

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000 (Restated)	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)
Income derived from investment of depositors' funds	A23	1,907,811	2,301,964	4,370,154	4,645,035
Income derived from investment of investment account funds	A24	265,922	268,053	516,261	546,810
Income derived from investment of shareholder's funds	A25	96,263	98,074	209,100	211,047
(Allowances for)/writeback of impairment losses on financing and advances, net	A26	(358,406)	23,760	(553,347)	65,741
(Allowances for)/writeback of impairment losses on financial investments, net	A27	(10,709)	(1,237)	(16,508)	507
Writeback of impairment losses on other financial assets, net	A28	-	43	-	1
Total distributable income		1,900,881	2,690,657	4,525,660	5,469,141
Profit distributed to depositors	A29	(1,124,333)	(1,417,902)	(2,504,204)	(2,800,361)
Profit distributed to investment account holders		(101,189)	(144,272)	(217,067)	(309,328)
Total net income		675,359	1,128,483	1,804,389	2,359,452
Overhead expenses	A30	(346,014)	(358,062)	(836,813)	(762,656)
Finance costs	A31	(122,231)	(87,792)	(248,478)	(185,673)
Profit before taxation and zakat		207,114	682,629	719,098	1,411,123
Taxation	A32	(66,229)	(157,082)	(187,162)	(332,441)
Zakat	A32	(5,515)	714	(11,746)	(4,831)
Profit for the period		135,370	526,261	520,190	1,073,851
Profit attributable to:					
Equity holders of the Bank		135,370	526,261	520,190	1,073,851
Earnings per share attributable to equity holder of the Bank					
- basic/diluted (sen)		38.78	155.28	152.32	316.85

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)
Profit for the period	135,370	526,261	520,190	1,073,851
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on foreign exchange translation	24	-	(122)	-
Net gain on financial investments at fair value through other comprehensive income	195,178	130,586	177,947	264,124
- Net gain from change in fair value	258,243	169,908	232,810	347,415
- Changes in expected credit losses	(1,087)	1,456	1,011	89
- Income tax effect	(61,978)	(40,778)	(55,874)	(83,380)
Other comprehensive income for the period, net of tax	195,202	130,586	177,825	264,124
Total comprehensive income for the period, net of tax	330,572	656,847	698,015	1,337,975
Total comprehensive income attributable to:				
Equity holder of the Bank	330,572	656,847	698,015	1,337,975

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	30 June 2020	31 December 2019	1 January 2019
Note	RM'000	RM'000 (Restated)	RM'000 (Restated)
ASSETS			
Cash and short-term funds	14,947,374	21,703,239	21,922,103
Deposits and placements with banks and other financial institutions	-	-	251,328
Financial investments at fair value through profit or loss	-	383,194	995,072
Financial investments at fair value through other comprehensive income	17,210,760	15,292,520	12,447,389
Financial investments at amortised cost	15,841,397	9,671,676	6,454,985
Financing and advances	193,749,576	189,762,974	174,268,203
Derivative assets	350,999	200,414	403,993
Other assets	6,315,478	3,741,672	4,032,596
Statutory deposits with Bank Negara Malaysia	23,428	4,242,037	4,205,000
Property, plant and equipment	1,193	1,458	-
Right-of-use assets	11,429	12,966	-
Deferred tax assets	-	-	24,077
TOTAL ASSETS	248,451,634	245,012,150	225,004,746
LIABILITIES			
Customers' funding:			
- Deposits from customers	165,723,916	161,039,140	147,781,749
- Investment accounts of customers ¹	22,537,623	20,737,670	23,565,061
Deposits and placements of banks and other financial institutions	34,308,325	38,827,556	32,174,135
Bills and acceptances payable	91,725	137,893	11,050
Financial liabilities at fair value through profit or loss	-	-	385,687
Derivative liabilities	358,360	221,674	391,949
Other liabilities	375,593	170,965	2,129,694
Provision for zakat	13,508	30,304	23,450
Term funding	10,879,160	9,891,993	4,738,180
Subordinated sukuk	2,027,801	2,028,311	2,534,301
Capital securities	1,002,170	1,002,170	1,002,441
Deferred tax liabilities	326,011	83,002	-
TOTAL LIABILITIES	237,644,192	234,170,678	214,737,697

¹ Investment accounts of customers are used to fund financing and advances as disclosed in Note A12.

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30 June 2020 RM'000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK				
Share capital		7,929,444	7,197,398	7,197,398
Retained profits		1,765,599	2,457,477	2,760,303
Other reserves		1,112,399	1,186,597	309,348
TOTAL SHAREHOLDER'S EQUITY		10,807,442	10,841,472	10,267,049
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		248,451,634	245,012,150	225,004,746
COMMITMENTS AND CONTINGENCIES	A35	62,835,375	63,976,328	59,033,318
<u>CAPITAL ADEQUACY</u>	A36			
The capital adequacy ratios of the Bank are as follows:				
CET1 capital ratio		13.761%	13.799%	16.039%
Tier 1 capital ratio		15.147%	15.206%	17.656%
Total capital ratio		18.444%	18.545%	22.221%

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	<=====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
At 1 January 2020							
- as previously stated	7,197,398	1,697	338,321	846,497	82	2,676,002	11,059,997
- restatement of comparatives (Note A38)	-	-	-	-	-	(218,525)	(218,525)
At 1 January 2020, as restated	7,197,398	1,697	338,321	846,497	82	2,457,477	10,841,472
Profit for the period	-	-	-	-	-	520,190	520,190
Other comprehensive income/(loss)	-	-	177,947	-	(122)	-	177,825
Total comprehensive income/(loss) for the period	-	-	177,947	-	(122)	520,190	698,015
Transfer from regulatory reserve	-	-	-	(252,023)	-	252,023	-
Issue of ordinary shares (Notes A8(i)(a))	732,046	-	-	-	-	-	732,046
Dividend on ordinary shares (Note A9(a))	-	-	-	-	-	(1,464,091)	(1,464,091)
Total transactions with shareholder/ other equity movements	732,046	-	-	(252,023)	-	(1,212,068)	(732,045)
At 30 June 2020	7,929,444	1,697	516,268	594,474	(40)	1,765,599	10,807,442

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	<=====Non-distributable=====>			Distributable		Total equity RM'000
	Share capital RM'000	Equity contribution from the holding company RM'000	Fair value through other comprehensive income reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
At 1 January 2019						
- as previously stated	7,197,398	1,697	(5,865)	313,516	2,970,618	10,477,364
- restatement of comparatives (Note A38)	-	-	-	-	(210,315)	(210,315)
At 1 January 2019, as restated	7,197,398	1,697	(5,865)	313,516	2,760,303	10,267,049
Profit for the period	-	-	-	-	1,073,851	1,073,851
Other comprehensive income	-	-	264,124	-	-	264,124
Total comprehensive income for the period	-	-	264,124	-	1,073,851	1,337,975
Transfer to regulatory reserve	-	-	-	281,237	(281,237)	-
Dividend on ordinary shares	-	-	-	-	(1,233,632)	(1,233,632)
Total transactions with shareholder/ other equity movements	-	-	-	281,237	(1,514,869)	(1,233,632)
At 30 June 2019	7,197,398	1,697	258,259	594,753	2,319,285	10,371,392

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENT
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)
Cash flows from operating activities		
Profit before taxation and zakat	719,098	1,411,123
Adjustments for:		
Accretion of discount less amortisation of premium	2,069	(7,326)
Allowances for/(writeback of) impairment losses on financing and advances	581,794	(10,599)
Allowances for/(writeback of) impairment losses on financial investments	16,508	(507)
Writeback of impairment losses on other financial assets	-	(1)
Depreciation of property, plant and equipment	263	-
Depreciation of right-of-use assets	1,532	989
Finance cost on lease liabilities	204	114
Unrealised losses/(gains) on revaluation of derivatives	7,852	(727)
Unrealised losses/(gains) on revaluation of financial investments at fair value through profit or loss	675	(1,731)
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss	-	(700)
Gains on disposal of financial investments at fair value through other comprehensive income	(51,120)	(23,399)
Gains on disposal of financial investment at fair value through profit or loss	(9,522)	(3,268)
Gains on foreign exchange translations	(69,213)	(44,599)
ESGP expenses	906	534
Finance costs	248,478	185,673
Operating profit before working capital changes	1,449,524	1,505,576
Change in deposits and placements with banks and other financial institutions with original maturity of more than three months	-	(48,756)
Change in cash and short-term funds with original maturity of more than three months	-	50,452
Change in financial investments portfolio	(7,429,921)	(1,585,691)
Change in financing and advances	(4,568,031)	(7,129,697)
Change in derivative assets and liabilities	(21,751)	(9,600)
Change in other assets	(2,573,929)	(1,011,415)
Change in statutory deposits with Bank Negara Malaysia	4,218,610	(336,698)
Change in deposits from customers	4,684,776	10,630,784
Change in deposits and placements of banks and other financial institutions	(4,450,011)	(5,062,500)
Change in investment accounts of customers	1,799,953	(1,912,284)
Change in financial liabilities at fair value through profit or loss	-	(384,986)
Change in bills and acceptances payable	(46,167)	1,104
Change in other liabilities	204,639	(1,724,138)
Cash used in operating activities	(6,732,308)	(7,017,849)
Taxes and zakat paid	(28,570)	(352,325)
Net cash used in operating activities	(6,760,878)	(7,370,174)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENT
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)
Cash flows from financing activities		
Proceeds from issuance of shares	732,046	-
Dividend paid on ordinary shares	(1,464,091)	(1,233,632)
Dividend paid for capital securities	(24,682)	(24,682)
Dividend paid for subordinated sukuk	(46,134)	(58,383)
Dividend paid for term funding	(331,273)	(179,260)
Redemption of subordinated sukuk	-	(500,000)
Drawdown of term funding	1,140,269	3,250,000
Repayment of lease liabilities	(1,122)	(1,992)
Net cash generated from financing activities	5,013	1,252,051
Net decrease in cash and cash equivalents	(6,755,865)	(6,118,123)
Cash and cash equivalents at beginning of period	21,703,239	21,871,651
Cash and cash equivalents at end of period	14,947,374	15,753,528
 Cash and cash equivalents comprise:		
Cash and short term funds	14,947,374	15,351,987
Deposits and placements with banks and other financial institutions	-	701,625
	14,947,374	16,053,612
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	-	(300,084)
	14,947,374	15,753,528

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

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*, IAS 34 *Interim Financial Reporting* 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 2019. 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 2019.

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 2019 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”), which are effective for annual periods beginning on or after 1 January 2020:

- Revised Conceptual Framework for Financial Reporting
- Amendments to MFRS 3 - Definition of a Business
- Amendments to MFRS 101 and MFRS 108 - Definition of Material
- Amendments to MFRS 7, MFRS 9 and MFRS 139 - *Interest Rate Benchmark Reform*

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

Amendments to MFRS 7, MFRS 9 and MFRS 139 - *Profit Rate Benchmark Reform*

The amendments applies to all leasing relationship directly affected by profit rate benchmark reform. The amendments clarify that a hedging relationship is directly affected by profit rate benchmark reform only if the reform give rise to uncertainties on:

- the profit rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or
- the timing or the amount of profit rate benchmark-based cash flows of the hedged item or of the hedging instruments.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A1. Basis of preparation (cont'd.)

Amendments to MFRS 7, MFRS 9 and MFRS 139 - Profit Rate Benchmark Reform (cont'd.)

Profit rate benchmark reform refers to the market-wide reform of a profit rate benchmark, including the replacement of a profit rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report "Reforming Major Profit Rate Benchmarks".

The Bank shall disclose:

- the significant profit rate benchmarks to which the Bank's hedging relationship are exposed;
- the extent of the risk exposure the Bank manage that are directly affected by the profit rate benchmark reform;
- how the Bank are managing the process to transition to alternative benchmark rates;
- a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from profit rate benchmark reform is no longer present with respect to the timing and the amount of the profit rate benchmark-based cash flows); and
- the nominal amount of the hedging instruments in those hedging relationships.

This amendments includes a number of relief, which apply to all hedging relationship that are directly affected by profit of benchmark reform. This amendments are to be applied retrospectively in annual periods beginning on or after 1 January 2020 only to hedging relationship and the amount of accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which the Bank first applies the amendments. This amendments do not have any significant impact to the financial statements of the Bank.

On April 2020, International Accounting Standards Board ("IASB") had issued the Exposure Draft Interest Rate Benchmark Reform Phase 2 that proposes the amendments to be applied for annual reporting period beginning on or after 1 January 2021. The Bank have established a project team to evaluate the potential impact of adopting this amendments on the required effective date.

Domestic Systemically Important Banks ("D-SIB") Framework issued by Bank Negara Malaysia ("BNM")

On 5 February 2020, BNM issued a policy document on Domestic Systemically Important Banks ("D-SIB") Framework and identified Maybank Group as one of the banks categorised as a D-SIB. Maybank Group is categorised under Bucket 2 of the Higher Loss Absorbency ("HLA") requirements which will come into effect on 31 January 2021. This policy document supersedes the Domestic Systemically Important Banks Framework Survey issued on 10 October 2016.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A1. Basis of preparation (cont'd.)

Revised Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM

On 5 February 2020, BNM issued the revised policy document on Capital Adequacy Framework for Islamic Banks (Capital Components) which came into effect immediately and shall be applied prospectively. The revised policy document applies to financial institutions in Malaysia which covers licensed Islamic banks, licensed banks carrying on Islamic banking business and financial holding companies. The revised policy document superseded policy documents issued by BNM previously, namely Capital Adequacy Framework for Islamic Banks (Capital Components) dated 2 February 2018 and Guidelines on the Recognition and Measurement of Profit Sharing Investment Account as Risk Absorbent dated 22 July 2011.

The revised policy document were updated to include additional capital buffer requirements on the HLA requirements for financial institution that is designated as a D-SIB.

The application of the revised policy document do not have any significant impact to the financial statements of the Bank.

Measures to Assist Individuals, SMEs and Corporates Affected by COVID-19 announced by BNM

On 25 March 2020, BNM had announced that banking institutions will offer an automatic deferment of all financing repayment for six months to all individual and small-medium enterprise ("SME"). Banks will also facilitate requests by corporations to defer or restructure their financing repayments to support viable corporations to preserve jobs and resume economic activities when conditions improve.

The automatic moratorium applies to ringgit-denominated financing that are not in arrears exceeding 90 days as of 1 April 2020. However, the moratorium does not apply to credit card balances. For outstanding credit card balances, customers will be offered the option to convert the outstanding balances into term-financing of not more than three years.

To further support lending/financing activities, banking institutions are allowed to draw down on the capital conservation buffer of 2.5%, to operate below the minimum liquidity coverage ratio of 100% and to reduce the regulatory reserves held against expected losses to 0%.

The implementation of the Net Stable Funding Ratio ("NSFR") will continue to be effective on 1 July 2020, but with a lower ratio of 80%. Banks is expected to restore their buffer to the minimum regulatory requirement and comply with a 100% NSFR ratio from 30 September 2021.

The moratorium should not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment. The financial impact of the moratorium is reflected at the financing income of the Bank.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A2. Significant Accounting Policies

The audited annual financial statements of the Bank for the financial year ended 31 December 2019 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 2019 except for the adoption of the amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2020 and new requirements of BNM's policy documents 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 2019.

A4. Auditors' Report on Preceding Audited Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 was not qualified.

A5. Seasonal or Cyclical Factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the financial half year ended 30 June 2020.

A6. Unusual Items Due to Their Nature, Size or Incidence

During the financial half year ended 30 June 2020, save as disclosed in Note A8, A20, A23, A24 and A25, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank.

A7. Changes in Estimates

There were no material changes in estimates during the financial half year ended 30 June 2020.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A8. Changes in Debt and Equity Securities

- (i) The following are the changes in debt and equity securities for the Bank during the financial half year ended 30 June 2020:

(a) **Share Capital**

The share capital of the Bank increased from RM7,197,398,000 as at 31 December 2019 to RM7,929,444,000 as at 30 June 2020 via the issuance of 22,594,000 new ordinary shares at RM32.40 per shares to Maybank on the basis of one new share for every fifteen existing ordinary shares held.

(b) **Term funding**

Issuance of Islamic commercial papers by Maybank Islamic Berhad

The aggregate nominal value of the Islamic commercial papers ("ICP") issued by Maybank Islamic Berhad and outstanding as at 30 June 2020 are as follows:

Currency	Description	Aggregate Nominal Value (in Million)
RM	Zero Profit ICP	8,000.0

A9. Dividends Paid/Declared

- (a) Dividends paid during the financial half year ended 30 June 2020 are as follows:

- (i) During the Annual General Meeting held on 8 May 2020, a final single-tier dividend of RM4.32 per ordinary share on 338,910,000 ordinary shares, amounting to a dividend payable of RM1,464,091,200 was approved by shareholders. The payment of dividend was completed on 10 June 2020.

- (b) No interim dividend has been recommended during the financial half year ended 30 June 2020.

A10. Related party transactions

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

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A11. Financial investments portfolio

	Note	30 June 2020 RM'000	31 December 2019 RM'000
Financial investments at fair value through profit or loss	(i)	-	383,194
Financial investments at fair value through other comprehensive income	(ii)	17,210,760	15,292,520
Financial investments at amortised cost	(iii)	15,841,397	9,671,676
		<u>33,052,157</u>	<u>25,347,390</u>

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

	30 June 2020 RM'000	31 December 2019 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	-	383,194
Total financial investments at FVTPL	<u>-</u>	<u>383,194</u>

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

	30 June 2020 RM'000	31 December 2019 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	13,063,516	11,743,868
Negotiable Islamic Instruments of Deposits	-	1,198,172
Khazanah Sukuk	28,412	-
	<u>13,091,928</u>	<u>12,942,040</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A11. Financial investments portfolio (cont'd.)

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

	30 June 2020 RM'000	31 December 2019 RM'000
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	3,623,008	2,289,237
Government Sukuk	45,321	43,374
Equity	1,250	1,250
	3,669,579	2,333,861
Outside Malaysia:		
Corporate Sukuk	449,253	16,619
	4,118,832	2,350,480
Total financial investments at FVOCI	17,210,760	15,292,520

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 30 June 2020				RM'000
At 1 January 2020	1,866	-	-	1,866
Transferred to Stage 2	(279)	279	-	-
Net remeasurement of allowances	17	918	-	935
New financial assets originated or purchased	992	-	-	992
Financial assets derecognised	(1,137)	-	-	(1,137)
Changes in models/ risk parameters	10	-	-	10
Exchange differences	42	-	-	42
At 30 June 2020	1,511	1,197	-	2,708

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A11. 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 FVOCI are as follows (cont'd.):

As at 31 December 2019	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	484	44	-	528
Transferred to Stage 1	44	(44)	-	-
Net remeasurement of allowances	119	-	-	119
New financial assets originated or purchased	1,503	-	-	1,503
Financial assets derecognised	(197)	-	-	(197)
Changes in models/ risk parameters	(87)	-	-	(87)
At 31 December 2019	<u>1,866</u>	<u>-</u>	<u>-</u>	<u>1,866</u>

(iii) Financial investments at amortised cost

	30 June 2020	31 December 2019
	RM'000	RM'000
Money market instruments:		
Malaysian Government Investment Issues	4,596,551	1,843,057
Khazanah sukuk	918,713	-
	<u>5,515,264</u>	<u>1,843,057</u>
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	10,359,836	7,846,614
Accumulated impairment losses	(33,703)	(17,995)
Total financial investments at amortised cost	<u>15,841,397</u>	<u>9,671,676</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A11. 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
As at 30 June 2020	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	17,995	-	-	17,995
Transferred to Stage 2	(3,761)	3,761	-	-
Net remeasurement of allowances	(38)	14,807	-	14,769
New financial assets originated or purchased	541	-	-	541
Financial assets derecognised	(36)	-	-	(36)
Changes in models/ risk parameters	434	-	-	434
At 30 June 2020	15,135	18,568	-	33,703

	<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
As at 31 December 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	6,025	9,354	-	15,379
Transferred to Stage 1	9,354	(9,354)	-	-
Net remeasurement of allowances	(12,129)	-	-	(12,129)
New financial assets originated or purchased	15,500	-	-	15,500
Financial assets derecognised	(290)	-	-	(290)
Changes in models/ risk parameters	(465)	-	-	(465)
At 31 December 2019	17,995	-	-	17,995

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. Financing and advances

	30 June 2020 RM'000	31 December 2019 RM'000
Financing and advances:		
(A) Financing and advances at FVOCI	420,206	440,383
(B) Financing and advances at amortised cost	281,461,370	280,650,934
	281,881,576	281,091,317
Unearned income	(85,349,937)	(89,087,920)
Gross financing and advances	196,531,639	192,003,397
Allowances for financing and advances:		
- Stage 1 - 12-month ECL	(546,923)	(371,029)
- Stage 2 - Lifetime ECL not credit impaired	(1,006,048)	(616,576)
- Stage 3 - Lifetime ECL credit impaired	(1,229,092)	(1,252,818)
Net financing and advances	193,749,576	189,762,974

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. Financing and advances (cont'd.)

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

As at 30 June 2020	Bai'¹ RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai'² ("AITAB")² RM'000	Ijarah³ RM'000	Others RM'000	Total financing and advances RM'000
Cashline	-	6,257,956	-	-	-	-	6,257,956
Term financing							
- House financing	14,285,183	73,617,310	1,937,114	-	-	613	89,840,220
- Syndicated financing	-	6,219,372	-	-	-	-	6,219,372
- Hire purchase receivables	-	6,376,416	-	34,705,411	-	-	41,081,827
- Lease receivables	-	-	-	-	241,963	-	241,963
- Other term financing	11,904,828	103,296,628	650,105	-	-	8,931	115,860,492
Bills receivable	-	-	-	-	-	97	97
Trust receipts	-	96,997	-	-	-	-	96,997
Claims on customers under acceptance credits	-	3,922,511	-	-	-	-	3,922,511
Staff financing	418,822	1,967,025	8,525	173,998	-	31,298	2,599,668
Credit card receivables	-	-	-	-	-	1,151,231	1,151,231
Revolving credit	-	14,583,150	-	-	-	-	14,583,150
Share margin financing	-	16,950	-	-	-	-	16,950
Financing to:							
- Directors of the Bank	-	6,891	-	269	-	182	7,342
- Directors of related companies	-	1,800	-	-	-	-	1,800
	26,608,833	216,363,006	2,595,744	34,879,678	241,963	1,192,352	281,881,576
Unearned income							(85,349,937)
Gross financing and advances ⁴							196,531,639
Allowances for financing and advances:							
- Stage 1 - 12-month ECL							(546,923)
- Stage 2 - Lifetime ECL not credit impaired							(1,006,048)
- Stage 3 - Lifetime ECL credit impaired							(1,229,092)
Net financing and advances							193,749,576

¹ Bai' comprises of Bai'-Bithaman Ajil, Bai' Al-Inah and Bai'-Al-Dayn.

² The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer via sale at the end of the Ijarah financing.

³ The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer at the end of the Ijarah financing subject to the customer's execution of the purchase option.

⁴ Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA") and Investment Accounts of Customers ("IA").

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. Financing and advances (cont'd.)

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

As at 31 December 2019	Bai'¹	Murabahah	Musharakah	Al-Ijarah Thumma Al- Bai'	Ijarah³	Others	Total financing and advances
	RM'000	RM'000	RM'000	("AITAB")²	RM'000	RM'000	RM'000
Cashline	-	6,780,832	-	-	-	-	6,780,832
Term financing							
- House financing	14,680,463	70,986,581	1,975,592	-	-	616	87,643,252
- Syndicated financing	-	7,000,329	-	-	-	-	7,000,329
- Hire purchase receivables	-	4,195,944	-	36,895,190	-	-	41,091,134
- Lease receivables	-	-	-	-	195,334	-	195,334
- Other term financing	13,743,113	99,727,445	808,372	-	-	17,846	114,296,776
Trust receipts	-	140,437	-	-	-	-	140,437
Claims on customers under acceptance credits	-	5,275,548	-	-	-	-	5,275,548
Staff financing	445,245	1,889,985	8,753	175,080	636	42,796	2,562,495
Credit card receivables	-	-	-	-	-	1,269,625	1,269,625
Revolving credit	-	14,808,884	-	-	-	-	14,808,884
Share margin financing	-	19,594	-	-	-	-	19,594
Financing to:							
- Directors of the Bank	-	6,160	-	299	-	138	6,597
- Directors of related companies	-	480	-	-	-	-	480
	<u>28,868,821</u>	<u>210,832,219</u>	<u>2,792,717</u>	<u>37,070,569</u>	<u>195,970</u>	<u>1,331,021</u>	<u>281,091,317</u>
Unearned income							<u>(89,087,920)</u>
Gross financing and advances ⁴							<u>192,003,397</u>
Allowances for financing and advances:							
- Stage 1 - 12-month ECL							(371,029)
- Stage 2 - Lifetime ECL not credit impaired							(616,576)
- Stage 3 - Lifetime ECL credit impaired							(1,252,818)
Net financing and advances							<u>189,762,974</u>

¹ Bai' comprises of Bai'-Bithaman Ajil, Bai' Al-Inah and Bai'-Al-Dayn.

² The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer via sale at the end of the Ijarah financing.

³ The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer at the end of the Ijarah financing subject to the customer's execution of the purchase option.

⁴ Included in financing and advances are the underlying assets under the RPSIA and Investment Accounts of Customers ("IA").

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. Financing and advances (cont'd.)

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

	30 June 2020 RM'000	31 December 2019 RM'000
Domestic non-banking financial institutions	4,176,234	4,193,842
Domestic business enterprises:		
- Small and medium enterprises	23,559,816	22,997,908
- Others	33,465,818	32,936,985
Government and statutory bodies	14,102,003	14,253,189
Individuals	119,693,463	116,114,222
Other domestic entities	36,405	25,025
Foreign entities in Malaysia	1,497,900	1,482,226
Gross financing and advances	<u>196,531,639</u>	<u>192,003,397</u>

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

	30 June 2020 RM'000	31 December 2019 RM'000
Fixed rate:		
- House financing	1,399,181	1,279,574
- Hire purchase receivables	31,749,748	36,490,909
- Other financing	27,617,776	23,203,040
Floating rate:		
- House financing	50,026,147	46,955,607
- Other financing	85,738,787	84,074,267
Gross financing and advances	<u>196,531,639</u>	<u>192,003,397</u>

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

	30 June 2020 RM'000	31 December 2019 RM'000
Purchase of securities	24,091,786	24,573,547
Purchase of transport vehicles	37,909,197	36,351,827
Purchase of landed properties:		
- Residential	50,432,234	47,209,422
- Non-residential	14,048,103	13,313,594
Purchase of fixed assets (excluding landed properties)	136,617	101,103
Personal use	4,119,555	3,995,649
Purchase of consumer durables	254	226
Constructions	2,681,646	3,005,311
Working capital	61,927,739	62,136,061
Credit/charge card	1,184,508	1,316,657
Gross financing and advances	<u>196,531,639</u>	<u>192,003,397</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. Financing and advances (cont'd.)

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

	30 June 2020 RM'000	31 December 2019 RM'000
Within one year	32,177,048	33,800,893
One year to three years	8,139,234	7,675,303
Three years to five years	15,011,345	15,454,866
After five years	141,204,012	135,072,335
Gross financing and advances	196,531,639	192,003,397

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

	30 June 2020 RM'000	31 December 2019 RM'000
Gross impaired financing and advances at 1 January	2,519,615	2,094,107
Impaired during the financial period/year	233,050	996,099
Reclassified as non-impaired	(380,415)	(118,390)
Amount recovered	(283,105)	(92,496)
Amount written-off	(145,537)	(359,705)
Gross impaired financing and advances at 30 June 2020/ 31 December 2019	1,943,608	2,519,615
Less: Stage 3 - Lifetime ECL credit impaired	(1,229,092)	(1,252,818)
Net impaired financing and advances at 30 June 2020/ 31 December 2019	714,516	1,266,797

Calculation of ratio of net impaired financing and advances
(excluding financing funded by RPSIA and IA):

Gross impaired financing and advances at 30 June 2020/ 31 December 2019	1,802,748	2,395,279
Less: Stage 3 - Lifetime ECL credit impaired	(1,229,092)	(1,252,818)
Net impaired financing and advances at 30 June 2020/ 31 December 2019	573,656	1,142,461

Gross financing and advances	145,946,072	153,974,211
Less: Allowances for impaired financing and advances at amortised cost and at fair value through other comprehensive income	(2,785,133)	(2,243,324)
Net financing and advances	143,160,939	151,730,887
Ratio of net impaired financing and advances	0.40%	0.75%

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. Financing and advances (cont'd.)

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

	30 June 2020 RM'000	31 December 2019 RM'000
Purchase of securities	5,161	3,230
Purchase of transport vehicles	143,298	185,196
Purchase of landed properties:		
- Residential	325,197	307,530
- Non-residential	195,702	191,711
Purchase of fixed assets (exclude landed properties)	973	995
Personal use	55,100	53,901
Credit/charge cards	6,716	8,450
Purchase of consumer durables	2	3
Constructions	125,397	256,497
Working capital	1,086,062	1,512,102
Gross impaired financing and advances	1,943,608	2,519,615

(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
As at 30 June 2020	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	523	2,378	-	2,901
Changes in models/risk parameters	(2)	171	-	169
At 30 June 2020	521	2,549	-	3,070

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. 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.)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u> <u>RM'000</u>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2019				
At 1 January 2019	1,399	3,800	-	5,199
Changes in models/risk parameters	(876)	(1,422)	-	(2,298)
At 31 December 2019	<u>523</u>	<u>2,378</u>	<u>-</u>	<u>2,901</u>

At amortised cost

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u> <u>RM'000</u>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 30 June 2020				
At 1 January 2020	371,029	616,576	1,252,818	2,240,423
Transferred to Stage 1	126,733	(121,732)	(5,001)	-
Transferred to Stage 2	(19,558)	221,205	(201,647)	-
Transferred to Stage 3	(1,249)	(22,792)	24,041	-
Net remeasurement of allowances	64,277	252,925	274,186	591,388
New financial assets originated or purchased	94,445	54,137	-	148,582
Financial assets derecognised	(47,617)	(62,331)	(66,315)	(176,263)
Changes in models/risk parameters	(42,759)	57,765	-	15,006
Amount related to Restricted Investment Accounts*	383	9,993	87,476	97,852
Amount written-off	-	-	(145,537)	(145,537)
Exchange differences	1,239	302	9,071	10,612
At 30 June 2020	<u>546,923</u>	<u>1,006,048</u>	<u>1,229,092</u>	<u>2,782,063</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A12. 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>	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2019				
At 1 January 2019	510,284	983,711	1,055,811	2,549,806
Transferred to Stage 1	210,983	(201,830)	(9,153)	-
Transferred to Stage 2	(26,947)	94,232	(67,285)	-
Transferred to Stage 3	(1,866)	(86,803)	88,669	-
Net remeasurement of allowances	(210,195)	34,631	517,854	342,290
New financial assets originated or purchased	128,082	119,126	-	247,208
Financial assets derecognised	(59,128)	(167,654)	(205,786)	(432,568)
Changes in models/risk parameters	(197,209)	(163,389)	1,683	(358,915)
Amount related to Restricted Investment Accounts*	17,221	5,530	238,801	261,552
Amount written-off	-	-	(359,705)	(359,705)
Exchange differences	(196)	(978)	(8,071)	(9,245)
At 31 December 2019	371,029	616,576	1,252,818	2,240,423

* As at 30 June 2020, the gross exposure of the financing funded by RPSIA was RM28,047.9 million (31 December 2019: RM17,291.5 million). The expected credit loss relating to these financing amounting to RM416.3 million (31 December 2019: RM263.7 million) which reflect as a reduction in both financing and advances and deposits and placements of banks and other financial institutions as disclosed in Note A17.

The gross exposure of the financing funded by IA as at 30 June 2020 was RM22,537.6 million (31 December 2019: RM20,737.7 million).

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A13. 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 financial year ended and are indicative of neither the market risks nor the credit risk.

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

	30 June 2020			31 December 2019		
	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	6,056,993	59,101	(47,166)	5,676,819	14,924	(92,608)
- One year to three years	782,034	17,301	(17,301)	806,712	3,254	(3,254)
- More than three years	2,705,169	71,411	(71,411)	2,195,804	5,786	(5,786)
	<u>9,544,196</u>	<u>147,813</u>	<u>(135,878)</u>	<u>8,679,335</u>	<u>23,964</u>	<u>(101,648)</u>
Currency swaps:						
- Less than one year	6,840,001	44,270	(61,310)	9,668,773	72,024	(26,213)
Currency spot:						
- Less than one year	309,077	264	(302)	199,992	78	(329)
Currency options:						
- Less than one year	12,106	30	(30)	730	1	(1)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A13. Derivative financial instruments (cont'd.)

	30 June 2020			31 December 2019		
	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
<u>Trading derivatives (cont'd.)</u>						
<u>Foreign exchange related contracts (cont'd.)</u>						
Cross currency profit rate swaps:						
- Less than one year	-	-	-	636,033	35,350	(35,180)
- One year to three years	2,142,664	36,097	(36,097)	2,094,722	7,652	(7,652)
- More than three years	42,987	342	(342)	48,050	139	(139)
	2,185,651	36,439	(36,439)	2,778,805	43,141	(42,971)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- Less than one year	-	-	-	100,000	77	(77)
- One year to three years	575,650	10,933	(10,927)	571,880	4,394	(4,386)
- More than three years	3,269,721	111,250	(113,474)	3,351,901	56,735	(46,049)
	3,845,371	122,183	(124,401)	4,023,781	61,206	(50,512)
Total	22,736,402	350,999	(358,360)	25,351,416	200,414	(221,674)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A14. Other assets

	30 June 2020 RM'000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
Amount due from holding company	5,053,094	3,096,001	3,569,497
Handling fees	179,154	187,327	170,830
Prepayments and deposits	25,051	31,062	38,775
Tax recoverable	384,453	158,336	203,818
Others debtors	673,726	268,946	49,676
	<u>6,315,478</u>	<u>3,741,672</u>	<u>4,032,596</u>

A15. Deposits from customers

(i) By type of deposits

	30 June 2020 RM'000	31 December 2019 RM'000
Savings deposits		
Qard	22,483,174	17,504,325
Demand deposits		
Qard	26,901,239	19,704,598
Term deposits		
Murabahah	115,217,027	123,236,922
Qard	1,122,476	593,295
	116,339,503	123,830,217
	<u>165,723,916</u>	<u>161,039,140</u>

(ii) By type of customers

	30 June 2020 RM'000	31 December 2019 RM'000
Business enterprises	61,945,649	58,847,094
Individuals	44,787,366	39,051,336
Government and statutory bodies	30,108,460	30,521,401
Others	28,882,441	32,619,309
	<u>165,723,916</u>	<u>161,039,140</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A16. Investment accounts of customers

Mudharabah	30 June 2020 RM'000	31 December 2019 RM'000
Unrestricted Investment accounts	22,537,623	20,616,075
Restricted Investment accounts*	-	121,595
	22,537,623	20,737,670

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

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

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 30 June 2020			
Business enterprises	12,548,058	-	12,548,058
Individuals	8,795,111	-	8,795,111
Government and statutory bodies	103,955	-	103,955
Others	1,090,499	-	1,090,499
	22,537,623	-	22,537,623
As at 31 December 2019			
Business enterprises	10,538,830	121,595	10,660,425
Individuals	8,922,749	-	8,922,749
Government and statutory bodies	95,817	-	95,817
Others	1,058,679	-	1,058,679
	20,616,075	121,595	20,737,670

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

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 30 June 2020			
- without maturity	16,467,537	-	16,467,537
- with maturity			
Within six months	4,987,097	-	4,987,097
Six months to one year	1,062,855	-	1,062,855
One year to three years	15,902	-	15,902
Three years to five years	4,232	-	4,232
	6,070,086	-	6,070,086
	22,537,623	-	22,537,623

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A16. Investment accounts of customers (cont'd.)

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

As at 31 December 2019	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
- without maturity	13,387,845	-	13,387,845
- with maturity			
Within six months	5,577,342	121,595	5,698,937
Six months to one year	1,633,073	-	1,633,073
One year to three years	15,045	-	15,045
Three years to five years	2,770	-	2,770
	<u>7,228,230</u>	<u>121,595</u>	<u>7,349,825</u>
	<u>20,616,075</u>	<u>121,595</u>	<u>20,737,670</u>

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

As at 30 June 2020	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
Retail financing	21,305,259	-	21,305,259
Non-retail financing	1,232,364	-	1,232,364
	<u>22,537,623</u>	<u>-</u>	<u>22,537,623</u>
 As at 31 December 2019			
Retail financing	18,855,165	-	18,855,165
Non-retail financing	1,760,910	121,595	1,882,505
	<u>20,616,075</u>	<u>121,595</u>	<u>20,737,670</u>

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

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 30 June 2020		
Unrestricted investment accounts	41.53	1.98
Restricted investment accounts	<u>99.95</u>	<u>4.03</u>
 As at 31 December 2019		
Unrestricted investment accounts	51.62	2.61
Restricted investment accounts	<u>99.95</u>	<u>4.19</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A17. Deposits and placements of banks and other financial institutions

	30 June 2020 RM'000	31 December 2019 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	29,823,779	19,307,946
<u>Non-Mudharabah Fund</u>		
Licensed banks	2,321,628	16,381,929
Licensed Islamic banks	399,527	1,125,849
Licensed investment banks	49,982	199,691
Other financial institutions	1,713,409	1,812,141
	4,484,546	19,519,610
	34,308,325	38,827,556

* Mudharabah deposits and placements of licensed banks is the RPSIA placed by the holding company amounting to RM29,823.8 million (31 December 2019: RM19,307.9 million). These placements are used to fund certain specific financing and advances. The amount was net of expected credit losses associated with the financing assets funded by RPSIA.

A18. Other liabilities

	Note	30 June 2020 RM'000	31 December 2019 RM'000
Sundry creditors		200,585	67,616
Deposit on trade financing		36,909	35,092
Provisions and accruals		31,158	27,610
Provisions for commitments and contingencies		56,044	-
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	25,258	26,682
Lease liabilities		11,106	12,228
Structured deposits		14,533	1,737
		375,593	170,965

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A18. Other liabilities (cont'd.)

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 30 June 2020	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	20,003	4,541	2,138	26,682
Transferred to Stage 1	359	(359)	-	-
Transferred to Stage 2	(6,353)	6,353	-	-
Transferred to Stage 3	-	(15)	15	-
Net remeasurement of allowances	958	500	(1,535)	(77)
New financial assets originated or purchased	1,573	882	-	2,455
Financial assets derecognised	(1,736)	(1,277)	(46)	(3,059)
Changes in models/risk parameters	(1)	(823)	-	(824)
Exchange differences	31	50	-	81
At 30 June 2020	<u>14,834</u>	<u>9,852</u>	<u>572</u>	<u>25,258</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 December 2019	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	24,192	6,475	275	30,942
Transferred to Stage 1	130	(130)	-	-
Transferred to Stage 2	(302)	751	(449)	-
Transferred to Stage 3	-	(7)	7	-
Net remeasurement of allowances	(5,339)	(1,583)	2,579	(4,343)
New financial assets originated or purchased	3,519	2,690	-	6,209
Financial assets derecognised	(2,191)	(4,095)	(274)	(6,560)
Changes in models/risk parameters	4	455	-	459
Exchange differences	(10)	(15)	-	(25)
At 31 December 2019	<u>20,003</u>	<u>4,541</u>	<u>2,138</u>	<u>26,682</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A19. Sources and uses of charity funds

	30 June 2020 RM'000	31 December 2019 RM'000
Sources of charity funds		
Shariah non-compliant/prohibited income	28	-*
Total sources of charity funds during the period/year	28	-*
Uses of charity funds		
Contribution to non-profit organisation	-	-*
Total uses of charity funds during the period/year	-	-*
Undistributed charity funds at 30 June 2020/31 December 2019	28	-

* Denotes RM36.72

A20. Term Funding

	30 June 2020 RM'000	31 December 2019 RM'000
Unsecured term funding:		
(a) Commercial Paper		
- Less than one year	7,924,302	7,888,771
(b) Medium Term Notes		
- More than one year	2,002,992	2,003,222
(c) Term funding		
- More than one year (note(a))	951,866	-
Total term funding	10,879,160	9,891,993

Note(a): Term funding relates to amounts received by the Bank under government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME financing at a below market rate with a six-year maturity to be repaid on 17 June 2026. The financing under the government scheme is for financing at concession rates to SMEs and for COVID-19 related relief measures.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A21. Subordinated Sukuk

	30 June 2020 RM'000	31 December 2019 RM'000
RM1,000 million subordinated sukuk due in 2026	1,017,198	1,017,708
RM1,000 million subordinated sukuk due in 2029	1,010,603	1,010,603
	<u>2,027,801</u>	<u>2,028,311</u>

A22. Capital Securities

	30 June 2020 RM'000	31 December 2019 RM'000
RM1,000 million 4.95% Additional Tier 1 Sukuk Wakalah	1,002,170	1,002,170

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A23. Income derived from investment of depositors' funds

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of:				
i) General investment deposits	1,239,423	1,793,372	3,067,884	3,596,385
ii) Other deposits	668,388	508,592	1,302,270	1,048,650
	<u>1,907,811</u>	<u>2,301,964</u>	<u>4,370,154</u>	<u>4,645,035</u>

i) Income derived from investment of general investment deposits

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Finance income and hibah				
Financing and advances (Note A25 (note(a)))	926,543	1,420,264	2,333,114	2,831,484
Money at call and deposit with financial institutions	57,796	106,126	147,784	223,418
Financial investments at fair value through other comprehensive income	99,264	93,003	198,537	183,279
Financial investments at amortised cost	98,286	72,037	185,598	139,159
Financial investments at fair value through profit or loss	192	1,758	1,748	8,585
	<u>1,182,081</u>	<u>1,693,188</u>	<u>2,866,781</u>	<u>3,385,925</u>
Accretion of discounts less amortisation of premium	(5,121)	5,384	(1,386)	5,426
Total finance income and hibah	<u>1,176,960</u>	<u>1,698,572</u>	<u>2,865,395</u>	<u>3,391,351</u>
Other operating income :				
Fee income:				
- Processing fees	1,403	2,353	5,968	12,151
- Commissions	22,235	29,274	56,000	53,981
- Service charges and other fees	27,332	37,632	58,599	81,675
(Losses)/gains on disposal of financial investments at fair value through other comprehensive income	(889)	814	34,248	17,329
Gains on disposal of financial investments at fair value through profit or loss	296	2,312	6,379	2,420
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	1,801	80	(452)	1,282
- Financial liabilities at fair value through profit or loss	-	1,189	-	519
- Derivatives	1,141	(847)	(5,260)	538
Gains/(losses) on foreign exchange:				
- Realised	25,484	6,857	95,708	7,794
- Unrealised	(16,502)	14,114	(49,338)	25,236
Realised gains on derivatives	162	1,022	637	2,109
	<u>1,239,423</u>	<u>1,793,372</u>	<u>3,067,884</u>	<u>3,596,385</u>

Included in finance income are income on impaired assets amounting to RM25.9 million (30 June 2019: RM25.8 million).

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A23. Income derived from investment of depositors' funds (cont'd.)

ii) Income derived from investment of other deposits

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Finance income and hibah				
Financing and advances (Note A25 (note(a)))	502,750	402,913	990,373	825,617
Money at call and deposit with financial institutions	31,535	30,013	62,732	65,145
Financial investments at fair value through other comprehensive income	49,860	26,400	84,276	53,441
Financial investments at amortised cost	48,515	20,472	78,784	40,577
Financial investments at fair value through profit or loss	203	458	742	2,503
	<u>632,863</u>	480,256	<u>1,216,907</u>	987,283
Accretion of discounts less amortisation of premium	(1,884)	1,569	(589)	1,582
Total finance income and hibah	<u>630,979</u>	481,825	<u>1,216,318</u>	988,865
Other operating income :				
Fee income:				
- Processing fees	951	608	2,533	3,543
- Commissions	12,066	8,340	23,771	15,740
- Service charges and other fees	14,035	10,623	24,874	23,815
Gains on disposal of financial investments at fair value through other comprehensive income	2,357	106	14,538	5,053
Gains on disposal of financial investments at fair value through profit or loss	599	674	2,708	706
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	589	14	(192)	374
- Financial liabilities at fair value through profit or loss	-	352	-	151
- Derivatives	(14)	(258)	(2,233)	157
Gains/(losses) on foreign exchange:				
- Realised	16,281	1,992	40,626	2,273
- Unrealised	(9,560)	4,027	(20,943)	7,358
Realised gains on derivatives	105	289	270	615
	<u>668,388</u>	508,592	<u>1,302,270</u>	1,048,650

Included in finance income are income on impaired assets amounting to RM11.0 million (30 June 2019: RM7.5 million).

A24. Income derived from investment of investment account funds

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Financing and advances (Note A25 (note(a)))	265,767	267,971	515,964	546,643
Total finance income and hibah	<u>265,767</u>	267,971	<u>515,964</u>	546,643
Other operating income :				
Fee income:				
- Commissions	140	63	260	130
- Service charges and other fees	15	19	37	37
	<u>265,922</u>	268,053	<u>516,261</u>	546,810

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A25. Income derived from investment of shareholder's funds

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Finance income and hibah				
Financing and advances (note(a))	72,218	77,738	159,020	166,161
Money at call and deposit with financial institutions	4,520	5,762	10,073	13,111
Financial investments at fair value through other comprehensive income	7,406	5,099	13,532	10,755
Financial investments at amortised cost	7,262	3,960	12,650	8,166
Financial investments at fair value through profit or loss	23	76	119	504
	<u>91,429</u>	<u>92,635</u>	<u>195,394</u>	<u>198,697</u>
Accretion of discounts less amortisation of premium	(324)	315	(94)	318
Total finance income and hibah	<u>91,105</u>	<u>92,950</u>	<u>195,300</u>	<u>199,015</u>
Other operating income :				
Fee income:				
- Processing fees	125	99	407	713
- Commissions	1,733	1,620	3,817	3,168
- Service charges and other fees	2,064	2,033	3,994	4,793
Gains/(losses) on disposal of financial investments at fair value through other comprehensive income	166	(18)	2,334	1,017
Gains on disposal of financial investments at fair value through profit or loss	60	135	435	142
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	108	-	(31)	75
- Financial liabilities at fair value through profit or loss	-	72	-	30
- Derivatives	36	(55)	(359)	32
Gains/(losses) on foreign exchange:				
- Realised	2,189	398	6,523	457
- Unrealised	(1,337)	784	(3,363)	1,481
Realised gains on derivatives	14	56	43	124
	<u>96,263</u>	<u>98,074</u>	<u>209,100</u>	<u>211,047</u>

Included in finance income are income on impaired assets amounting to RM1.7 million (30 June 2019: RM1.5 million).

Note(a): Included the net effects under government support measure to assist customers adversely impacted by COVID-19 in order to sustain their business operations amounting to RM241,288,000 for the Bank.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A26. Allowances for/(writeback of) impairment losses on financing and advances, net

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Allowances for/(writeback of) impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	182,141	8,465	69,138	(278,426)
- Stage 2 - Lifetime ECL not credit impaired, net	92,603	32,774	301,949	(92,112)
- Stage 3 - Lifetime ECL credit impaired, net	92,761	(34,947)	206,290	338,379
Impaired financing and advances written-off	1,968	8,868	4,440	21,625
Impaired financing and advances recovered	(11,064)	(39,018)	(28,447)	(55,142)
(Writeback of)/allowances for impairment losses on other debts	(3)	98	(23)	(65)
	<u>358,406</u>	<u>(23,760)</u>	<u>553,347</u>	<u>(65,741)</u>

A27. Allowances for/(writeback of) impairment losses on financial investments, net

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(1,113)	1,332	(118)	1,274
- Stage 2 - Lifetime ECL not credit impaired, net	5	-	918	-
	<u>(1,108)</u>	<u>1,332</u>	<u>800</u>	<u>1,274</u>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	922	(92)	901	250
- Stage 2 - Lifetime ECL not credit impaired, net	10,895	(3)	14,807	(2,031)
	<u>11,817</u>	<u>(95)</u>	<u>15,708</u>	<u>(1,781)</u>
	<u>10,709</u>	<u>1,237</u>	<u>16,508</u>	<u>(507)</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A28. Writeback of impairment losses on other financial assets, net

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	-	(42)	-	-
	<u>-</u>	<u>(42)</u>	<u>-</u>	<u>-</u>
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	-	(1)	-	(1)
	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
	<u>-</u>	<u>(43)</u>	<u>-</u>	<u>(1)</u>

A29. Profit distributed to depositors

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)
Deposits from customers				
- Non-Mudharabah fund	824,121	1,121,432	1,892,530	2,169,751
	<u>824,121</u>	<u>1,121,432</u>	<u>1,892,530</u>	<u>2,169,751</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	263,464	171,502	462,274	335,617
- Non-Mudharabah fund	36,703	123,742	149,268	290,695
	<u>300,167</u>	<u>295,244</u>	<u>611,542</u>	<u>626,312</u>
Financial liabilities at fair value through profit or loss				
- Non-Mudharabah fund	-	1,226	-	4,298
	<u>-</u>	<u>1,226</u>	<u>-</u>	<u>4,298</u>
Structured deposits				
- Non-Mudharabah fund	45	-	132	-
	<u>45</u>	<u>-</u>	<u>132</u>	<u>-</u>
	<u>1,124,333</u>	<u>1,417,902</u>	<u>2,504,204</u>	<u>2,800,361</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A30. Overhead expenses

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	13,632	11,478	26,661	23,707
- Salaries, allowances and bonuses	9,865	8,692	19,051	17,907
- Pension costs - defined contribution plan	1,613	1,371	3,117	2,835
- ESGP expenses	460	259	906	534
- Other staff related expenses	1,694	1,156	3,587	2,431
Establishment costs	1,864	1,213	3,442	2,564
- Depreciation of right-of-use assets	783	522	1,532	989
- Repairs, servicing and maintenance	2	31	46	210
- Information technology expenses	791	636	1,397	1,251
- Finance cost on lease liabilities	102	24	204	114
- Depreciation of property, plant and equipment	186	-	263	-
Marketing costs	1,163	3,042	3,599	5,876
- Advertisement and publicity	(240)	653	63	1,099
- Others	1,403	2,389	3,536	4,777
Administration and general expenses	329,355	342,329	803,111	730,509
- Fees and brokerage	8,757	17,103	24,592	28,320
- Administrative expenses	2,086	3,138	5,233	5,971
- General expenses	6,402	3,484	66,580	7,400
- Shared service cost paid to Maybank	312,110	318,604	706,706	688,818
Total	346,014	358,062	836,813	762,656

A31. Finance costs

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Subordinated sukuk	35,154	35,441	70,307	76,681
Term funding	87,077	52,351	178,171	108,992
	122,231	87,792	248,478	185,673

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A32. Taxation and zakat

The analysis of the taxation and zakat expense for the financial period ended 30 June 2020 are as follows:

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)	30 June 2020 RM'000	30 June 2019 RM'000 (Restated)
Malaysian income tax	(137,740)	156,385	-	331,607
Foreign income tax	6	-	27	42
	(137,734)	156,385	27	331,649
Deferred tax				
- Relating to origination and reversal of temporary differences	203,963	697	187,135	792
Tax expense for the financial period	66,229	157,082	187,162	332,441
Zakat	5,515	(714)	11,746	4,831
	71,744	156,368	198,908	337,272

A33. Credit exposure arising from credit transactions with connected parties

The credit exposures disclosed below are based on requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties:

	30 June 2020	31 December 2019
Outstanding credit exposure with connected parties (RM'000)	4,465,619	4,552,249
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.06%	2.00%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	-	-

* Impaired refers to non-performing as stated in Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A34. Subsequent events to the balance sheet

There were no material events subsequent to the balance sheet date that requires disclosure or adjustment to the unaudited condensed interim financial statements.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A35. 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 the reporting dates are as follows:

	30 June 2020			31 December 2019		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	1,784,559	1,760,696	1,400,120	1,881,752	1,842,448	1,409,369
Certain transaction-related contingent items	2,434,974	1,199,137	794,893	3,381,084	1,669,027	1,166,710
Short-term self-liquidating trade-related contingencies	218,345	43,669	18,762	252,361	50,472	21,087
	4,437,878	3,003,502	2,213,775	5,515,197	3,561,947	2,597,166
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- maturity within one year	24,735,025	1,581,508	283,404	23,199,822	872,079	135,683
- maturity exceeding one year	10,546,541	12,834,611	4,892,351	9,856,695	11,998,105	4,523,695
	35,281,566	14,416,119	5,175,755	33,056,517	12,870,184	4,659,378
Miscellaneous commitments and contingencies	379,529	-	-	53,198	-	-
Total credit-related commitments and contingencies	40,098,973	17,419,621	7,389,530	38,624,912	16,432,131	7,256,544

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A35. Commitments and contingencies (cont'd.)

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

	30 June 2020			31 December 2019		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	13,218,176	122,071	53,243	16,182,347	218,387	131,094
- one year to less than five years	3,503,580	224,055	103,417	3,258,181	44,984	22,946
- more than five years	2,169,275	222,270	102,073	1,887,107	102,275	53,482
Profit rate related contracts:						
- less than one year	-	-	-	100,000	127	53
- one year to less than five years	3,545,371	189,291	149,984	3,563,781	68,230	95,954
- more than five years	300,000	33,031	16,419	360,000	-	-
Total treasury-related commitments and contingencies	22,736,402	790,718	425,136	25,351,416	434,003	303,529
Total commitments and contingencies	62,835,375	18,210,339	7,814,666	63,976,328	16,866,134	7,560,073

* 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.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A36. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 5 February 2020 issued the Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

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

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

- (ii) Total RWA is calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 3 May 2019 for Islamic Banks.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital are 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 5 February 2020 and 3 May 2019 respectively. The total RWA are computed based on the following approaches:

- (i) Credit risk under Internal Ratings-Based Approach and Standardised 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 2020 (2019: 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:

	30 June 2020	31 December 2019 (Restated)	1 January 2019 (Restated)
Capital ratios			
CET1 capital ratio	13.761%	13.799%	16.039%
Tier 1 capital ratio	15.147%	15.206%	17.656%
Total capital ratio	18.444%	18.545%	22.221%

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A36. Capital Adequacy (cont'd.)

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

	30 June 2020 RM '000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
CET1 capital			
Paid-up share capital	7,929,444	7,197,398	7,197,398
Retained profits	1,765,599	2,457,477	2,760,303
Other reserves	1,106,621	1,181,830	303,622
CET1 capital before regulatory adjustments	10,801,664	10,836,705	10,261,323
Less: Regulatory adjustment applied in CET1 capital	(879,333)	(1,033,520)	(342,549)
Deferred tax assets	-	-	(24,077)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(284,859)	(187,023)	(4,956)
Regulatory reserve	(594,474)	(846,497)	(313,516)
Total CET1 Capital	9,922,331	9,803,185	9,918,774
Additional Tier 1 Capital			
Capital securities	1,000,000	1,000,000	1,000,000
Total Tier 1 capital	10,922,331	10,803,185	10,918,774
Tier 2 capital			
Subordinated sukuk	2,000,000	2,000,000	2,500,000
General provision ¹	17,377	17,675	23,310
Surplus of eligible provision over expected loss	359,951	354,063	299,696
Total Tier 2 capital	2,377,328	2,371,738	2,823,006
Total Capital	13,299,659	13,174,923	13,741,780

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

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

	30 June 2020 RM'000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
Standardised Approach exposure	3,259,987	3,069,539	5,647,539
Internal Ratings-Based Approach exposure after scaling factor	71,445,857	69,483,314	60,816,283
Total RWA for credit risk	74,705,844	72,552,853	66,463,822
Total RWA for credit risk absorbed by the holding company and Investment Account Holders ("IAH") [^]	(11,454,065)	(10,472,880)	(13,113,007)
Total RWA for market risk	659,028	963,780	1,152,312
Total RWA for operational risk	8,195,886	8,000,097	7,338,969
Total RWA	72,106,693	71,043,850	61,842,096

[^] 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.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A37. Fair value measurements of financial instruments

(a) Valuation principles

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

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 and consumer financing and advances with homogeneous or similar features in the market.

(c) Level 3: Valuation techniques for which significant inputs are not based on observable market data

Refers to instruments where fair value is measured using significant unobservable market 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, private equity investments and financing and advances priced primarily based on internal credit assessment.

(b) Valuation techniques

The valuation techniques used for both the financial instruments and non-financial assets and liabilities 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 investments at fair value through profit or loss and financial investments at fair value through comprehensive income.

The fair values of financial investments are determined by reference to prices quoted by independent data providers and independent brokers.

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 customers with similar credit profiles.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A37. Fair value of financial instruments (cont'd.)

The following table shows the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2020 and 31 December 2019.

As at 30 June 2020	<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:				
Financial investments at fair value through other comprehensive income	-	17,209,510	1,250	17,210,760
<i>Money market instruments</i>	-	13,091,928	-	13,091,928
<i>Unquoted securities</i>	-	4,117,582	1,250	4,118,832
Financing and advances at fair value through other comprehensive income	-	-	420,206	420,206
Derivative assets	-	350,999	-	350,999
<i>Foreign exchange related contracts</i>	-	228,816	-	228,816
<i>Profit rate related contracts</i>	-	122,183	-	122,183
	-	17,560,509	421,456	17,981,965
Financial liabilities measured at fair value:				
Derivative liabilities	-	358,360	-	358,360
<i>Foreign exchange related contracts</i>	-	233,959	-	233,959
<i>Profit rate related contracts</i>	-	124,401	-	124,401
	-	358,360	-	358,360

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A37. Fair value of financial instruments (cont'd.)

The following table shows the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2020 and 31 December 2019 (cont'd.).

As at 31 December 2019	<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:				
Financial investments at fair value through profit and loss	-	383,194	-	383,194
<i>Money market instruments</i>	-	383,194	-	383,194
Financial investments at fair value through other comprehensive income	-	15,291,270	1,250	15,292,520
<i>Money market instruments</i>	-	12,942,040	-	12,942,040
<i>Unquoted securities</i>	-	2,349,230	1,250	2,350,480
Financing and advances at fair value through other comprehensive income	-	-	440,383	440,383
Derivative assets	-	200,414	-	200,414
<i>Foreign exchange related contracts</i>	-	139,209	-	139,209
<i>Profit rate related contracts</i>	-	61,205	-	61,205
	-	15,874,878	441,633	16,316,511
Financial liabilities measured at fair value:				
Derivative liabilities	-	221,674	-	221,674
<i>Foreign exchange related contracts</i>	-	171,161	-	171,161
<i>Profit rate related contracts</i>	-	50,513	-	50,513
	-	221,674	-	221,674

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A37. Fair value of financial instruments (cont'd.)

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

As at 30 June 2020	At 1 January 2020 RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	At 30 June 2020 RM'000
Financial investments at fair value through other comprehensive income <i>Unquoted securities</i>	1,250	-	-	-	1,250
Financing and advances at fair value through other comprehensive income	440,383	1,523	-	(21,700)	420,206
Total Level 3 financial assets	441,633	1,523	-	(21,700)	421,456
Total net Level 3 financial assets	441,633	1,523	-	(21,700)	421,456

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A37. Fair value of financial instruments (cont'd.)

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

As at 31 December 2019	At 1 January 2019 RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	At 31 December 2019 RM'000
Financial investments at fair value through other comprehensive income					
<i>Unquoted securities</i>	1,250	-	-	-	1,250
Financing and advances at fair value through other comprehensive income	471,122	3,911	8,750	(43,400)	440,383
Total Level 3 financial assets	472,372	3,911	8,750	(43,400)	441,633
Total net Level 3 financial assets	472,372	3,911	8,750	(43,400)	441,633

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 6 months financial half year ended 30 June 2020.

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 6 months financial half year ended 30 June 2020.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A38. Restatement of comparatives

During the current financial period, the Bank has made restatement of comparatives in relation to accumulated prepaid profit distributable to depositors.

The financial effects arising from the restatement of comparatives are as follows:

(i) Statement of financial position

	As at 31 December 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
ASSETS			
Other assets	3,960,197	(218,525)	3,741,672
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Retained profits	2,676,002	(218,525)	2,457,477

	As at 1 January 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
ASSETS			
Other assets	4,242,911	(210,315)	4,032,596
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Retained profits	2,970,618	(210,315)	2,760,303

(ii) Income statement

	For the Cumulative 6 Months Ended 30 June 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Profit distributed to depositors	(2,795,070)	(5,291)	(2,800,361)
Total net income	2,364,743	(5,291)	2,359,452
Profit before taxation and zakat	1,416,414	(5,291)	1,411,123
Taxation	(333,711)	1,270	(332,441)
Profit for the period	1,077,872	(4,021)	1,073,851

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A38. Restatement of comparatives (cont'd.)

(ii) Income statement (cont'd.)

	For the Second Quarter Ended 30 June 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Profit distributed to depositors	(1,414,829)	(3,073)	(1,417,902)
Total net income	1,131,556	(3,073)	1,128,483
Profit before taxation and zakat	685,702	(3,073)	682,629
Taxation	(157,820)	738	(157,082)
Profit for the period	528,596	(2,335)	526,261

(iii) Statement of cash flows

	For the financial period ended 30 June 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Cash flows from operating activities			
Profit before taxation and zakat	1,416,414	(5,291)	1,411,123
Operating profit before working capital changes	1,510,867	(5,291)	1,505,576
Change in other assets	(1,016,706)	5,291	(1,011,415)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

A38. Restatement of comparatives (cont'd.)

(iv) The following table analyses the impact of Capital Adequacy Ratios of the Bank:

	As at 31 December 2019		
	As previously stated	Restatement	As restated
CET1 Capital (RM'000)	10,021,710	(218,525)	9,803,185
Tier 1 Capital (RM'000)	11,021,710	(218,525)	10,803,185
Total Capital (RM'000)	<u>13,393,448</u>	<u>(218,525)</u>	<u>13,174,923</u>
Risk Weighted Assets (RM'000)	<u>71,072,798</u>	<u>(28,948)</u>	<u>71,043,850</u>
CET1 Capital Ratio	14.101%	-0.302%	13.799%
Tier 1 Capital Ratio	15.508%	-0.302%	15.206%
Total Capital Ratio	<u>18.845%</u>	<u>-0.300%</u>	<u>18.545%</u>
	As at 1 January 2019		
	As previously stated	Restatement	As restated
CET1 Capital (RM'000)	10,129,089	(210,315)	9,918,774
Tier 1 Capital (RM'000)	11,129,089	(210,315)	10,918,774
Total Capital (RM'000)	<u>13,952,095</u>	<u>(210,315)</u>	<u>13,741,780</u>
Risk Weighted Assets (RM'000)	<u>61,884,693</u>	<u>(42,597)</u>	<u>61,842,096</u>
CET1 Capital Ratio	16.368%	-0.329%	16.039%
Tier 1 Capital Ratio	17.984%	-0.328%	17.656%
Total Capital Ratio	<u>22.545%</u>	<u>-0.324%</u>	<u>22.221%</u>

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

Part B: Review of Performance & Current Year Prospects

B1. Performance Review

The Bank posted profit before tax and zakat of RM719.1 million for the financial period ended 30 June 2020, a decrease of RM692.0 million or 49.0% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances from a writeback of RM65.7 million in last year corresponding period to an impairment charge of RM553.3 million in financial period ended 30 June 2020.

Total income deteriorated by RM307.4 million or -5.7% to RM5,095.5 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 shareholders' funds of RM4,370.2 million, RM516.3 million and RM209.1 million respectively.

The Bank's gross financing and advances increased by RM4.5 billion to RM196.5 billion as compared to RM192.0 billion recorded in previous financial year. As at 30 June 2020, total customer funding increased by 3.6% contributed by customer deposits increased by 2.9%, recorded at RM165.7 billion against RM161.0 billion in last financial year. Investment account of customers grew by RM1.8 billion to close at RM22.5 billion compared to RM20.7 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 13.761%, 15.147% and 18.444% respectively.

B2. Prospects

Malaysia's economy contracted by a record 17.1% in 2Q 2020 following the contractions in manufacturing, services, construction and mining sectors on the supply side. Whereas private consumption, investment, and net exports faced declines on the demand side. Looking forward into 2H 2020, government policies are expected to remain supportive to spur the economic recovery.

Following the Movement Control Order, the Malaysian economy has started reopening despite at a slow pace to prevent subsequent waves of the virus. Global oil prices have regained stability, reflecting the global economy's recovery from the coronavirus pandemic. However, oil prices remains subdued due to the on-going price war. This is anticipated to impact oil exporting countries that are dependent on oil-related revenues and commodity exports.

To mitigate the potential adverse economic impact, the Malaysian government have extended their wage subsidy programmes and job support schemes. Malaysian banks will also continue to offer targeted repayment plans, which will be made available at the expiry of the automatic deferment of financing repayments on 30th September 2020. Bank Negara Malaysia ("BNM") also announced on July 7th 2020 its fourth Overnight Policy Rate ("OPR") reduction of the year by 25bps to a record low of 1.75%.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

Part B: Review of Performance & Current Year Prospects (cont'd.)

B2. Prospects (cont'd.)

Singapore's economy recorded its steepest GDP decline in history of -13.2% YoY in 2Q 2020 as circuit breaker measures and border controls disrupted services and construction. Recovery in 2H 2020 is expected to be dampened by the slow reopening of the economy, prolonged border controls, and continued strict social distancing rules. In response, the government of Singapore has extended its own wage subsidy programmes and job support schemes.

Indonesia's 2Q 2020 GDP declined by -5.3% YoY. The gradual reopening of the economy, together with the execution of the national economic recovery programme should translate into a relatively better performance in 2H 2020. However, the timing and strength of the recovery is still uncertain and will need continued policy support, thus leading to the suspension of the 3% budget deficit to GDP ceiling until 2022.

Maybank Group Islamic Banking shares Maybank Group's sentiment that FY2020 will be a challenging year due to potentially lower income due to softer loan growth, substantial net profit margin compression and a Day-One modification loss.

The Bank remains vigilant of the risks inherent in the current economic conditions within the markets it operates in and continues to put an emphasis on strong asset quality and prudent cost management discipline, whilst maintaining the resilience of its capital and liquidity. The Bank is committed to support the domestic economies of its home markets and strives to meet customers' needs while delivering a positive impact in the communities it serves, with an emphasis on the countries in the ASEAN region and Gulf Cooperation Council ("GCC").