

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of depositors' funds	A25	2,418,748	2,292,843	7,063,783	6,577,141
Income derived from investment of investment account funds	A26	255,981	234,409	802,791	820,447
Income derived from investment of shareholder's funds	A27	94,687	94,437	305,734	289,133
(Allowances for)/writeback of impairment losses on financing and advances, net	A28	(37,312)	18,253	28,429	(408,186)
(Allowances for)/writeback of impairment losses on financial investments, net	A29	(5,467)	431	(4,960)	6,773
Writeback of impairment losses on other financial assets, net	A30	-	1	1	167
<b>Total distributable income</b>		<b>2,726,637</b>	<b>2,640,374</b>	<b>8,195,778</b>	<b>7,285,475</b>
Profit distributed to depositors	A31	(1,375,514)	(1,303,405)	(4,170,584)	(3,752,035)
Profit distributed to investment account holders		(130,730)	(129,878)	(440,058)	(457,519)
<b>Total net income</b>		<b>1,220,393</b>	<b>1,207,091</b>	<b>3,585,136</b>	<b>3,075,921</b>
Overhead expenses	A32	(350,251)	(330,116)	(1,112,907)	(1,039,072)
Finance cost	A33	(109,588)	(81,856)	(295,261)	(260,108)
<b>Profit before taxation and zakat</b>		<b>760,554</b>	<b>795,119</b>	<b>2,176,968</b>	<b>1,776,741</b>
Taxation	A34	(138,681)	(181,448)	(472,392)	(415,768)
Zakat	A34	(940)	(8,009)	(5,771)	(12,319)
<b>Profit for the period</b>		<b>620,933</b>	<b>605,662</b>	<b>1,698,805</b>	<b>1,348,654</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		620,933	605,662	1,698,805	1,348,654
<b>Earnings per share attributable to equity holder of the Bank</b>					
- basic/diluted (sen)		183.21	197.35	501.26	457.41

(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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(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Profit for the period</b>	<b>620,933</b>	605,662	<b>1,698,805</b>	1,348,654
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on foreign exchange translation	(57)	-	(57)	-
Net gain on financial investments at fair value through other comprehensive income	<b>143,031</b>	76,272	<b>407,155</b>	26,610
- Net gain from change in fair value	<b>188,607</b>	106,259	<b>536,022</b>	31,362
- Changes in expected credit losses	<b>(312)</b>	(4,485)	<b>(223)</b>	2,775
- Income tax effect	<b>(45,264)</b>	(25,502)	<b>(128,644)</b>	(7,527)
Other comprehensive income for the period, net of tax	<b>142,974</b>	76,272	<b>407,098</b>	26,610
<b>Total comprehensive income for the period, net of tax</b>	<b>763,907</b>	681,934	<b>2,105,903</b>	1,375,264
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	<b>763,907</b>	681,934	<b>2,105,903</b>	1,375,264

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Note	30 September 2019 RM'000	31 December 2018 RM'000
<b>ASSETS</b>			
Cash and short-term funds		18,966,252	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)	254,075	995,072
Financial investments at fair value through other comprehensive income	A12(ii)	13,937,654	12,447,389
Financial investments at amortised cost	A12(iii)	9,903,868	6,454,985
Financing and advances	A13	186,520,867	174,268,203
Derivative assets	A14	307,428	403,993
Other assets	A15	5,283,003	4,242,911
Statutory deposits with Bank Negara Malaysia		4,828,425	4,205,000
Right-of-use assets		13,728	-
Deferred tax assets		-	24,077
<b>TOTAL ASSETS</b>		<b>240,015,300</b>	<b>225,215,061</b>
<b>LIABILITIES</b>			
Customers' funding:			
- Deposits from customers	A16	166,290,390	147,781,749
- Investment accounts of customers <sup>1</sup>	A17	20,138,518	23,565,061
Deposits and placements of banks and other financial institutions	A18	31,024,640	32,174,135
Bills and acceptances payable		125,279	11,050
Financial liabilities at fair value through profit or loss	A19	-	385,687
Derivative liabilities	A14	253,161	391,949
Other liabilities	A20	456,680	2,129,694
Provision for taxation and zakat		6,536	23,450
Term funding	A22	8,272,452	4,738,180
Subordinated sukuk	A23	2,028,056	2,534,301
Capital securities	A24	1,014,782	1,002,441
Deferred tax liabilities		102,403	-
<b>TOTAL LIABILITIES</b>		<b>229,712,897</b>	<b>214,737,697</b>

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

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Note	30 September 2019 RM'000	31 December 2018 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>			
Share capital		7,197,398	7,197,398
Retained profits		2,029,509	2,970,618
Other reserves		1,075,496	309,348
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>10,302,403</b>	<b>10,477,364</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>240,015,300</b>	<b>225,215,061</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A36	<b>63,416,783</b>	<b>59,033,318</b>
<b><u>CAPITAL ADEQUACY</u></b>	A37		
The capital adequacy ratios of the Bank are as follows:			
CET1 capital ratio		12.657%	16.368%
Tier 1 capital ratio		14.098%	17.984%
Total capital ratio		<b>17.500%</b>	<b>22.545%</b>

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	<=====Non Distributable=====>					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	Exchange Fluctuation Reserve RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 January 2019</b>	7,197,398	1,697	(5,865)	313,516	-	2,970,618	10,477,364
Profit for the period	-	-	-	-	-	1,698,805	1,698,805
Other comprehensive income	-	-	407,155	-	(57)	-	407,098
<b>Total comprehensive income for the period</b>	-	-	407,155	-	(57)	1,698,805	2,105,903
Transfer to regulatory reserve	-	-	-	359,050	-	(359,050)	-
Dividend on ordinary shares (Note A9(a)&(b))	-	-	-	-	-	(2,280,864)	(2,280,864)
<b>Total transactions with shareholder/ other equity movements</b>	-	-	-	359,050	-	(2,639,914)	(2,280,864)
<b>At 30 September 2019</b>	7,197,398	1,697	401,290	672,566	(57)	2,029,509	10,302,403

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	<=====Non Distributable=====>				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
<b>At 1 January 2018</b>						
- 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)
<b>At 1 January 2018, as restated</b>	5,481,783	1,697	(30,968)	15,199	3,008,940	8,476,651
Profit for the period	-	-	-	-	1,348,654	1,348,654
Other comprehensive income	-	-	26,610	-	-	26,610
<b>Total comprehensive income for the period</b>	-	-	26,610	-	1,348,654	1,375,264
Transfer to regulatory reserve	-	-	-	263,533	(263,533)	-
Issue of ordinary shares	974,184	-	-	-	-	974,184
Dividend paid	-	-	-	-	(974,184)	(974,184)
<b>Total transactions with shareholder/ other equity movements</b>	974,184	-	-	263,533	(1,237,717)	-
<b>At 30 September 2018</b>	6,455,967	1,697	(4,358)	278,732	3,119,877	9,851,915

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	30 September 2019 RM'000	30 September 2018 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	2,176,968	1,776,741
Adjustments for non-operating and non-cash items:		
Allowances for impairment losses on financing and advances	49,015	434,616
Allowances for/(writeback of) impairment losses on financial investments	4,960	(6,773)
Writeback of impairment losses on other financial assets	(1)	(167)
Accretion of discount less amortisation of premium	(15,871)	(49,151)
Depreciation of right-of-use assets	1,372	-
Finance cost on lease liabilities	137	-
Unrealised gains on revaluation of derivatives	(2,449)	(9,789)
Unrealised (gains)/losses on revaluation of financial investments at fair value through profit or loss	(215)	326
Unrealised (gains)/losses on revaluation of financial liabilities at fair value through profit or loss	(702)	7,213
Gains on disposal of financial investments at fair value through other comprehensive income	(44,196)	(2,930)
(Gains)/losses on disposal of financial investment at fair value through profit or loss	(7,833)	1,516
Gains on foreign exchange translations	(63,940)	(117,621)
ESGP expenses	779	-
Finance cost	295,261	260,108
Operating profit before working capital changes	<u>2,393,285</u>	<u>2,294,089</u>
Change in deposits and placements with banks and other financial institutions	251,328	-
Change in cash and short-term funds with original maturity of more than three months	50,452	(2,516,022)
Change in financial investments portfolio	(3,600,873)	(5,337,482)
Change in financing and advances	(12,300,001)	(8,425,083)
Change in derivative assets and liabilities	(39,775)	(201,711)
Change in other assets	(1,040,149)	2,346,247
Change in statutory deposits with Bank Negara Malaysia	(623,425)	(896,000)
Changes in rights-of-use assets	(5,111)	-
Change in deposits from customers	18,504,310	16,960,706
Change in investment accounts of customers	(3,426,543)	(5,786,457)
Change in deposits and placements of banks and other financial institutions	(1,085,555)	(1,346,176)
Change in financial liabilities at fair value through profit or loss	(384,986)	24,537
Change in bills and acceptances payable	114,229	(3,082)
Change in other liabilities	<u>(1,686,384)</u>	<u>(26,780)</u>
Cash used in operating activities	<u>(2,879,198)</u>	<u>(2,913,214)</u>
Taxes and zakat paid	(492,909)	(395,734)
<b>Net cash used in operating activities</b>	<u>(3,372,107)</u>	<u>(3,308,948)</u>

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**UNAUDITED CASH FLOW STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid for capital securities	(24,682)	(24,682)
Redemption of subordinated sukuk	(500,000)	-
Dividend paid for subordinated sukuk	(81,442)	(82,027)
Drawdown/(redemption) of term funding	3,600,000	(1,500,000)
Dividend paid for term funding	(248,768)	(71,715)
Repayment of lease liability	2,464	-
Proceeds from issuance of shares	-	974,184
Dividend paid	(2,280,864)	(974,184)
<b>Net cash generated from/(used in) investing activities</b>	<b>466,708</b>	<b>(1,678,424)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,905,399)</b>	<b>(4,987,372)</b>
Cash and cash equivalents at beginning of period	21,871,651	17,134,359
<b>Cash and cash equivalents at end of period</b>	<b>18,966,252</b>	<b>12,146,987</b>

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

	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Cash and cash equivalents comprise:		
Cash and short term funds	18,966,252	14,663,009
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	-	(2,516,022)
	<b>18,966,252</b>	<b>12,146,987</b>

**(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 financial 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 117. 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 uses 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 determines 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 30 September 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 30 September 2019.

**A7. Changes in Estimates**

There were no material changes in estimates during the financial period ended 30 September 2019.

**A8. Changes in Debt and Equity Securities**

(i) Save as disclosed below, there were no new shares issuance by the Bank during the financial period ended 30 September 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 30 September 2019 are as follows:

Currency	Description	Aggregate Nominal Value (in Million)
RM	Zero Coupon Notes	6,350.0

(ii) The following are the changes in debt securities for the Bank subsequent to the financial period ended 30 September 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 financial period ended 30 September 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) <sup>1</sup>	10 years

<sup>1</sup> 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) On 27 August 2019, the Board of Directors have declared an interim tax-exempt (single tier) dividend in respect of the financial year ending 31 December 2019 of RM3.09 per share on 338,910,000 ordinary shares, amounting to RM1,047,231,900. The payment of dividend was completed on 29 August 2019.
- (c) The Directors do not recommend the payment of any dividend in respect of the third quarter ended 30 September 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**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Licensed Islamic banks	-	150,781
Other financial institutions	-	100,547
	<u>-</u>	<u>251,328</u>

**A12. Financial investments portfolio**

	<b>Note</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Financial investments at fair value through profit or loss	(i)	<b>254,075</b>	995,072
Financial investments at fair value through other comprehensive income	(ii)	<b>13,937,654</b>	12,447,389
Financial investments at amortised cost	(iii)	<b>9,903,868</b>	6,454,985
		<u><b>24,095,597</b></u>	<u>19,897,446</u>

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

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	<u>254,075</u>	<u>745,765</u>
<b>Unquoted securities:</b>		
<b>Outside Malaysia:</b>		
Islamic Corporate Sukuk	<u>-</u>	<u>249,307</u>
<b>Total financial investments at fair value through profit or loss</b>	<u><b>254,075</b></u>	<u>995,072</u>

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

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	<b>10,730,903</b>	9,466,355
Negotiable Islamic instruments of deposits	<b>1,195,167</b>	-
Khazanah sukuk	<u>-</u>	<u>153,244</u>
	<u><b>11,926,070</b></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.)**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Unquoted securities:</b>		
<b>In Malaysia:</b>		
Corporate Sukuk	1,949,117	2,766,366
Malaysian Government sukuk	44,075	43,767
Equity	1,250	1,250
	<b>1,994,442</b>	<b>2,811,383</b>
<b>Outside Malaysia:</b>		
Islamic Corporate Sukuk	17,142	16,407
	<b>2,011,584</b>	<b>2,827,790</b>
<b>Total financial investments at fair value through other comprehensive income</b>	<b>13,937,654</b>	<b>12,447,389</b>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
<b>At 30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	484	44	-	528
Transferred to Stage 1	44	(44)	-	-
Net remeasurement of allowances	(48)	-	-	(48)
New financial assets originated or purchased	1,228	-	-	1,228
Financial assets derecognised	(144)	-	-	(144)
Changes in models/risk parameters	(19)	-	-	(19)
<b>At 30 September 2019</b>	<b>1,545</b>	<b>-</b>	<b>-</b>	<b>1,545</b>



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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
<b>At 31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	<u>484</u>	<u>44</u>	<u>-</u>	<u>528</u>

**(iii) Financial investments at amortised cost**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	<u>1,861,749</u>	<u>1,540,977</u>
<b>Unquoted securities:</b>		
<b>In Malaysia:</b>		
Corporate Sukuk	<u>8,061,441</u>	<u>4,929,387</u>
Accumulated impairment losses	<u>(19,322)</u>	<u>(15,379)</u>
<b>Total financial investments at amortised cost</b>	<u><b>9,903,868</b></u>	<u><b>6,454,985</b></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
<b>At 30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	6,025	9,354	-	15,379
Transferred to Stage 1	9,354	(9,354)	-	-
Net remeasurement of allowances	(9,452)	-	-	(9,452)
New financial assets originated or purchased	14,258	-	-	14,258
Financial assets derecognised	(240)	-	-	(240)
Changes in models/ risk parameters	(623)	-	-	(623)
At 30 September 2019	<u>19,322</u>	<u>-</u>	<u>-</u>	<u>19,322</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
<b>At 31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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**

	<b>30 September 2019</b>	<b>31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing and advances:		
(A) Financing and advances at FVOCI	465,161	471,122
(B) Financing and advances at amortised cost	<u>278,748,752</u>	<u>271,226,088</u>
	<b>279,213,913</b>	<b>271,697,210</b>
Unearned income	<u>(90,418,975)</u>	<u>(94,879,201)</u>
Gross financing and advances	<u>188,794,938</u>	<u>176,818,009</u>
Allowances for impairment losses, financing and advances:		
- Stage 1 - 12-month ECL	(386,553)	(510,284)
- Stage 2 - Lifetime ECL not credit impaired	(702,111)	(983,711)
- Stage 3 - Lifetime ECL credit impaired	<u>(1,185,407)</u>	<u>(1,055,811)</u>
Net financing and advances	<u>186,520,867</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:

<b>At 30 September 2019</b>	<b>Bai'^</b> <b>RM'000</b>	<b>Murabahah</b> <b>RM'000</b>	<b>Musharakah</b> <b>RM'000</b>	<b>Al-Ijarah Thumma Al- Bai' ("AITAB")</b> <b>RM'000</b>	<b>Ijarah</b> <b>RM'000</b>	<b>Istisna'</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total financing and advances</b> <b>RM'000</b>
Cashline	-	6,568,306	-	-	-	-	-	6,568,306
Term financing								
- House financing	15,017,772	69,152,712	2,024,913	-	-	-	619	86,196,016
- Syndicated financing	-	5,665,442	-	-	-	-	-	5,665,442
- Hire purchase receivables	-	2,460,624	-	37,965,712	-	-	-	40,426,336
- Lease receivables	-	-	-	-	137,525	-	-	137,525
- Other term financing	14,099,389	100,370,894	720,296	-	-	118,190	21,600	115,330,369
Trust receipts	-	138,158	-	-	-	-	-	138,158
Claims on customers under acceptance credits	-	5,378,697	-	-	-	-	-	5,378,697
Staff financing	458,941	1,815,671	8,991	176,725	638	-	38,737	2,499,703
Credit card receivables	-	-	-	-	-	-	1,177,772	1,177,772
Revolving credit	-	15,662,717	-	-	-	-	-	15,662,717
Share Margin Financing	-	23,627	-	-	-	-	-	23,627
Financing to:								
- Directors of the Bank	-	3,740	-	335	-	-	100	4,175
- Directors of related companies	-	5,070	-	-	-	-	-	5,070
	<b>29,576,102</b>	<b>207,245,658</b>	<b>2,754,200</b>	<b>38,142,772</b>	<b>138,163</b>	<b>118,190</b>	<b>1,238,828</b>	<b>279,213,913</b>
Unearned income								<b>(90,418,975)</b>
Gross financing and advances^^								<b>188,794,938</b>
Allowances for impaired financing and advances:								
- Stage 1 - 12-month ECL								<b>(386,553)</b>
- Stage 2 - Lifetime ECL not credit impaired								<b>(702,111)</b>
- Stage 3 - Lifetime ECL credit impaired								<b>(1,185,407)</b>
Net financing and advances								<b>186,520,867</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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**A13. Financing and advances (cont'd.)**

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

<b>At 31 December 2018</b>	<b>Bai'^</b> <b>RM'000</b>	<b>Murabahah</b> <b>RM'000</b>	<b>Musharakah</b> <b>RM'000</b>	<b>Al-Ijarah Thumma Al- Bai' ("AITAB")</b> <b>RM'000</b>	<b>Ijarah</b> <b>RM'000</b>	<b>Istisna'</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total financing and advances</b> <b>RM'000</b>
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>174,268,203</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:

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Domestic non-banking financial institutions	4,199,976	4,616,580
Domestic business enterprises:		
- Small and medium enterprises	38,166,250	34,744,124
- Others	17,359,819	17,178,166
Government and statutory bodies	14,339,729	13,517,323
Individuals	113,203,482	105,109,091
Other domestic entities	22,394	26,714
Foreign entities in Malaysia	1,503,288	1,626,011
Gross financing and advances	<u>188,794,938</u>	<u>176,818,009</u>

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

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Fixed rate		
- House financing	1,231,267	1,240,669
- Hire purchase receivables	35,600,957	33,187,018
- Other financing	24,214,015	25,597,990
Floating rate		
- House financing	44,825,904	40,537,477
- Other financing	82,922,795	76,254,855
Gross financing and advances	<u>188,794,938</u>	<u>176,818,009</u>

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

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Purchase of securities	24,772,006	23,163,495
Purchase of transport vehicles	35,486,566	33,118,017
Purchase of landed properties		
- residential	45,060,680	40,756,304
- non-residential	12,892,982	11,874,200
Purchase of fixed assets (excluding landed properties)	75,624	54,876
Personal use	3,875,615	3,853,527
Consumer durables	200	302
Construction	2,956,898	2,576,566
Working capital	62,452,813	60,261,860
Credit/charge card	1,221,554	1,158,862
Gross financing and advances	<u>188,794,938</u>	<u>176,818,009</u>

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

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

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Within one year	<b>34,670,385</b>	33,069,988
One year to three years	<b>7,665,607</b>	6,912,461
Three years to five years	<b>15,200,030</b>	14,374,816
After five years	<b>131,258,916</b>	122,460,744
Gross financing and advances	<b><u>188,794,938</u></b>	<u>176,818,009</u>

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

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
At 1 January		
- as previously stated	<b>2,094,107</b>	1,710,533
- effect of adopting MFRS 9	<b>-</b>	121,439
Gross impaired financing and advances at 1 January, as restated	<b><u>2,094,107</u></b>	<u>1,831,972</u>
Impaired during the financial period/year	<b>1,061,944</b>	1,367,882
Reclassified as non-impaired	<b>(83,593)</b>	(228,568)
Amount recovered	<b>(52,988)</b>	(444,519)
Amount written-off	<b>(291,051)</b>	(432,660)
Gross impaired financing and advances at 30 September 2019/ 31 December 2018	<b><u>2,728,419</u></b>	<u>2,094,107</u>
Less: Stage 3 - Lifetime ECL credit impaired	<b><u>(1,185,407)</u></b>	<u>(1,055,811)</u>
Net impaired financing and advances at 30 September 2019/ 31 December 2018	<b><u>1,543,012</u></b>	<u>1,038,296</u>

Calculation of ratio of net impaired financing and advances:

Gross impaired financing and advances at 30 September 2019/ 31 December 2018 (excluding financing funded by RPSIA and IA)*	<b>2,588,826</b>	2,030,688
Less: Stage 3 - Lifetime ECL credit impaired	<b><u>(1,185,407)</u></b>	<u>(1,055,811)</u>
Net impaired financing and advances	<b><u>1,403,419</u></b>	<u>974,877</u>
Gross financing and advances (excluding financing funded by RPSIA and IA)	<b>152,029,675</b>	137,310,796
Less: Stage 3 - Lifetime ECL credit impaired	<b><u>(2,278,030)</u></b>	<u>(2,555,005)</u>
Net financing and advances	<b><u>149,751,645</u></b>	<u>134,755,791</u>
Net impaired financing and advances as a percentage of net financing and advances	<b><u>0.94%</u></b>	<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:

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Purchase of securities	4,121	5,666
Purchase of transport vehicles	203,860	189,958
Purchase of landed properties		
- residential	316,962	278,783
- non-residential	180,032	142,442
Purchase of fixed assets (exclude landed properties)	1,063	527
Personal use	47,630	37,998
Credit/charge cards	8,927	8,372
Consumer durables	3	8
Construction	257,383	244,765
Working capital	1,708,438	1,185,588
Gross impaired financing and advances	<b>2,728,419</b>	<b>2,094,107</b>

(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
<b>At 30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	1,399	3,800	-	5,199
Changes in models/risk parameters	(692)	(548)	-	(1,240)
At 30 September 2019	<b>707</b>	<b>3,252</b>	<b>-</b>	<b>3,959</b>

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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	
<b>At 31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	<b>1,399</b>	<b>3,800</b>	<b>-</b>	<b>5,199</b>

**At amortised cost**

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<b>At 30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	510,284	983,711	1,055,811	2,549,806
Transferred to Stage 1	193,554	(184,708)	(8,846)	-
Transferred to Stage 2	(25,114)	57,680	(32,566)	-
Transferred to Stage 3	(1,750)	(81,306)	83,056	-
Net remeasurement of allowances*	(167,835)	81,735	595,425	509,325
New financial assets originated or purchased	119,673	91,675	-	211,348
Financial assets derecognised	(54,120)	(128,089)	(216,492)	(398,701)
Changes in models/risk parameters	(181,630)	(118,587)	1,683	(298,534)
Amount related to Restricted Investment Accounts	-	-	(1,613)	(1,613)
Amount written-off	-	-	(291,051)	(291,051)
Exchange differences	(6,509)	-	-	(6,509)
At 30 September 2019	<b>386,553</b>	<b>702,111</b>	<b>1,185,407</b>	<b>2,274,071</b>



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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 not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Total</u>
<b>At 31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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 30 September 2019, the gross exposure of the financing funded by RPSIA is RM16,626.7 million (31 December 2018: RM15,942.2 million). The expected credit loss relating to these financing amounting to RM158.0 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 30 September 2019 was RM20,138.5 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.

	30 September 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
<b><u>Trading derivatives</u></b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	5,940,538	25,512	(15,614)	5,493,987	114,998	(24,049)
- One year to three years	777,645	10,568	(10,481)	870,321	4,883	(4,913)
- More than three years	2,460,068	51,761	(51,761)	60,842	49	(49)
	<u>9,178,251</u>	<u>87,841</u>	<u>(77,856)</u>	<u>6,425,150</u>	<u>119,930</u>	<u>(29,011)</u>
Currency swaps:						
- Less than one year	9,125,106	56,631	(23,504)	5,893,262	50,859	(135,612)
- One year to three years	6,675	-	(87)	27,111	44	(14)
	<u>9,131,781</u>	<u>56,631</u>	<u>(23,591)</u>	<u>5,920,373</u>	<u>50,903</u>	<u>(135,626)</u>
Currency spot:						
- Less than one year	241,354	61	(145)	191,924	69	(66)
Cross currency profit rate swaps:						
- Less than one year	643,871	43,415	(43,242)	-	-	-
- One year to three years	2,046,377	48,192	(48,192)	639,685	36,618	(36,110)
- More than three years	51,667	460	(460)	2,065,349	59,109	(59,109)
	<u>2,741,915</u>	<u>92,067</u>	<u>(91,894)</u>	<u>2,705,034</u>	<u>95,727</u>	<u>(95,219)</u>

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**A14. Derivative financial instruments (cont'd.)**

	30 September 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
<b><u>Trading derivatives (cont'd.)</u></b>						
<u>Profit rate related contracts</u>						
Profit rate options:						
- One year to three years	-	-	-	680,000	1,316	(2,734)
- More than three years	-	-	-	100,000	352	(352)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,000</u>	<u>1,668</u>	<u>(3,086)</u>
Profit rate swaps:						
- Less than one year	850,000	546	(539)	750,000	795	(765)
- One year to three years	83,790	415	(406)	182,770	1,572	(1,560)
- More than three years	3,938,939	69,867	(58,730)	3,885,554	19,186	(12,552)
	<u>4,872,729</u>	<u>70,828</u>	<u>(59,675)</u>	<u>4,818,324</u>	<u>21,553</u>	<u>(14,877)</u>
<b><u>Hedging derivatives</u></b>						
<u>Foreign exchange related contracts</u>						
Cross currency profit rate swaps:						
- Less than one year	-	-	-	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)
<b>Total</b>	<b><u>26,166,030</u></b>	<b><u>307,428</u></b>	<b><u>(253,161)</u></b>	<b><u>22,977,368</u></b>	<b><u>403,993</u></b>	<b><u>(391,949)</u></b>

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**A15. Other assets**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Amount due from holding company	4,274,746	3,569,497
Handling fees	182,182	170,830
Prepayments and deposits	283,330	276,695
Tax recoverable	165,980	176,213
Margin account with holding company	89,590	-
Others debtors	287,175	49,676
	<b>5,283,003</b>	<b>4,242,911</b>

**A16. Deposits from customers**

(i) By type of deposits

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Savings deposits</b>		
Qard	17,284,539	16,081,568
<b>Demand deposits</b>		
Qard	18,725,246	18,403,932
<b>Term deposits</b>		
Murabahah	129,494,357	111,692,152
Qard	786,248	1,604,097
	<b>130,280,605</b>	<b>113,296,249</b>
	<b>166,290,390</b>	<b>147,781,749</b>

(ii) By type of customers

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Business enterprises	54,155,936	51,815,432
Individuals	38,675,638	39,445,354
Government and statutory bodies	41,165,429	26,423,140
Others	32,293,387	30,097,823
	<b>166,290,390</b>	<b>147,781,749</b>

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**A17. Investment accounts of customers**

<b>Mudharabah</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Unrestricted Investment accounts	<b>20,017,458</b>	23,445,562
Restricted Investment accounts*	<b>121,060</b>	119,499
	<b><u>20,138,518</u></b>	<b><u>23,565,061</u></b>

\* 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:

	<b>Unrestricted investment accounts RM'000</b>	<b>Restricted investment accounts RM'000</b>	<b>Total investment accounts RM'000</b>
<b>As at 30 September 2019</b>			
Business enterprises	9,607,646	121,060	9,728,706
Individuals	9,056,306	-	9,056,306
Government and statutory bodies	111,650	-	111,650
Others	1,241,856	-	1,241,856
	<b><u>20,017,458</u></b>	<b><u>121,060</u></b>	<b><u>20,138,518</u></b>
<b>As at 31 December 2018</b>			
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
	<b><u>23,445,562</u></b>	<b><u>119,499</u></b>	<b><u>23,565,061</u></b>

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

	<b>Unrestricted investment accounts RM'000</b>	<b>Restricted investment accounts RM'000</b>	<b>Total investment accounts RM'000</b>
<b>As at 30 September 2019</b>			
- without maturity	12,232,360	-	12,232,360
- with maturity			
Due within six months	6,898,198	121,060	7,019,258
Six months to one year	868,933	-	868,933
One year to three years	15,567	-	15,567
Three years to five years	2,400	-	2,400
	<b><u>7,785,098</u></b>	<b><u>121,060</u></b>	<b><u>7,906,158</u></b>
<b>Total investment accounts of customers</b>	<b><u>20,017,458</u></b>	<b><u>121,060</u></b>	<b><u>20,138,518</u></b>

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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
<b>As at 31 December 2018</b>			
- 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
<b>Total investment accounts of customers</b>	<b>23,445,562</b>	<b>119,499</b>	<b>23,565,061</b>

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

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>As at 30 September 2019</b>			
Retail financing	18,243,924	-	18,243,924
Non-retail financing	1,773,534	121,060	1,894,594
	<b>20,017,458</b>	<b>121,060</b>	<b>20,138,518</b>
<b>As at 31 December 2018</b>			
Retail financing	21,644,759	-	21,644,759
Non-retail financing	1,800,803	119,499	1,920,302
	<b>23,445,562</b>	<b>119,499</b>	<b>23,565,061</b>

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

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
<b>As at 30 September 2019</b>		
Unrestricted investment accounts	52.64	2.67
Restricted investment accounts	99.95	4.19
<b>As at 31 December 2018</b>		
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**

	30 September 2019 RM'000	31 December 2018 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	<b>18,961,308</b>	17,223,165
<u>Non-Mudharabah Fund</u>		
Licensed banks	<b>7,212,989</b>	11,767,354
Licensed islamic banks	<b>1,769,582</b>	497,383
Licensed investment banks	<b>357,764</b>	-
Other financial institutions	<b>2,722,997</b>	2,686,233
	<b>12,063,332</b>	14,950,970
	<b>31,024,640</b>	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 RM18,961.3 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**

	30 September 2019 RM'000	31 December 2018 RM'000
Structured deposits	-	385,687

The carrying amount of structured deposits designated at fair value through profit or loss of the Bank as at 30 September 2019 was RMnil (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**

	30 September 2019 RM'000	31 December 2018 RM'000
	<b>Note</b>	
Sundry creditors	<b>326,832</b>	1,979,769
Deposit on trade financing	<b>55,773</b>	25,407
Provisions and accruals	<b>20,720</b>	25,360
Margin account with holding company	-	27,450
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i) <b>40,765</b>	30,942
Lease liabilities	<b>12,590</b>	-
Others	-	40,766
	<b>456,680</b>	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	
<b>At 30 September 2019</b>				
At 1 January 2019	24,192	6,475	275	30,942
Transferred to Stage 1	219	(219)	-	-
Transferred to Stage 2	(77)	526	(449)	-
Transferred to Stage 3	-	(45)	45	-
Net remeasurement of allowances	(3,172)	(1,025)	13,536	9,339
New financial assets originated or purchased	3,797	2,458	-	6,255
Financial assets derecognised	(1,615)	(3,663)	(274)	(5,552)
Changes in models/risk parameters	(234)	(2)	-	(236)
Exchange differences	17	-	-	17
At 30 September 2019	23,127	4,505	13,133	40,765

	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	
<b>At 31 December 2018</b>				
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**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Sources of charity funds</b>		
Shariah non-compliant/prohibited income	-	28
<b>Total sources of charity funds during the period/year</b>	-	28
<b>Uses of charity funds</b>		
Contribution to non-profit organisation	-	28
<b>Total uses of charity funds during the period/year</b>	-	28
<b>Undistributed charity funds as at 30 September 2019/ 31 December 2018</b>	-	-

**A22. Term Funding**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Unsecured term funding:		
(a) Commercial Paper - Less than one year	6,248,288	2,734,958
(b) Medium Term Notes - More than one year	2,024,164	2,003,222
<b>Total term funding</b>	<b>8,272,452</b>	<b>4,738,180</b>

**A23. Subordinated Sukuk**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
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	1,005,988	1,017,708
RM1,000 million Tier 2 Islamic Subordinated Sukuk due in 2029	1,022,068	-
	<b>2,028,056</b>	<b>2,534,301</b>

**A24. Capital Securities**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
RM1,000 million 4.95% Additional Tier 1 Sukuk Wakalah	1,014,782	1,002,441

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of:				
i) General investment deposits	1,937,754	1,781,342	5,534,139	5,054,304
ii) Other deposits	480,994	511,501	1,529,644	1,522,837
	<u>2,418,748</u>	<u>2,292,843</u>	<u>7,063,783</u>	<u>6,577,141</u>

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Financing and advances	1,549,033	1,465,505	4,380,517	4,073,075
Money at call and deposit with financial institutions	87,434	68,190	310,852	291,249
Financial investments at fair value through other comprehensive income	92,715	85,925	275,994	234,030
Financial investments at amortised cost	92,947	57,869	232,106	117,279
Financial investments at fair value through profit or loss	1,162	1,675	9,747	4,323
	<u>1,823,291</u>	<u>1,679,164</u>	<u>5,209,216</u>	<u>4,719,956</u>
Accretion of discounts less amortisation of premium	6,493	8,187	11,919	36,180
Total finance income and hibah	<u>1,829,784</u>	<u>1,687,351</u>	<u>5,221,135</u>	<u>4,756,136</u>
Other operating income :				
Fee income				
- Processing fees	6,027	13,311	18,178	27,720
- Commissions	33,979	24,344	87,960	74,195
- Service charges and other fees	32,931	33,998	114,606	98,612
Gains on disposal of financial investments at fair value through other comprehensive income	15,860	180	33,189	2,157
Gains/(losses) on disposal of financial investments at fair value through profit or loss	3,462	(861)	5,882	(1,116)
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(1,121)	(288)	161	(240)
- Financial liabilities at fair value through profit or loss	8	(5,498)	527	(5,310)
- Derivatives	1,301	(1,756)	1,839	7,206
Gains/(losses) on foreign exchange:				
- Realised	25,743	54,034	33,537	(35,039)
- Unrealised	(10,758)	(25,863)	14,478	121,620
Realised gain on derivatives	538	2,390	2,647	8,363
	<u>1,937,754</u>	<u>1,781,342</u>	<u>5,534,139</u>	<u>5,054,304</u>

Included in finance income were income on impaired assets amounting to RM45.8 million (30 September 2018: RM31.4 million).

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

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Financing and advances	385,164	421,464	1,210,781	1,227,196
Money at call and deposit with financial institutions	20,775	18,827	85,920	87,752
Financial investments at fair value through other comprehensive income	22,844	24,748	76,285	70,512
Financial investments at amortised cost	23,578	16,979	64,155	35,336
Financial investments at fair value through profit or loss	191	484	2,694	1,302
	<b>452,552</b>	482,502	<b>1,439,835</b>	1,422,098
Accretion of discounts less amortisation of premium	1,712	2,251	3,294	10,901
Total finance income and hibah	<b>454,264</b>	484,753	<b>1,443,129</b>	1,432,999
Other operating income :				
Fee income				
- Processing fees	1,481	3,900	5,024	8,352
- Commissions	8,572	6,951	24,312	22,355
- Service charges and other fees	7,862	9,746	31,677	29,711
Gains on sale of financial investments at fair value through other comprehensive income	4,120	39	9,173	650
Gains/(losses) on disposal of financial investments at fair value through profit or loss	920	(257)	1,626	(336)
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(329)	(87)	45	(72)
- Financial liabilities at fair value through profit or loss	(5)	(1,658)	146	(1,600)
- Derivatives	351	(598)	508	2,171
Gains/(losses) on foreign exchange:				
- Realised	6,997	16,966	9,270	(10,557)
- Unrealised	(3,356)	(8,928)	4,002	36,644
Realised gain on derivatives	117	674	732	2,520
	<b>480,994</b>	511,501	<b>1,529,644</b>	1,522,837

Included in finance income were income on impaired assets amounting to RM12.6 million (30 September 2018: RM9.4 million).

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Financing and advances	255,887	233,690	802,530	809,819
Total finance income and hibah	255,887	233,690	802,530	809,819
Other operating income :				
Fee income				
- Commissions	78	88	208	958
- Service charges and other fees	16	631	53	9,670
	<b>255,981</b>	<b>234,409</b>	<b>802,791</b>	<b>820,447</b>

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Financing and advances	75,842	77,888	242,003	233,003
Money at call and deposit with financial institutions	4,062	3,392	17,173	16,661
Financial investments at fair value through other comprehensive income	4,492	4,578	15,247	13,388
Financial investments at amortised cost	4,657	3,175	12,823	6,709
Financial investments at fair value through profit or loss	34	89	538	247
	<b>89,087</b>	<b>89,122</b>	<b>287,784</b>	<b>270,008</b>
Accretion of discounts less amortisation of premium	340	405	658	2,070
Total finance income and hibah	<b>89,427</b>	<b>89,527</b>	<b>288,442</b>	<b>272,078</b>
Other operating income :				
Fee income				
- Processing fees	291	729	1,004	1,586
- Commissions	1,691	1,279	4,859	4,244
- Service charges and other fees	1,538	1,797	6,331	5,641
Gains on sale of financial investments at fair value through other comprehensive income	817	5	1,834	123
Gains/(losses) on disposal of financial investments at fair value through profit or loss	183	(49)	325	(64)
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(66)	(17)	9	(14)
- Financial liabilities at fair value through profit or loss	(1)	(315)	29	(304)
- Derivatives	70	(121)	102	412
Gains/(losses) on foreign exchange:				
- Realised	1,396	3,295	1,853	(2,004)
- Unrealised	(681)	(1,816)	800	6,957
Realised gain on derivatives	22	123	146	478
	<b>94,687</b>	<b>94,437</b>	<b>305,734</b>	<b>289,133</b>

Included in finance income were income on impaired assets amounting to RM2.5 million (30 September 2018: RM1.7 million).

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**A28. Allowances for/(writeback of) impairment losses on financing and advances, net**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
(Writeback of)/allowances for impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	(7,402)	(199,451)	(285,828)	(244,106)
- Stage 2 - Lifetime ECL not credit impaired, net	16,066	(12,515)	(76,046)	175,436
- Stage 3 - Lifetime ECL credit impaired, net	55,499	202,618	393,878	494,045
Impaired financing and advances written-off	(4,801)	3,302	16,824	8,968
Impaired financing and advances recovered	(22,302)	(12,204)	(77,444)	(26,431)
Allowances for/(writeback of) impairment losses on other debts	252	(3)	187	274
	<b>37,312</b>	<b>(18,253)</b>	<b>(28,429)</b>	<b>408,186</b>

**A29. Allowances for/(writeback of) impairment losses on financial investments, net**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(257)	(832)	1,017	(434)
- Stage 2 - Lifetime ECL not credit impaired, net	-	1	-	(119)
Net	<b>(257)</b>	<b>(831)</b>	<b>1,017</b>	<b>(553)</b>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	3,693	536	3,943	(5,463)
- Stage 2 - Lifetime ECL not credit impaired, net	2,031	(136)	-	(757)
Net	<b>5,724</b>	<b>400</b>	<b>3,943</b>	<b>(6,220)</b>
	<b>5,467</b>	<b>(431)</b>	<b>4,960</b>	<b>(6,773)</b>

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**A30. (Writeback of)/allowances for impairment losses on other financial assets, net**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	-	(167)	-	(167)
Net	<u>-</u>	<u>(167)</u>	<u>-</u>	<u>(167)</u>
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	-	166	(1)	-
Net	<u>-</u>	<u>166</u>	<u>(1)</u>	<u>-</u>
	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(167)</u>

**A31. Profit distributed to depositors**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Deposits from customers				
- Non-Mudharabah fund	<u>1,131,635</u>	<u>1,046,734</u>	<u>3,296,095</u>	<u>3,030,456</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	<u>172,910</u>	<u>174,207</u>	<u>508,527</u>	<u>532,726</u>
- Non-Mudharabah fund	<u>70,969</u>	<u>71,645</u>	<u>361,664</u>	<u>156,419</u>
	<u>243,879</u>	<u>245,852</u>	<u>870,191</u>	<u>689,145</u>
Financial liabilities at fair value through profit or loss				
- Non-Mudharabah fund	-	10,819	4,298	32,434
	<u>1,375,514</u>	<u>1,303,405</u>	<u>4,170,584</u>	<u>3,752,035</u>

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**A32. Overhead expenses**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Personnel expenses	12,493	10,327	36,200	30,143
- Salaries, allowances and bonuses	8,855	7,817	26,762	22,747
- Pension costs - defined contribution plan	1,395	1,225	4,230	3,590
- ESGP expenses	245	-	779	-
- Other staff related expenses	1,998	1,285	4,429	3,806
Establishment costs	1,926	1,081	4,490	2,644
- Depreciation right-of-use assets	383	-	1,372	-
- Rental of premises	715	429	715	1,286
- Repairs, servicing and maintenance	6	5	216	43
- Information technology expenses	799	647	2,050	1,315
- Finance cost on lease liabilities	23	-	137	-
Marketing costs	3,742	2,733	9,618	8,134
- Advertisement and publicity	1,128	435	2,227	1,244
- Others	2,614	2,298	7,391	6,890
Administration and general expenses	332,090	315,975	1,062,599	998,151
- Fees and brokerage	18,093	8,528	46,413	43,704
- Administrative expenses	4,074	430	10,045	980
- General expenses	3,717	7,084	11,117	39,849
- Shared service cost paid to Maybank	306,206	299,933	995,024	913,618
<b>Total</b>	<b>350,251</b>	<b>330,116</b>	<b>1,112,907</b>	<b>1,039,072</b>

**A33. Finance cost**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Subordinated sukuk	35,540	42,156	112,221	125,094
Term funding	74,048	39,700	183,040	135,014
	<b>109,588</b>	<b>81,856</b>	<b>295,261</b>	<b>260,108</b>

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**A34. Taxation and zakat**

The analysis of the taxation and zakat expense for the financial period ended 30 September 2019 are as follows:

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Malaysian income tax	184,181	179,554	517,058	515,668
Foreign income tax	33	31	75	50
	<u>184,214</u>	<u>179,585</u>	<u>517,133</u>	<u>515,718</u>
Over provision in prior period:				
Malaysian income tax	(42,575)	-	(42,575)	-
Deferred tax				
- Relating to origination and reversal of temporary differences	(2,958)	1,863	(2,166)	(99,950)
Tax expense for the financial period	<u>138,681</u>	<u>181,448</u>	<u>472,392</u>	<u>415,768</u>
Zakat	940	8,009	5,771	12,319
	<u><u>139,621</u></u>	<u><u>189,457</u></u>	<u><u>478,163</u></u>	<u><u>428,087</u></u>

**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:

	30 September 2019			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
<b><u>Contingent liabilities</u></b>						
Direct credit substitutes	1,738,939	1,446,715	1,349,956	1,406,819	1,282,494	1,188,080
Certain transaction-related contingent items	3,375,922	1,612,718	1,264,113	3,382,496	1,669,190	1,292,876
Short-term self-liquidating trade-related contingencies	212,897	41,691	30,654	210,731	54,669	25,219
	<b>5,327,758</b>	<b>3,101,124</b>	<b>2,644,723</b>	<b>5,000,046</b>	<b>3,006,353</b>	<b>2,506,175</b>
<b><u>Commitments</u></b>						
Irrevocable commitments to extend credit:						
- maturity within one year	22,302,722	5,096,549	2,312,013	22,252,458	5,315,091	2,611,836
- maturity exceeding one year	9,568,504	3,343,750	1,638,366	8,719,317	2,599,960	1,124,353
	<b>31,871,226</b>	<b>8,440,299</b>	<b>3,950,379</b>	<b>30,971,775</b>	<b>7,915,051</b>	<b>3,736,189</b>
Miscellaneous commitments and contingencies	51,769	-	-	84,129	-	-
Total credit-related commitments and contingencies	<b>37,250,753</b>	<b>11,541,423</b>	<b>6,595,102</b>	<b>36,055,950</b>	<b>10,921,404</b>	<b>6,242,364</b>

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**A36. Commitments and contingencies (cont'd.)**

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

	As at 30 September 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
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- less than one year	15,950,870	227,488	82,006	13,094,961	219,591	113,693
- one year to less than five years	2,830,697	111,474	48,692	3,663,308	56,062	25,064
- more than five years	2,511,734	255,429	126,725	-	-	-
Profit rate related contracts:						
- less than one year	850,000	65,387	66,569	1,370,775	141,687	25,037
- one year to less than five years	83,790	430,268	252,263	2,452,770	440,646	196,829
- more than five years	3,938,939	49,117	25,228	2,395,554	167,587	145,821
Total treasury-related commitments and contingencies	<b>26,166,030</b>	<b>1,139,163</b>	<b>601,483</b>	<b>22,977,368</b>	<b>1,025,573</b>	<b>506,444</b>
Total commitments and contingencies	<b>63,416,783</b>	<b>12,680,586</b>	<b>7,196,585</b>	<b>59,033,318</b>	<b>11,946,977</b>	<b>6,748,808</b>

\* 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:

<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%

\* 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:**

	<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Capital ratios</b>		
CET1 capital ratio	<b>12.657%</b>	16.368%
Tier 1 capital ratio	<b>14.098%</b>	17.984%
Total capital ratio	<b>17.500%</b>	22.545%

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**A37. Capital Adequacy (cont'd.)**

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

	<b>30 September 2019 RM '000</b>	<b>31 December 2018 RM'000</b>
<b>CET1 capital</b>		
Share capital	7,197,398	7,197,398
Retained profits	1,408,576	2,970,618
Other reserves	1,069,992	303,622
<b>CET1 capital before regulatory adjustments</b>	<b>9,675,966</b>	<b>10,471,638</b>
Less: Regulatory adjustment applied in CET1 capital	(894,868)	(342,549)
Deferred tax assets	-	(24,077)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(222,302)	(4,956)
Regulatory reserve	(672,566)	(313,516)
<b>Total CET1 Capital</b>	<b>8,781,098</b>	<b>10,129,089</b>
<b>Additional Tier 1 Capital</b>		
Capital securities	1,000,000	1,000,000
<b>Total Tier 1 capital</b>	<b>9,781,098</b>	<b>11,129,089</b>
<b>Tier 2 capital</b>		
Subordinated Sukuk	2,000,000	2,500,000
General provision <sup>1</sup>	22,765	23,310
Surplus of eligible provision over expected loss	337,723	299,696
<b>Total Tier 2 capital</b>	<b>2,360,488</b>	<b>2,823,006</b>
<b>Total Capital</b>	<b>12,141,586</b>	<b>13,952,095</b>

<sup>1</sup> 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:**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Standardised Approach exposure	4,228,262	5,647,539
Internal Ratings-Based Approach exposure after scaling factor	65,984,450	60,816,283
<b>Total risk-weighted asset for credit risk</b>	<b>70,212,712</b>	<b>66,463,822</b>
Total risk-weighted asset for credit risk absorbed by the holding company and Investment Account Holder (IAH) <sup>^</sup>	(9,697,341)	(13,113,007)
Total risk-weighted asset for market risk	996,598	1,152,312
Total risk-weighted asset for operational risk	7,867,164	7,381,566
<b>Total risk-weighted assets</b>	<b>69,379,133</b>	<b>61,884,693</b>

<sup>^</sup> 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 illiquid 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 and financing and advances priced primarily based on internal credit assessment.

The following table shows the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 September 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	
<b>At 30 September 2019</b>				
Financial assets measured at fair value:				
<b>Financial investments at fair value through profit and loss</b>	-	254,075	-	254,075
<i>Money market instruments</i>	-	254,075	-	254,075
<b>Financial investments at fair value through other comprehensive income</b>	-	13,936,404	1,250	13,937,654
<i>Money market instruments</i>	-	11,926,070	-	11,926,070
<i>Unquoted Securities</i>	-	2,010,334	1,250	2,011,584
<b>Financing and advances at fair value through other comprehensive income</b>	-	-	465,161	465,161

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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 30 September 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 30 September 2019 (cont'd.)**

Financial assets measured at fair value (cont'd.):

<b>Derivative assets</b>	-	307,428	-	307,428
<i>Foreign exchange related contracts</i>	-	236,600	-	236,600
<i>Profit rate related contracts</i>	-	70,828	-	70,828
	-	14,497,907	466,411	14,964,318

Financial liabilities measured at fair value:

<b>Derivative liabilities</b>	-	253,161	-	253,161
<i>Foreign exchange related contracts</i>	-	193,486	-	193,486
<i>Profit rate related contracts</i>	-	59,675	-	59,675
	-	253,161	-	253,161

	<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:

<b>Financial investments at fair value through profit and loss</b>	-	995,072	-	995,072
<i>Money market instruments</i>	-	745,765	-	745,765
<i>Unquoted Securities</i>	-	249,307	-	249,307

<b>Financial investments at fair value through other comprehensive income</b>	-	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

<b>Financing and advances at fair value through other comprehensive income</b>	-	-	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 30 September 2019 and 31 December 2018 (cont'd.).

At 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	
Financial assets measured at fair value (cont'd.):				
<b>Derivative assets</b>	-	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:

<b>Financial liabilities at fair value through profit or loss</b>	-	385,687	-	385,687
<i>Structured deposits</i>	-	385,687	-	385,687
<b>Derivative liabilities</b>	-	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 investments at fair value through profit or loss and financial investments at fair value through other 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	30 September 2019 RM'000
<b>At 30 September 2019</b>					
<b>Financial investments at fair value through other comprehensive income</b>					
<i>Non-money market instruments</i>	1,250	-	-	-	1,250
<b>Financing and advances at fair value through other comprehensive income</b>	471,122	6,989	8,750	(21,700)	465,161
<b>Total Level 3 financial assets</b>	<u>472,372</u>	<u>6,989</u>	<u>8,750</u>	<u>(21,700)</u>	<u>466,411</u>
<b>Total net Level 3 financial assets</b>	<u>472,372</u>	<u>6,989</u>	<u>8,750</u>	<u>(21,700)</u>	<u>466,411</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
<b>At 31 December 2018</b>							
<b>Financial investments at fair value through other comprehensive income</b>							
<i>Non-money market     instruments</i>	750	-	750	-	500	-	1,250
<b>Financing and advances at fair value through other comprehensive income</b>	-	434,456	434,456	6,522	281,700	(251,556)	471,122
<b>Total Level 3 financial assets</b>	<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>
<b>Total net Level 3 financial assets</b>	<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 third quarter ended 30 September 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 third quarter ended 30 September 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**

	<b>31 December 2018 RM'000</b>	<b>Impact of adopting MFRS 16 RM'000</b>	<b>1 January 2019 RM'000</b>
<b>ASSETS</b>			
Right-of-use assets <sup>1</sup>	-	9,989	9,989
<b>LIABILITIES</b>			
Other liabilities <sup>2</sup>	2,129,694	9,989	2,139,683

<sup>1</sup> Recognition of right-of-use assets.

<sup>2</sup> 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 RM2,177.0 million for the financial period ended 30 September 2019, an increase of RM400.2 million or 22.5% compared to the previous corresponding period.

The impairment on financing and advances improved from a net charge of RM408.2 million in the corresponding period to a net writeback of RM28.4 million during the period under review.

Total income grew by RM485.6 million or 6.3% to RM8,172.3 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 RM7,063.8 million, RM802.8 million and RM305.7 million respectively.

The Bank's gross financing and advances increased by RM12.0 billion to RM188.8 billion as compared to RM176.8 billion recorded in last financial year. As at 30 September 2019, total customer funding increased by 8.8% contributed by customer deposits which grew by 12.5%, recorded at RM166.3 billion against RM147.8 billion in last financial year. Investment Account of customer decreased by RM3.4 billion to close at RM20.1 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 12.657%, 14.098% and 17.500% respectively.

**B2. Prospects**

Malaysia is forecasted to chart slower growth at 4.5% in 2019 (2018: +4.7%) amidst the backdrop of moderating global growth stemming from tepid economic growth in advanced economies, and the ongoing trade and geopolitical tensions. However, the external downside risks are seen to be offset by resilient domestic demand supported BNM's monetary policy easing and expansionary fiscal budget for the year 2020, which is anticipated to be constructive for the Malaysian economy.

The Bank remains vigilant of the risks inherent in the current uncertain economic landscape, and continues to maintain a stable profit growth in line with its strategic objectives. This encompasses the Bank's continued focus on high quality assets and strong cost management discipline. The customers the Bank serves and the communities it operates in remains at the centre of its Business, with the aim of promoting welfare for humankind, the eradication of harm, and preserving the rights of future generations. This entails delivering innovative Shariah compliant financial solutions that addresses customer's needs whilst positively impacting the wider community and environment. The Bank will also continue its efforts to fortify its global presence through enhancing its transaction and services capabilities with an emphasis on the GCC and ASEAN region.