricted Investment accounts*	120,096	119,499
	<u>22,800,306</u>	<u>23,565,061</u>

* Net of credit losses associated with the financing assets funded by the Restricted Investment Accounts.

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

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 31 March 2019			
Business enterprises	9,920,913	120,096	10,041,009
Individuals	11,229,961	-	11,229,961
Government and statutory bodies	125,809	-	125,809
Others	1,403,527	-	1,403,527
	<u>22,680,210</u>	<u>120,096</u>	<u>22,800,306</u>
As at 31 December 2018			
Business enterprises	11,814,357	119,499	11,933,856
Individuals	10,475,578	-	10,475,578
Government and statutory bodies	128,414	-	128,414
Others	1,027,213	-	1,027,213
	<u>23,445,562</u>	<u>119,499</u>	<u>23,565,061</u>

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

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 31 March 2019			
- without maturity	11,828,838	-	11,828,838
- with maturity			
Due within six months	8,118,555	120,096	8,238,651
Six months to one year	2,713,282	-	2,713,282
One year to three years	6,012	-	6,012
Three years to five years	13,523	-	13,523
	<u>10,851,372</u>	<u>120,096</u>	<u>10,971,468</u>
Total investment accounts of customers	<u>22,680,210</u>	<u>120,096</u>	<u>22,800,306</u>

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A17. Investment accounts of customers (cont'd.)

(ii) Maturity profile of unrestricted investment accounts are as follows (cont'd.):

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 31 December 2018			
- without maturity	13,067,406	-	13,067,406
- with maturity			
Due within six months	8,233,509	119,499	8,353,008
Six months to one year	2,125,559	-	2,125,559
One year to three years	5,176	-	5,176
Three years to five years	13,912	-	13,912
	10,378,156	119,499	10,497,655
Total investment accounts of customers	23,445,562	119,499	23,565,061

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

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 31 March 2019			
Retail financing	20,805,177	-	20,805,177
Non-retail financing	1,875,033	120,096	1,995,129
	22,680,210	120,096	22,800,306
As at 31 December 2018			
Retail financing	21,644,759	-	21,644,759
Non-retail financing	1,800,803	119,499	1,920,302
	23,445,562	119,499	23,565,061

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

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 March 2019		
Unrestricted investment accounts	57.91	2.83
Restricted investment accounts	99.95	4.31
As at 31 December 2018		
Unrestricted investment accounts	55.00	2.82
Restricted investment accounts	99.95	4.31

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A18. Deposits and placements of banks and other financial institutions

	31 March 2019 RM'000	31 December 2018 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	17,415,651	17,223,165
<u>Non-Mudharabah Fund</u>		
Licensed banks	16,557,408	11,767,354
Licensed islamic banks	1,139,645	497,383
Other financial institutions	1,771,786	2,686,233
	19,468,839	14,950,970
	36,884,490	32,174,135

* Included in the Mudharabah deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the holding company amounting to RM17,415.7 million (31 December 2018: RM17,223.2 million). These placements are used to fund certain specific financing and advances.

A19. Financial liabilities at fair value through profit or loss

	31 March 2019 RM'000	31 December 2018 RM'000
Structured deposits	149,587	385,687

The carrying amount of structured deposits designated at fair value through profit or loss of the Bank as at 31 March 2019 was RM147,973,000 (31 December 2018: RM384,986,000). The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A20. Other liabilities

	Note	31 March 2019 RM'000	31 December 2018 RM'000
Sundry creditors		705,571	1,979,769
Deposit on trade financing		31,184	25,407
Provisions and accruals		23,101	25,360
Margin account with holding company		104,550	27,450
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	43,510	30,942
Lease liabilities		4,706	-
Others		-	40,766
		912,622	2,129,694

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A20. Other liabilities (cont'd.)

- (i) Movements in the allowances for impairment losses on financing commitments and financial guarantee contracts are as follows:

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 31 March 2019				
At 1 January 2019	24,192	6,475	275	30,942
Transferred to Stage 1	1,470	(1,470)	-	-
Transferred to Stage 2	(38)	487	(449)	-
Net remeasurement of allowances	(1,750)	(502)	14,597	12,345
New financial assets originated or purchased	1,252	850	-	2,102
Financial assets derecognised	(904)	(851)	(6)	(1,761)
Changes in models/risk parameters	(4)	(114)	-	(118)
At 31 March 2019	24,218	4,875	14,417	43,510

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 31 December 2018				
At 1 January 2018				
- effect of adopting MFRS 9	14,888	7,550	2,222	24,660
At 1 January 2018, as restated	14,888	7,550	2,222	24,660
Transferred to Stage 1	699	(563)	(136)	-
Transferred to Stage 2	(14)	464	(450)	-
Net remeasurement of allowances	9,183	(876)	(1,256)	7,051
New financial assets originated or purchased	2,596	3,079	269	5,944
Financial assets derecognised	(3,965)	(3,187)	(388)	(7,540)
Exchange differences	805	8	14	827
At 31 December 2018	24,192	6,475	275	30,942

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A21. Sources and uses of charity funds

	31 March 2019 RM'000	31 December 2018 RM'000
Sources of charity funds		
Shariah non-compliant/prohibited income	-	28
Total sources of charity funds during the period/year	-	28
Uses of charity funds		
Contribution to non-profit organisation	-	28
Total uses of charity funds during the period/year	-	28
Undistributed charity funds as at 31 March 2019/ 31 December 2018	-	-

A22. Term Funding

	31 March 2019 RM'000	31 December 2018 RM'000
Unsecured term funding:		
(a) Commercial Paper		
- Less than one year	2,938,640	2,734,958
(b) Medium Term Notes		
- More than one year	2,023,934	2,003,222
Total term funding	4,962,574	4,738,180

A23. Subordinated Sukuk

	31 March 2019 RM'000	31 December 2018 RM'000
RM1,500 million Tier 2 Islamic Subordinated Sukuk due in 2024	-	1,516,593
RM1,000 million Tier 2 Islamic Subordinated Sukuk due in 2026	1,005,733	1,017,708
RM1,000 million Tier 2 Islamic Subordinated Sukuk due in 2029	1,000,000	-
	2,005,733	2,534,301

A24. Capital Securities

	31 March 2019 RM'000	31 December 2018 RM'000
RM1,000.0 million 4.95% Additional Tier 1 Sukuk Wakalah	1,014,647	1,002,441

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A25. Income derived from investment of depositors' funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Income derived from investment of:				
i) General investment deposits	1,803,013	1,584,196	1,803,013	1,584,196
ii) Other deposits	540,058	482,075	540,058	482,075
	2,343,071	2,066,271	2,343,071	2,066,271

i) Income derived from investment of general investment deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Financing and advances	1,411,220	1,267,138	1,411,220	1,267,138
Money at call and deposit with financial institutions	117,292	124,716	117,292	124,716
Financial investments at fair value through other comprehensive income	90,276	67,829	90,276	67,829
Financial investments at amortised cost	67,122	26,342	67,122	26,342
Financial investments at fair value through profit or loss	6,827	1,937	6,827	1,937
	1,692,737	1,487,962	1,692,737	1,487,962
Accretion of discounts less amortisation of premium	42	12,218	42	12,218
Total finance income and hibah	1,692,779	1,500,180	1,692,779	1,500,180
Other operating income :				
Fee income				
- Processing fees	9,798	4,320	9,798	4,320
- Commissions	24,707	24,799	24,707	24,799
- Service charges and other fees	44,043	32,333	44,043	32,333
Gains on disposal of financial investments at fair value through other comprehensive income	16,515	1,945	16,515	1,945
Gains/(losses) on disposal of financial investments at fair value through profit or loss	108	(255)	108	(255)
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	1,202	30	1,202	30
- Financial liabilities at fair value through profit or loss	(670)	1,041	(670)	1,041
- Derivatives	1,385	1,191	1,385	1,191
Gains/(losses) on foreign exchange:				
- Realised	937	(119,757)	937	(119,757)
- Unrealised	11,122	135,888	11,122	135,888
Realised gain on derivatives	1,087	2,481	1,087	2,481
	1,803,013	1,584,196	1,803,013	1,584,196

Included in finance income were income on impaired assets amounting to RM13.0 million (31 March 2018: RM4.9 million).

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

ii) Income derived from investment of other deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Financing and advances	422,704	385,593	422,704	385,593
Money at call and deposit with financial institutions	35,132	37,951	35,132	37,951
Financial investments at fair value through other comprehensive income	27,041	20,641	27,041	20,641
Financial investments at amortised cost	20,105	8,016	20,105	8,016
Financial investments at fair value through profit or loss	2,045	589	2,045	589
	507,027	452,790	507,027	452,790
Accretion of discounts less amortisation of premium	13	3,718	13	3,718
Total finance income and hibah	507,040	456,508	507,040	456,508
Other operating income :				
Fee income				
- Processing fees	2,935	1,315	2,935	1,315
- Commissions	7,400	7,546	7,400	7,546
- Service charges and other fees	13,192	9,839	13,192	9,839
Gains on sale of financial investments at fair value through other comprehensive income	4,947	592	4,947	592
Gains/(losses) on sale of financial investments at fair value through profit or loss	32	(78)	32	(78)
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	360	9	360	9
- Financial liabilities at fair value through profit or loss	(201)	317	(201)	317
- Derivatives	415	363	415	363
Gains/(losses) on foreign exchange:				
- Realised	281	(36,442)	281	(36,442)
- Unrealised	3,331	41,351	3,331	41,351
Realised gain on derivatives	326	755	326	755
	540,058	482,075	540,058	482,075

Included in finance income were income on impaired assets amounting to RM3.9 million (31 March 2018: RM1.5 million).

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A26. Income derived from investment of investment account funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Financing and advances	278,672	305,229	278,672	305,229
Total finance income and hibah	278,672	305,229	278,672	305,229
Other operating income :				
Fee income				
- Commissions	67	680	67	680
- Service charges and other fees	18	5,511	18	5,511
	278,757	311,420	278,757	311,420

A27. Income derived from investment of shareholder's funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Financing and advances	88,423	63,220	88,423	63,220
Money at call and deposit with financial institutions	7,349	6,222	7,349	6,222
Financial investments at fair value through other comprehensive income	5,656	3,384	5,656	3,384
Financial investments at amortised cost	4,206	1,314	4,206	1,314
Financial investments at fair value through profit or loss	428	97	428	97
	106,062	74,237	106,062	74,237
Accretion of discounts less amortisation of premium	3	610	3	610
Total finance income and hibah	106,065	74,847	106,065	74,847
Other operating income :				
Fee income				
- Processing fees	614	216	614	216
- Commissions	1,548	1,237	1,548	1,237
- Service charges and other fees	2,760	1,613	2,760	1,613
Gains on sale of financial investments at fair value through other comprehensive income	1,035	97	1,035	97
Gains/(losses) on sale of financial investments at fair value through profit or loss	7	(13)	7	(13)
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	75	2	75	2
- Financial liabilities at fair value through profit or loss	(42)	52	(42)	52
- Derivatives	87	59	87	59
Gains/(losses) on foreign exchange:				
- Realised	59	(5,975)	59	(5,975)
- Unrealised	697	6,780	697	6,780
Realised gain on derivatives	68	124	68	124
	112,973	79,039	112,973	79,039

Included in finance income were income on impaired assets amounting to RM0.8 million (31 March 2018: RM0.2 million).

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A28. (Writeback of)/allowances for impairment losses on financing and advances, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
(Writeback of)/allowances for impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	(286,891)	50,166	(286,891)	50,166
- Stage 2 - Lifetime ECL not credit impaired, net	(124,886)	5,248	(124,886)	5,248
- Stage 3 - Lifetime ECL credit impaired, net	373,326	295,346	373,326	295,346
Impaired financing and advances written off	12,757	2,471	12,757	2,471
Impaired financing and advances recovered	(16,124)	(4,984)	(16,124)	(4,984)
(Writeback of)/allowances for impairment losses on other debts	(163)	293	(163)	293
	(41,981)	348,540	(41,981)	348,540

A29. Writeback of impairment losses on financial investments, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(58)	907	(58)	907
- Stage 2 - Lifetime ECL not credit impaired, net	-	37	-	37
	(58)	944	(58)	944
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	342	(5,128)	342	(5,128)
- Stage 2 - Lifetime ECL not credit impaired, net	(2,028)	(681)	(2,028)	(681)
	(1,686)	(5,809)	(1,686)	(5,809)
Net	(1,744)	(4,865)	(1,744)	(4,865)

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A30. Allowances for/(writeback of) impairment losses on other financial assets, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	42	(171)	42	(171)
	<u>42</u>	<u>(171)</u>	<u>42</u>	<u>(171)</u>

A31. Profit distributed to depositors

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Deposits from customers				
- Non-Mudharabah fund	1,046,101	910,612	1,046,101	910,612
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	164,115	178,560	164,115	178,560
- Non-Mudharabah fund	166,953	47,196	166,953	47,196
	<u>331,068</u>	<u>225,756</u>	<u>331,068</u>	<u>225,756</u>
Financial liabilities at fair value through profit or loss				
- Non-Mudharabah fund	3,072	9,045	3,072	9,045
	<u>1,380,241</u>	<u>1,145,413</u>	<u>1,380,241</u>	<u>1,145,413</u>

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A32. Overhead expenses

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Personnel expenses	12,229	9,961	12,229	9,961
- Salaries, allowances and bonuses	9,215	7,220	9,215	7,220
- Pension costs - defined contribution plan	1,464	1,158	1,464	1,158
- ESGP expenses	275	-	275	-
- Other staff related expenses	1,275	1,583	1,275	1,583
Establishment costs	1,351	474	1,351	474
- Depreciation right-of-use assets	467	-	467	-
- Rental of premises	-	428	-	428
- Repairs, servicing and maintenance	179	34	179	34
- Information technology expenses	615	12	615	12
- Finance cost on lease liabilities	90	-	90	-
Marketing costs	2,834	2,265	2,834	2,265
- Advertisement and publicity	446	112	446	112
- Others	2,388	2,153	2,388	2,153
Administration and general expenses	388,180	342,710	388,180	342,710
- Fees and brokerage	11,217	14,328	11,217	14,328
- Administrative expenses	2,833	305	2,833	305
- General expenses	3,916	18,766	3,916	18,766
- Shared service cost paid/payable to Maybank	370,214	309,311	370,214	309,311
Total	404,594	355,410	404,594	355,410

A33. Finance cost

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Subordinated sukuk	41,240	41,240	41,240	41,240
Term funding	56,641	48,833	56,641	48,833
	97,881	90,073	97,881	90,073

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A34. Taxation and zakat

The analysis of the taxation and zakat expense for the financial period ended 31 March 2019 are as follows:

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Malaysian income tax	175,754	163,368	175,754	163,368
Foreign income tax	42	-	42	-
	175,796	163,368	175,796	163,368
Deferred tax				
- Relating to origination and reversal of temporary differences	95	(82,225)	95	(82,225)
Tax expense for the financial period	175,891	81,143	175,891	81,143
Zakat	5,545	4,986	5,545	4,986
	181,436	86,129	181,436	86,129

A35. 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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A36. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their 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 At 31 March 2019			As at 31 December 2018		
	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>Contingent liabilities</u>						
Direct credit substitutes	1,353,346	1,304,685	1,189,642	1,406,819	1,282,494	1,188,080
Certain transaction-related contingent items	3,326,046	1,640,810	1,176,956	3,382,496	1,669,190	1,292,876
Short-term self-liquidating trade-related contingencies	265,885	51,745	23,901	210,731	54,669	25,219
	4,945,277	2,997,240	2,390,499	5,000,046	3,006,353	2,506,175
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- maturity within one year	22,842,823	5,664,782	2,741,157	22,252,458	5,315,091	2,611,836
- maturity exceeding one year	9,704,272	2,608,829	1,236,718	8,719,317	2,599,960	1,124,353
	32,547,095	8,273,611	3,977,875	30,971,775	7,915,051	3,736,189
Miscellaneous commitments and contingencies	84,129	-	-	84,129	-	-
Total credit-related commitments and contingencies	37,576,501	11,270,851	6,368,374	36,055,950	10,921,404	6,242,364

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A36. Commitments and contingencies (cont'd.)

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. (cont'd.)

The risk-weighted exposures of the Bank as at dates are as follows (cont'd.):

	As at At 31 March 2019			As at 31 December 2018		
	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>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	14,843,443	204,891	93,053	13,094,961	219,591	113,693
- one year to less than five years	4,354,570	118,655	51,955	3,663,308	56,062	25,064
- more than five years	42,841	7,744	3,807	-	-	-
Profit rate related contracts:						
- less than one year	750,000	108,447	19,186	1,370,775	141,687	25,037
- one year to less than five years	2,476,870	430,505	198,668	2,452,770	440,646	196,829
- more than five years	2,035,405	132,180	115,731	2,395,554	167,587	145,821
Total treasury-related commitments and contingencies	24,503,129	1,002,422	482,400	22,977,368	1,025,573	506,444
Total commitments and contingencies	62,079,630	12,273,273	6,850,774	59,033,318	11,946,977	6,748,808

* The credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors and risk weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

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A37. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 2 February 2018 issued the Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks. 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%

* In addition, BNM had introduced Capital Conservation Buffer of 2.5% of total risk-weighted assets ("RWA") as well as Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA.

- (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 Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 2 February 2018 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 ratio of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) both issued on 2 February 2018. The total RWA are computed based on the following approaches:

- (i) Credit risk under Internal Ratings-Based Approach;
(ii) Market risk under Standardised Approach; and
(iii) Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2019 (2018: 4.5%, 6.0% and 8.0% of total RWA).

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

	31 March 2019	31 December 2018
Capital ratios		
CET1 capital ratio	15.545%	16.368%
Tier 1 capital ratio	17.094%	17.984%
Total capital ratio	20.696%	22.545%

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A37. Capital Adequacy (cont'd.)

(d) Components of Tier 1 and Tier 2 capital:

	31 March 2019 RM '000	31 December 2018 RM'000
CET1 capital		
Share capital	7,197,398	7,197,398
Retained profits	2,782,890	2,970,618
Other reserves	626,255	303,622
CET1 capital before regulatory adjustments	10,606,543	10,471,638
Less: Regulatory adjustment applied in CET1 capital	(571,359)	(342,549)
Deferred tax assets	-	(24,077)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(70,115)	(4,956)
Regulatory reserve	(501,244)	(313,516)
Total CET1 Capital	10,035,184	10,129,089
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 capital	11,035,184	11,129,089
Tier 2 capital		
Subordinated Sukuk	2,000,000	2,500,000
General provision ¹	17,787	23,310
Surplus of eligible provision over expected loss	307,902	299,696
Total Tier 2 capital	2,325,689	2,823,006
Total Capital	13,360,873	13,952,095

¹ Refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

(e) The breakdown of RWA by each major risk categories are as follows:

	31 March 2019 RM'000	31 December 2018 RM'000
Standardised Approach exposure	5,751,418	5,647,539
Internal Ratings-Based Approach exposure after scaling factor	61,285,711	60,816,283
Total risk-weighted asset for credit risk	67,037,129	66,463,822
Total risk-weighted asset for credit risk absorbed by the holding company and Investment Account Holder (IAH) [^]	(11,294,867)	(13,113,007)
Total risk-weighted asset for market risk	1,259,067	1,152,312
Total risk-weighted asset for operational risk	7,556,151	7,381,566
Total risk-weighted assets	64,557,480	61,884,693

[^] In accordance to the BNM Investment Account policy, the credit risk weighted assets funded by investment accounts (Unrestricted Investment Account and Restricted Investment Account) are excluded from the calculation of capital adequacy ratio of the Bank.

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A38. 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.

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 2019 and 31 December 2018.

	<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 31 March 2019				
Financial assets measured at fair value:				
Financial investments at fair value through profit and loss	-	371,966	-	371,966
<i>Money market instruments</i>	-	371,966	-	371,966
Financial investments at fair value through comprehensive income	-	12,586,900	1,250	12,588,150
<i>Money market instruments</i>	-	10,105,657	-	10,105,657
<i>Unquoted Securities</i>	-	2,481,243	1,250	2,482,493
Financing and advances at fair value through comprehensive income	-	-	479,604	479,604

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A38. 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 2019 and 31 December 2018 (cont'd.).

	<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 31 March 2019 (cont'd.)				
Financial assets measured at fair value (cont'd.):				
Derivative assets	-	321,694	-	321,694
<i>Foreign exchange related contracts</i>	-	290,325	-	290,325
<i>Profit rate related contracts</i>	-	31,369	-	31,369
	-	13,280,560	480,854	13,761,414

Financial liabilities measured at fair value:

Financial liabilities at fair value through profit or loss	-	149,587	-	149,587
<i>Structured deposits</i>	-	149,587	-	149,587
Derivative liabilities	-	317,136	-	317,136
<i>Foreign exchange related contracts</i>	-	294,702	-	294,702
<i>Profit rate related contracts</i>	-	22,434	-	22,434
	-	466,723	-	466,723

	<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 31 December 2018				

Financial assets measured at fair value:

Financial investments at fair value through profit and loss	-	995,072	-	995,072
<i>Money market instruments</i>	-	745,765	-	745,765
<i>Unquoted Securities</i>	-	249,307	-	249,307
Financial investments at fair value through comprehensive income	-	12,446,139	1,250	12,447,389
<i>Money market instruments</i>	-	9,619,599	-	9,619,599
<i>Unquoted Securities</i>	-	2,826,540	1,250	2,827,790
Financing and advances at fair value through comprehensive income	-	-	471,122	471,122

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A38. 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 2019 and 31 December 2018 (cont'd.).

	<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 31 December 2018 (cont'd.)				
Financial assets measured at fair value (cont'd.):				
Derivative assets	-	403,993	-	403,993
<i>Foreign exchange related contracts</i>	-	379,277	-	379,277
<i>Profit rate related contracts</i>	-	24,716	-	24,716
	-	13,845,204	-	14,317,576

Financial liabilities measured at fair value:

Financial liabilities at fair value through profit or loss	-	385,687	-	385,687
<i>Structured deposits</i>	-	385,687	-	385,687
Derivative liabilities	-	391,949	-	391,949
<i>Foreign exchange related contracts</i>	-	372,570	-	372,570
<i>Profit rate related contracts</i>	-	19,379	-	19,379
	-	777,636	-	777,636

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 investment at FVTPL and financial investments at fair value through comprehensive income.

The fair values of these financial assets/financial investments are determined by reference to prices quoted by independent data providers and independent brokers. Fair values for unquoted equity securities held for socio economic reasons (classified as Level 3) are determined based on the net tangible assets of the companies.

Financing and advances at fair value through other comprehensive income

The fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles.

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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A38. Fair value of financial instruments (cont'd.)

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

	At 1 January 2019 RM'000	Unrealised gains recognised in other comprehensive income* RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	At 31 March 2019 RM'000
At 31 March 2019					
Financial investments at fair value through comprehensive income					
<i>Non-money market instruments</i>	1,250	-	-	-	1,250
Financing and advances at fair value through comprehensive income	471,122	182	8,300	-	479,604
Total Level 3 financial assets	<u>472,372</u>	<u>182</u>	<u>8,300</u>	<u>-</u>	<u>480,854</u>
Total net Level 3 financial assets	<u>472,372</u>	<u>182</u>	<u>8,300</u>	<u>-</u>	<u>480,854</u>

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A38. 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 2018 RM'000	Effect of adopting MFRS 9 RM'000	Restated as at 1 January 2018 RM'000	Unrealised gains recognised in other comprehensive income* RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	At 31 December 2018 RM'000
At 31 December 2018							
Financial investments available-for-sale							
<i>Non-money market instruments</i>	750	-	750	-	500	-	1,250
Financing and advances at fair value through comprehensive income	-	434,456	434,456	6,522	281,700	(251,556)	471,122
Total Level 3 financial assets	<u>750</u>	<u>434,456</u>	<u>435,206</u>	<u>6,522</u>	<u>282,200</u>	<u>(251,556)</u>	<u>472,372</u>
Total net Level 3 financial assets	<u>750</u>	<u>434,456</u>	<u>435,206</u>	<u>6,522</u>	<u>282,200</u>	<u>(251,556)</u>	<u>472,372</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 2019.

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 2019.

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A39. Financial Effects arising from Adoption of MFRS 16 Leases

- (i) The adoption of MFRS 16 resulted in the following financial effects to the statement of financial position of the Bank.

Extract of Statement of Financial Position

	31 December 2018 RM'000	Impact of adopting MFRS 16 RM'000	1 January 2019 RM'000
ASSETS			
Right-of-use assets ¹	-	6,694	6,694
LIABILITIES			
Other liabilities ²	2,129,694	(6,694)	2,123,000

¹ Recognition of right-of-use assets.

² Recognition of additional lease liabilities and provision for restoration costs.

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Part B: Review of Performance & Current Year Prospects

B1. Performance Review

The Bank posted profit before tax and zakat of RM730.7 million for the financial period ended 31 March 2019, an increase of RM392.0 million or 116% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances from charged of RM348.5 million in last year corresponding period to writeback of RM42.0 million in financial period ended 31 March 2019.

Total income grew by RM278.1 million or 11.3% to RM2,734.8 million from previous corresponding period, comprising of income derived from investment of depositors funds, income derived from investment account funds and income derived from investment of shareholder's funds of RM2,343.1 million, RM278.8 million and RM113.0 million respectively.

The Bank's gross financing and advances increased by RM3.2 billion to RM180.0 billion as compared to RM176.8 billion recorded in last financial year. As at 31 March 2019, total customer funding increased by 0.43% contributed by customer deposits which grew by 1.01%, recorded at RM149.3 billion against RM147.8 billion in last financial year. Investment Account of customer decreased by RM0.8 billion to close at RM22.8 billion compared to RM23.6 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, Tier I Capital Ratio and Total Capital Ratio of 15.545%, 17.094% and 20.696% respectively.

B2. Prospects

Malaysia is expected to chart stable growth at +4.7% in 2019 (2018: 4.7%) as a result of an improvement in the mining and agriculture sectors. Domestic demand is expected to increase arising from BNM's downward revision of its Overnight Rate Policy and the revival of previously shelved infrastructure projects. Some considerations that could impact Malaysia's economic growth include the outcome of the US-China trade talks and the Government's long term economic growth policy. However, Maybank Islamic remains cognisant of the downside risks and have identified measures to safeguard ourselves in the event of further escalation.

Moving forward in 2019, the Bank will continue to focus on sustainable growth and building on the resilience of its capital and liquidity. Concurrently, the Bank will strive to enhance its leadership and presence in the sukuk space, whilst delivering a positive impact towards the economy, community and environment. This entails pioneering innovative and financially inclusive products and solutions that is centred on the customer's needs. The Bank will also continue to contribute towards the development of the Islamic Finance industry through its Centre of Excellence initiatives.