

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Income derived from investment of depositors' funds	A24	2,462,343	2,343,071	2,462,343	2,343,071
Income derived from investment of investment account funds	A25	250,339	278,757	250,339	278,757
Income derived from investment of shareholder's funds	A26	112,837	112,973	112,837	112,973
(Allowances for)/writeback of impairment losses on financing and advances, net	A27	(194,941)	41,981	(194,941)	41,981
(Allowances for)/writeback of impairment losses on financial investments, net	A28	(5,799)	1,744	(5,799)	1,744
Allowances for impairment losses on other financial assets, net	A29	-	(42)	-	(42)
Total distributable income		2,624,779	2,778,484	2,624,779	2,778,484
Profit distributed to depositors	A30	(1,379,871)	(1,380,241)	(1,379,871)	(1,380,241)
Profit distributed to investment account holders		(115,878)	(165,056)	(115,878)	(165,056)
Total net income		1,129,030	1,233,187	1,129,030	1,233,187
Overhead expenses	A31	(490,799)	(404,594)	(490,799)	(404,594)
Finance cost	A32	(126,247)	(97,881)	(126,247)	(97,881)
Profit before taxation and zakat		511,984	730,712	511,984	730,712
Taxation	A33	(120,933)	(175,891)	(120,933)	(175,891)
Zakat	A33	(6,231)	(5,545)	(6,231)	(5,545)
Profit for the period		384,820	549,276	384,820	549,276
Profit attributable to:					
Equity holders of the parent		384,820	549,276	384,820	549,276
Earnings per share attributable to equity holder of the Bank					
- basic/diluted (sen)		113.55	162.07	113.55	162.07

(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
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Profit for the period	384,820	549,276	384,820	549,276
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on foreign exchange translation	(146)	-	(146)	-
Net (loss)/gain on financial investments at fair value through other comprehensive income	(17,231)	133,538	(17,231)	133,538
- Net (loss)/gain from change in fair value	(25,433)	177,507	(25,433)	177,507
- Changes in expected credit losses	2,098	(1,367)	2,098	(1,367)
- Income tax effect	6,104	(42,602)	6,104	(42,602)
Other comprehensive (loss)/income for the period, net of tax	(17,377)	133,538	(17,377)	133,538
Total comprehensive income for the period, net of tax	367,443	682,814	367,443	682,814
Total comprehensive income attributable to:				
Equity holders of the Bank	367,443	682,814	367,443	682,814

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	31 March 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short-term funds		17,799,033	21,703,239
Deposits and placements with banks and other financial institutions	A11	100,196	-
Financial investments at fair value through profit or loss	A12(i)	131,668	383,194
Financial investments at fair value through other comprehensive income	A12(ii)	16,483,535	15,292,520
Financial investments at amortised cost	A12(iii)	9,936,706	9,671,676
Financing and advances	A13	191,562,499	189,762,974
Derivative assets	A14	463,793	200,414
Other assets	A15	5,817,825	3,960,197
Statutory deposits with Bank Negara Malaysia		2,131,615	4,242,037
Property, plant and equipment		1,377	1,458
Right-of-use assets		12,207	12,966
TOTAL ASSETS		244,440,454	245,230,675
LIABILITIES			
Customers' funding:			
- Deposits from customers	A16	157,061,583	161,039,140
- Investment accounts of customers ¹	A17	24,500,027	20,737,670
Deposits and placements of banks and other financial institutions	A18	37,640,460	38,827,556
Bills and acceptances payable		61,852	137,893
Derivative liabilities	A14	423,139	221,674
Other liabilities	A19	275,584	170,965
Provision for zakat		12,752	30,304
Term funding	A21	9,935,610	9,891,993
Subordinated sukuk	A22	2,027,427	2,028,311
Capital securities	A23	1,014,511	1,002,170
Deferred tax liabilities		60,069	83,002
TOTAL LIABILITIES		233,013,014	234,170,678

¹ 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 31 MARCH 2020

	Note	31 March 2020 RM'000	31 December 2019 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		7,197,398	7,197,398
Retained profits		3,312,845	2,676,002
Other reserves		917,197	1,186,597
TOTAL SHAREHOLDER'S EQUITY		11,427,440	11,059,997
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		244,440,454	245,230,675
COMMITMENTS AND CONTINGENCIES	A35	63,676,306	63,976,328
 <u>CAPITAL ADEQUACY</u>	 A36		
The capital adequacy ratios of the Bank are as follows:			
CET1 capital ratio		14.615%	14.101%
Tier 1 capital ratio		16.039%	15.508%
Total capital ratio		19.402%	18.845%

(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)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 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	7,197,398	1,697	338,321	846,497	82	2,676,002	11,059,997
Profit for the period	-	-	-	-	-	384,820	384,820
Other comprehensive loss	-	-	(17,231)	-	(146)	-	(17,377)
Total comprehensive (loss)/income for the period	-	-	(17,231)	-	(146)	384,820	367,443
Transfer from regulatory reserve	-	-	-	(252,023)	-	252,023	-
Total transactions with shareholder/ other equity movements	-	-	-	(252,023)	-	252,023	-
At 31 March 2020	7,197,398	1,697	321,090	594,474	(64)	3,312,845	11,427,440

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 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	7,197,398	1,697	(5,865)	313,516	2,970,618	10,477,364
Profit for the period	-	-	-	-	549,276	549,276
Other comprehensive income	-	-	133,538	-	-	133,538
Total comprehensive income for the period	-	-	133,538	-	549,276	682,814
Transfer to regulatory reserve	-	-	-	187,728	(187,728)	-
Total transactions with shareholder/ other equity movements	-	-	-	187,728	(187,728)	-
At 31 March 2019	7,197,398	1,697	127,673	501,244	3,332,166	11,160,178

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	31 March 2020 RM'000	31 March 2019 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	511,984	730,712
Adjustments for non-operating and non-cash items:		
Accretion of discount less amortisation of premium	(5,260)	(58)
Allowances for/(writeback of) impairment losses on financing and advances	212,324	(25,857)
Allowances for/(writeback of) impairment losses on financial investments	5,799	(1,744)
Allowances for impairment losses on other financial assets	-	42
Depreciation of property, plant and equipment	79	-
Depreciation of right-of-use assets	749	467
Finance cost on lease liabilities	102	90
Unrealised losses/(gains) on revaluation of derivatives	9,015	(1,887)
Unrealised losses/(gains) on revaluation of financial investments at fair value through profit or loss	3,173	(1,637)
Unrealised losses on revaluation of financial liabilities at fair value through profit or loss	-	913
Gains on disposal of financial investments at fair value through other comprehensive income	(49,486)	(22,497)
Gains on disposal of financial investment at fair value through profit or loss	(8,567)	(147)
Gains on foreign exchange translations	(52,658)	(16,427)
ESGP expenses	446	275
Finance cost	126,247	97,881
Operating profit before working capital changes	<u>753,947</u>	<u>760,126</u>
Change in deposits and placements with banks and other financial institutions	(100,196)	251,328
Change in cash and short-term funds with original maturity of more than three months	-	50,452
Change in financial investments portfolio	(1,173,241)	(37,337)
Change in financing and advances	(2,012,119)	(3,379,658)
Change in derivative assets and liabilities	(70,929)	9,373
Change in other assets	(1,857,775)	174,114
Change in statutory deposits with Bank Negara Malaysia	2,110,423	(193,766)
Change in deposits from customers	(3,977,557)	1,495,916
Change in deposits and placements of banks and other financial institutions	(1,134,426)	4,726,782
Change in investment accounts of customers	3,762,357	(764,755)
Change in financial liabilities at fair value through profit or loss	-	(237,013)
Change in bills and acceptances payable	(76,040)	9,369
Change in other liabilities	104,399	(1,722,052)
Cash (used in)/generated from operating activities	<u>(3,671,157)</u>	<u>1,142,879</u>
Taxes and zakat paid	(161,545)	(175,986)
Net cash (used in)/generated from in operating activities	<u>(3,832,702)</u>	<u>966,893</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	31 March 2020 RM'000	31 March 2019 RM'000
Cash flows from financing activities		
Dividend paid for subordinated sukuk	(23,696)	(57,602)
Drawdown of term funding	-	250,000
Dividend paid for term funding	(47,477)	(82,248)
Repayment of lease liabilities	(331)	(2,078)
Net cash (used in)/generated from investing activities	(71,504)	108,072
Net (decrease)/increase in cash and cash equivalents	(3,904,206)	1,074,965
Cash and cash equivalents at beginning of period	21,703,239	21,871,651
Cash and cash equivalents at end of period	17,799,033	22,946,616

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

	31 March 2020 RM'000	31 March 2019 RM'000
Cash and cash equivalents comprise:		
Cash and short term funds	17,799,033	22,946,616
Deposits and placements with banks and other financial institutions	100,196	-
	17,899,229	22,946,616
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	(100,196)	-
	17,799,033	22,946,616

(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)

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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 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.

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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.

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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 are 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 Bank are in the midst of assessing the financial implication of the moratorium.

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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 first quarter ended 31 March 2020.

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

During the first quarter ended 31 March 2020, save as disclosed in Note A8 below, 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 first quarter ended 31 March 2020.

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A8. Changes in Debt and Equity Securities

(i) Save as disclosed below, there were no new shares issuance by the Bank during the first quarter ended 31 March 2020:

(a) **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 31 March 2020 are as follows:

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

A9. Dividends Payable

Dividends payable during the first quarter ended 31 March 2020 are as follows:

(a) 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.

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

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A11. Deposits and placements with banks and other financial institutions

	31 March 2020 RM'000	31 December 2019 RM'000
Other financial institutions	100,196	-
	<u>100,196</u>	<u>-</u>

A12. Financial investments portfolio

	Note	31 March 2020 RM'000	31 December 2019 RM'000
Financial investments at fair value through profit or loss	(i)	131,668	383,194
Financial investments at fair value through other comprehensive income	(ii)	16,483,535	15,292,520
Financial investments at amortised cost	(iii)	9,936,706	9,671,676
		<u>26,551,909</u>	<u>25,347,390</u>

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

	31 March 2020 RM'000	31 December 2019 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	-	383,194
Quoted securities:		
In Malaysia:		
Equity	1,910	-
Outside Malaysia:		
Islamic Corporate Sukuk	129,758	-
	<u>131,668</u>	<u>-</u>
Total financial investments at FVTPL	<u>131,668</u>	<u>383,194</u>

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

	31 March 2020 RM'000	31 December 2019 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	11,936,866	11,743,868
Negotiable Islamic Instruments of Deposits	647,861	1,198,172
	<u>12,584,727</u>	<u>12,942,040</u>

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A12. Financial investments portfolio (cont'd.)

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

	31 March 2020 RM'000	31 December 2019 RM'000
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	3,112,535	2,289,237
Government Sukuk	45,087	43,374
Equity	1,250	1,250
	3,158,872	2,333,861
Outside Malaysia:		
Islamic Corporate Sukuk	739,936	16,619
	3,898,808	2,350,480
Total financial investments at FVOCI	16,483,535	15,292,520

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
As at 31 March 2020	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	1,866	-	-	1,866
Transferred to Stage 2	(279)	279	-	-
Net remeasurement of allowances	-	913	-	913
New financial assets originated or purchased	2,121	-	-	2,121
Financial assets derecognised	(1,136)	-	-	(1,136)
Changes in models/ risk parameters	10	-	-	10
Exchange differences	41	-	-	41
At 31 March 2020	2,623	1,192	-	3,815

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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 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

	31 March 2020 RM'000	31 December 2019 RM'000
Money market instruments:		
Malaysian Government Investment Issues	<u>1,966,860</u>	<u>1,843,057</u>
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	<u>7,991,732</u>	<u>7,846,614</u>
Accumulated impairment losses	<u>(21,886)</u>	<u>(17,995)</u>
Total financial investments at amortised cost	<u>9,936,706</u>	<u>9,671,676</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>	<u>Total</u>
	<u>12-month ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
As at 31 March 2020	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	17,995	-	-	17,995
Transferred to Stage 2	(1,879)	1,879	-	-
Net remeasurement of allowances	139	3,912	-	4,051
New financial assets originated or purchased	30	-	-	30
Financial assets derecognised	(225)	-	-	(225)
Changes in models/ risk parameters	35	-	-	35
At 31 March 2020	16,095	5,791	-	21,886

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-month ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
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

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A13. Financing and advances

	31 March 2020 RM'000	31 December 2019 RM'000
Financing and advances:		
(A) Financing and advances at FVOCI	439,255	440,383
(B) Financing and advances at amortised cost	280,119,353	280,650,934
	280,558,608	281,091,317
Unearned income	(86,615,231)	(89,087,920)
Gross financing and advances	193,943,377	192,003,397
Allowances for ECL and impairment losses:		
- Stage 1 - 12-month ECL	(336,614)	(371,029)
- Stage 2 - Lifetime ECL not credit impaired	(746,506)	(616,576)
- Stage 3 - Lifetime ECL credit impaired	(1,297,758)	(1,252,818)
Net financing and advances	191,562,499	189,762,974

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A13. Financing and advances (cont'd.)

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

As at 31 March 2020	Bai'¹ RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai' ("AITAB")² RM'000	Ijarah³ RM'000	Others RM'000	Total financing and advances RM'000
Cashline	-	6,720,133	-	-	-	-	6,720,133
Term financing							
- House financing	14,386,931	72,591,026	1,938,938	-	-	613	88,917,508
- Syndicated financing	-	6,222,937	-	-	-	-	6,222,937
- Hire purchase receivables	-	5,619,908	-	35,520,783	-	-	41,140,691
- Lease receivables	-	-	-	-	221,348	-	221,348
- Other term financing	12,335,502	100,578,425	660,388	-	-	13,592	113,587,907
Bills receivable	-	-	-	-	-	88	88
Trust receipts	-	149,419	-	-	-	-	149,419
Claims on customers under acceptance credits	-	5,054,168	-	-	-	-	5,054,168
Staff financing	426,074	1,928,187	8,606	172,547	635	34,327	2,570,376
Credit card receivables	-	-	-	-	-	1,201,227	1,201,227
Revolving credit	-	14,753,738	-	-	-	-	14,753,738
Share Margin Financing	-	12,261	-	-	-	-	12,261
Financing to:							
- Directors of the Bank	-	6,080	-	269	-	176	6,525
- Directors of related companies	-	282	-	-	-	-	282
	27,148,507	213,636,564	2,607,932	35,693,599	221,983	1,250,023	280,558,608
Unearned income							(86,615,231)
Gross financing and advances ⁴							193,943,377
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(336,614)
- Stage 2 - Lifetime ECL not credit impaired							(746,506)
- Stage 3 - Lifetime ECL credit impaired							(1,297,758)
Net financing and advances							191,562,499

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").

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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.):

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 ECL and impairment losses:							
- Stage 1 - 12-month ECL							(371,029)
- Stage 2 - Lifetime ECL not credit impaired							(616,576)
- Stage 3 - Lifetime ECL credit impaired							<u>(1,252,818)</u>
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").

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A13. Financing and advances (cont'd.)

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

	31 March 2020 RM'000	31 December 2019 RM'000
Domestic non-banking financial institutions	4,546,956	4,193,842
Domestic business enterprises:		
- Small and medium enterprises	22,580,500	22,997,908
- Others	33,547,620	32,936,985
Government and statutory bodies	14,146,097	14,253,189
Individuals	117,530,772	116,114,222
Other domestic entities	81,641	25,025
Foreign entities in Malaysia	1,509,791	1,482,226
Gross financing and advances	<u>193,943,377</u>	<u>192,003,397</u>

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

	31 March 2020 RM'000	31 December 2019 RM'000
Fixed rate:		
- House financing	1,362,971	1,279,574
- Hire purchase receivables	36,829,032	36,490,909
- Other financing	22,943,623	23,203,040
Floating rate:		
- House financing	48,794,454	46,955,607
- Other financing	84,013,297	84,074,267
Gross financing and advances	<u>193,943,377</u>	<u>192,003,397</u>

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

	31 March 2020 RM'000	31 December 2019 RM'000
Purchase of securities	23,915,851	24,573,547
Purchase of transport vehicles	36,685,185	36,351,827
Purchase of landed properties:		
- Residential	48,939,423	47,209,422
- Non-residential	13,819,802	13,313,594
Purchase of fixed assets (excluding landed properties)	123,651	101,103
Personal use	4,086,047	3,995,649
Purchase of consumer durables	249	226
Constructions	2,836,549	3,005,311
Working capital	62,295,801	62,136,061
Credit/charge card	1,240,819	1,316,657
Gross financing and advances	<u>193,943,377</u>	<u>192,003,397</u>

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A13. Financing and advances (cont'd.)

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

	31 March 2020 RM'000	31 December 2019 RM'000
Within one year	33,621,862	33,800,893
One year to three years	8,097,815	7,675,303
Three years to five years	15,359,411	15,454,866
After five years	136,864,289	135,072,335
Gross financing and advances	193,943,377	192,003,397

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

	31 March 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	234,217	996,099
Reclassified as non-impaired	(71,145)	(118,390)
Amount recovered	(247,374)	(92,496)
Amount written-off	(43,571)	(359,705)
Gross impaired financing and advances at 31 March 2020/ 31 December 2019	2,391,742	2,519,615
Less: Stage 3 - Lifetime ECL credit impaired	(1,297,758)	(1,252,818)
Net impaired financing and advances at 31 March 2020/ 31 December 2019	1,093,984	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 31 March 2020/ 31 December 2019	2,256,047	2,395,279
Less: Stage 3 - Lifetime ECL credit impaired	(1,297,758)	(1,252,818)
Net impaired financing and advances at 31 March 2020/ 31 December 2019	958,289	1,142,461

Gross financing and advances	141,899,947	153,974,211
Less: Allowances for impaired financing and advances at amortised cost and at fair value through other comprehensive income	(2,383,928)	(2,243,324)
Net financing and advances	139,516,019	151,730,887
Ratio of net impaired financing and advances	0.69%	0.75%

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A13. Financing and advances (cont'd.)

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

	31 March 2020 RM'000	31 December 2019 RM'000
Purchase of securities	4,713	3,230
Purchase of transport vehicles	203,769	185,196
Purchase of landed properties:		
- Residential	340,664	307,530
- Non-residential	197,324	191,711
Purchase of fixed assets (exclude landed properties)	956	995
Personal use	57,345	53,901
Credit/charge cards	9,535	8,450
Purchase of consumer durables	3	3
Constructions	201,879	256,497
Working capital	1,375,554	1,512,102
Gross impaired financing and advances	2,391,742	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 31 March 2020	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	523	2,378	-	2,901
Changes in models/risk parameters	23	126	-	149
At 31 March 2020	546	2,504	-	3,050

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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.)

	<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 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>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 March 2020				
At 1 January 2020	371,029	616,576	1,252,818	2,240,423
Transferred to Stage 1	102,836	(99,398)	(3,438)	-
Transferred to Stage 2	(21,861)	40,970	(19,109)	-
Transferred to Stage 3	(1,133)	(22,755)	23,888	-
Net remeasurement of allowances	(94,389)	189,818	231,659	327,088
New financial assets originated or purchased	54,139	29,841	-	83,980
Financial assets derecognised	(27,892)	(51,215)	(116,066)	(195,173)
Changes in models/risk parameters	(46,429)	41,657	-	(4,772)
Amount related to Restricted Investment Accounts*	179	509	(41,390)	(40,702)
Amount written-off	-	-	(43,571)	(43,571)
Exchange differences	135	503	12,967	13,605
At 31 March 2020	<u>336,614</u>	<u>746,506</u>	<u>1,297,758</u>	<u>2,380,878</u>

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A13. Financing and advances (cont'd.)

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

At amortised cost (cont'd.)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u> <u>RM'000</u>
	<u>12-month ECL</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>not credit</u> <u>impaired</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>credit impaired</u> <u>RM'000</u>	
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	<u>371,029</u>	<u>616,576</u>	<u>1,252,818</u>	<u>2,240,423</u>

* As at 31 March 2020, the gross exposure of the financing funded by RPSIA was RM27,543.4 million (31 December 2019: RM17,291.5 million). The expected credit loss relating to these financing amounting to RM278.6 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 A18.

The gross exposure of the financing funded by IA as at 31 March 2020 was RM24,500.0 million (31 December 2019: RM20,737.7 million).

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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 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.

	31 March 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	6,160,574	135,129	(42,789)	5,676,819	14,924	(92,608)
- One year to three years	771,561	18,295	(18,295)	806,712	3,254	(3,254)
- More than three years	2,725,766	46,033	(46,033)	2,195,804	5,786	(5,786)
	<u>9,657,901</u>	<u>199,457</u>	<u>(107,117)</u>	<u>8,679,335</u>	<u>23,964</u>	<u>(101,648)</u>
Currency swaps:						
- Less than one year	9,544,803	113,299	(159,464)	9,668,773	72,024	(26,213)
Currency spot:						
- Less than one year	148,645	233	(2,644)	199,992	78	(329)
Currency options:						
- Less than one year	6,182	58	(58)	730	1	(1)

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A14. Derivative financial instruments (cont'd.)

	31 March 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	2,149,023	35,638	(35,638)	2,094,722	7,652	(7,652)
- More than three years	46,213	460	(460)	48,050	139	(139)
	2,195,236	36,098	(36,098)	2,778,805	43,141	(42,971)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- Less than one year	100,000	74	(74)	100,000	77	(77)
- One year to three years	576,150	9,481	(9,474)	571,880	4,394	(4,386)
- More than three years	3,343,090	105,093	(108,210)	3,351,901	56,735	(46,049)
	4,019,240	114,648	(117,758)	4,023,781	61,206	(50,512)
Total	25,572,007	463,793	(423,139)	25,351,416	200,414	(221,674)

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A15. Other assets

	31 March 2020 RM'000	31 December 2019 RM'000
Amount due from holding company	4,874,896	3,096,001
Handling fees	187,629	187,327
Prepayments and deposits	232,381	279,790
Tax recoverable	167,776	128,133
Others debtors	355,143	268,946
	5,817,825	3,960,197

A16. Deposits from customers

(i) By type of deposits

	31 March 2020 RM'000	31 December 2019 RM'000
Savings deposits		
Qard	19,759,374	17,504,325
Demand deposits		
Qard	20,673,049	19,704,598
Term deposits		
Murabahah	116,349,478	123,236,922
Qard	279,682	593,295
	116,629,160	123,830,217
	157,061,583	161,039,140

(ii) By type of customers

	31 March 2020 RM'000	31 December 2019 RM'000
Business enterprises	61,874,650	58,847,094
Individuals	41,198,722	39,051,336
Government and statutory bodies	25,181,504	30,521,401
Others	28,806,707	32,619,309
	157,061,583	161,039,140

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A17. Investment accounts of customers

Mudharabah	31 March 2020 RM'000	31 December 2019 RM'000
Unrestricted Investment accounts	24,500,027	20,616,075
Restricted Investment accounts*	-	121,595
	24,500,027	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 31 March 2020			
Business enterprises	14,832,698	-	14,832,698
Individuals	8,485,891	-	8,485,891
Government and statutory bodies	105,646	-	105,646
Others	1,075,792	-	1,075,792
	24,500,027	-	24,500,027
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 structure of investment accounts are as follows:

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 31 March 2020			
- without maturity	18,208,325	-	18,208,325
- with maturity			
Within six months	4,532,384	-	4,532,384
Six months to one year	1,741,460	-	1,741,460
One year to three years	14,468	-	14,468
Three years to five years	3,390	-	3,390
	6,291,702	-	6,291,702
	24,500,027	-	24,500,027

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

(ii) Maturity structure 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
	7,228,230	121,595	7,349,825
	20,616,075	121,595	20,737,670

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

As at 31 March 2020	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
Retail financing	22,230,164	-	22,230,164
Non-retail financing	2,269,863	-	2,269,863
	24,500,027	-	24,500,027
 As at 31 December 2019			
Retail financing	18,855,165	-	18,855,165
Non-retail financing	1,760,910	121,595	1,882,505
	20,616,075	121,595	20,737,670

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

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 March 2020		
Unrestricted investment accounts	45.21	2.22
Restricted investment accounts	99.95	4.19
	99.95	4.19
 As at 31 December 2019		
Unrestricted investment accounts	51.62	2.61
Restricted investment accounts	99.95	4.19
	99.95	4.19

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A18. Deposits and placements of banks and other financial institutions

	31 March 2020 RM'000	31 December 2019 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	29,514,899	19,307,946
<u>Non-Mudharabah Fund</u>		
Licensed banks	5,140,833	16,381,929
Licensed Islamic banks	1,396,423	1,125,849
Licensed investment banks	99,959	199,691
Other financial institutions	1,488,346	1,812,141
	8,125,561	19,519,610
	37,640,460	38,827,556

* Mudharabah deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the holding company amounting to RM29,514.9 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.

A19. Other liabilities

	Note	31 March 2020 RM'000	31 December 2019 RM'000
Sundry creditors		89,522	67,616
Deposit on trade financing		66,211	35,092
Provisions and accruals		20,327	27,610
Provisions for commitments and contingencies		56,044	-
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	25,373	26,682
Lease liabilities		11,898	12,228
Structured deposits		6,209	1,737
		275,584	170,965

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A19. 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>	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 March 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	156	(156)	-	-
Transferred to Stage 2	(6,341)	6,341	-	-
Transferred to Stage 3	-	(12)	12	-
Net remeasurement of allowances	1,724	107	(2,063)	(232)
New financial assets originated or purchased	500	361	-	861
Financial assets derecognised	(682)	(338)	(1)	(1,021)
Changes in models/risk parameters	3	(1,011)	-	(1,008)
Exchange differences	37	54	-	91
At 31 March 2020	15,400	9,887	86	25,373

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total
	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	20,003	4,541	2,138	26,682

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A20. Sources and uses of charity funds

	31 March 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 31 March 2020/31 December 2019	28	-*

* Denotes RM36.72

A21. Term Funding

	31 March 2020 RM'000	31 December 2019 RM'000
Unsecured term funding:		
(a) Commercial Paper		
- Less than one year	7,911,446	7,888,771
(b) Medium Term Notes		
- More than one year	2,024,164	2,003,222
Total term funding	9,935,610	9,891,993

A22. Subordinated Sukuk

	31 March 2020 RM'000	31 December 2019 RM'000
RM1,000 million subordinated sukuk due in 2026	1,005,605	1,017,708
RM1,000 million subordinated sukuk due in 2029	1,021,822	1,010,603
	2,027,427	2,028,311

A23. Capital Securities

	31 March 2020 RM'000	31 December 2019 RM'000
RM1,000 million 4.95% Additional Tier 1 Sukuk Wakalah	1,014,511	1,002,170

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A24. Income derived from investment of depositors' funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Income derived from investment of:				
i) General investment deposits	1,828,461	1,803,013	1,828,461	1,803,013
ii) Other deposits	633,882	540,058	633,882	540,058
	2,462,343	2,343,071	2,462,343	2,343,071

i) Income derived from investment of general investment deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Finance income and hibah				
Financing and advances	1,406,571	1,411,220	1,406,571	1,411,220
Money at call and deposit with financial institutions	89,988	117,292	89,988	117,292
Financial investments at fair value through other comprehensive income	99,273	90,276	99,273	90,276
Financial investments at amortised cost	87,312	67,122	87,312	67,122
Financial investments at fair value through profit or loss	1,556	6,827	1,556	6,827
	1,684,700	1,692,737	1,684,700	1,692,737
Accretion of discounts less amortisation of premium	3,735	42	3,735	42
Total finance income and hibah	1,688,435	1,692,779	1,688,435	1,692,779
Other operating income :				
Fee income:				
- Processing fees	4,565	9,798	4,565	9,798
- Commissions	33,765	24,707	33,765	24,707
- Service charges and other fees	31,267	44,043	31,267	44,043
Gains on disposal of financial investments at fair value through other comprehensive income	35,137	16,515	35,137	16,515
Gains on disposal of financial investments at fair value through profit or loss	6,083	108	6,083	108
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(2,253)	1,202	(2,253)	1,202
- Financial liabilities at fair value through profit or loss	-	(670)	-	(670)
- Derivatives	(6,401)	1,385	(6,401)	1,385
Gains/(losses) on foreign exchange:				
- Realised	70,224	937	70,224	937
- Unrealised	(32,836)	11,122	(32,836)	11,122
Realised gains on derivatives	475	1,087	475	1,087
	1,828,461	1,803,013	1,828,461	1,803,013

Included in finance income are income on impaired assets amounting to RM16.1 million (31 March 2019: RM13.0 million).

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

ii) Income derived from investment of other deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Finance income and hibah				
Financing and advances	487,623	422,704	487,623	422,704
Money at call and deposit with financial institutions	31,197	35,132	31,197	35,132
Financial investments at fair value through other comprehensive income	34,416	27,041	34,416	27,041
Financial investments at amortised cost	30,269	20,105	30,269	20,105
Financial investments at fair value through profit or loss	539	2,045	539	2,045
	584,044	507,027	584,044	507,027
Accretion of discounts less amortisation of premium	1,295	13	1,295	13
Total finance income and hibah	585,339	507,040	585,339	507,040
Other operating income :				
Fee income:				
- Processing fees	1,582	2,935	1,582	2,935
- Commissions	11,705	7,400	11,705	7,400
- Service charges and other fees	10,839	13,192	10,839	13,192
Gains on disposal of financial investments at fair value through other comprehensive income	12,181	4,947	12,181	4,947
Gains on disposal of financial investments at fair value through profit or loss	2,109	32	2,109	32
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(781)	360	(781)	360
- Financial liabilities at fair value through profit or loss	-	(201)	-	(201)
- Derivatives	(2,219)	415	(2,219)	415
Gains/(losses) on foreign exchange:				
- Realised	24,345	281	24,345	281
- Unrealised	(11,383)	3,331	(11,383)	3,331
Realised gains on derivatives	165	326	165	326
	633,882	540,058	633,882	540,058

Included in finance income are income on impaired assets amounting to RM5.6 million (31 March 2019: RM3.9 million).

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A25. Income derived from investment of investment account funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Financing and advances	250,197	278,672	250,197	278,672
Total finance income and hibah	250,197	278,672	250,197	278,672
Other operating income :				
Fee income:				
- Commissions	120	67	120	67
- Service charges and other fees	22	18	22	18
	250,339	278,757	250,339	278,757

A26. Income derived from investment of shareholder's funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Finance income and hibah				
Financing and advances	86,802	88,423	86,802	88,423
Money at call and deposit with financial institutions	5,553	7,349	5,553	7,349
Financial investments at fair value through other comprehensive income	6,126	5,656	6,126	5,656
Financial investments at amortised cost	5,388	4,206	5,388	4,206
Financial investments at fair value through profit or loss	96	428	96	428
	103,965	106,062	103,965	106,062
Accretion of discounts less amortisation of premium	230	3	230	3
Total finance income and hibah	104,195	106,065	104,195	106,065
Other operating income :				
Fee income:				
- Processing fees	282	614	282	614
- Commissions	2,084	1,548	2,084	1,548
- Service charges and other fees	1,930	2,760	1,930	2,760
Gains on disposal of financial investments at fair value through other comprehensive income	2,168	1,035	2,168	1,035
Gains on disposal of financial investments at fair value through profit or loss	375	7	375	7
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(139)	75	(139)	75
- Financial liabilities at fair value through profit or loss	-	(42)	-	(42)
- Derivatives	(395)	87	(395)	87
Gains/(losses) on foreign exchange:				
- Realised	4,334	59	4,334	59
- Unrealised	(2,026)	697	(2,026)	697
Realised gains on derivatives	29	68	29	68
	112,837	112,973	112,837	112,973

Included in finance income are income on impaired assets amounting to RM0.9 million (31 March 2019: RM0.8 million).

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A27. Allowances for/(writeback of) impairment losses on financing and advances, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
(Writeback of)/allowances for impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	(113,003)	(286,891)	(113,003)	(286,891)
- Stage 2 - Lifetime ECL not credit impaired, net	209,346	(124,886)	209,346	(124,886)
- Stage 3 - Lifetime ECL credit impaired, net	113,529	373,326	113,529	373,326
Impaired financing and advances written-off	2,472	12,757	2,472	12,757
Impaired financing and advances recovered	(17,383)	(16,124)	(17,383)	(16,124)
Writeback of impairment losses on other debts	(20)	(163)	(20)	(163)
	194,941	(41,981)	194,941	(41,981)

A28. Allowances for/(writeback of) impairment losses on financial investments, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	995	(58)	995	(58)
- Stage 2 - Lifetime ECL not credit impaired, net	913	-	913	-
Net	1,908	(58)	1,908	(58)
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	(21)	342	(21)	342
- Stage 2 - Lifetime ECL not credit impaired, net	3,912	(2,028)	3,912	(2,028)
Net	3,891	(1,686)	3,891	(1,686)
	5,799	(1,744)	5,799	(1,744)

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A29. Allowances for impairment losses on other financial assets, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
- Stage 1 - 12-month ECL, net	-	42	-	42
	<u>-</u>	<u>42</u>	<u>-</u>	<u>42</u>

A30. Profit distributed to depositors

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah fund	1,068,409	1,046,101	1,068,409	1,046,101
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	198,810	164,115	198,810	164,115
- Non-Mudharabah fund	112,565	166,953	112,565	166,953
	<u>311,375</u>	<u>331,068</u>	<u>311,375</u>	<u>331,068</u>
Financial liabilities at fair value through profit or loss				
- Non-Mudharabah fund	-	3,072	-	3,072
Structured deposits				
- Non-Mudharabah fund	87	-	87	-
	<u>1,379,871</u>	<u>1,380,241</u>	<u>1,379,871</u>	<u>1,380,241</u>

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A31. Overhead expenses

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Personnel expenses	13,029	12,229	13,029	12,229
- Salaries, allowances and bonuses	9,186	9,215	9,186	9,215
- Pension costs - defined contribution plan	1,504	1,464	1,504	1,464
- ESGP expenses	446	275	446	275
- Other staff related expenses	1,893	1,275	1,893	1,275
Establishment costs	1,578	1,351	1,578	1,351
- Depreciation right-of-use assets	749	467	749	467
- Repairs, servicing and maintenance	44	179	44	179
- Information technology expenses	606	615	606	615
- Finance cost on lease liabilities	102	90	102	90
- Depreciation of property, plant and equipment	77	-	77	-
Marketing costs	2,436	2,834	2,436	2,834
- Advertisement and publicity	303	446	303	446
- Others	2,133	2,388	2,133	2,388
Administration and general expenses	473,756	388,180	473,756	388,180
- Fees and brokerage	15,835	11,217	15,835	11,217
- Administrative expenses	3,147	2,833	3,147	2,833
- General expenses	60,178	3,916	60,178	3,916
- Shared service cost paid to Maybank	394,596	370,214	394,596	370,214
Total	490,799	404,594	490,799	404,594

A32. Finance cost

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Subordinated sukuk	35,153	41,240	35,153	41,240
Term funding	91,094	56,641	91,094	56,641
	126,247	97,881	126,247	97,881

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A33. Taxation and zakat

The analysis of the taxation and zakat expense for the financial period ended 31 March 2020 are as follows:

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Malaysian income tax	137,740	175,754	137,740	175,754
Foreign income tax	21	42	21	42
	137,761	175,796	137,761	175,796
Deferred tax				
- Relating to origination and reversal of temporary differences	(16,828)	95	(16,828)	95
Tax expense for the financial period	120,933	175,891	120,933	175,891
Zakat	6,231	5,545	6,231	5,545
	127,164	181,436	127,164	181,436

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.

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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:

	31 March 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	1,808,949	1,770,867	1,380,667	1,881,752	1,842,448	1,409,369
Certain transaction-related contingent items	2,428,921	1,193,113	713,622	3,381,084	1,669,027	1,166,710
Short-term self-liquidating trade-related contingencies	209,740	41,948	13,924	252,361	50,472	21,087
	4,447,610	3,005,928	2,108,213	5,515,197	3,561,947	2,597,166
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- maturity within one year	23,063,071	1,557,068	283,974	23,199,822	872,079	135,683
- maturity exceeding one year	10,524,959	12,389,865	4,657,977	9,856,695	11,998,105	4,523,695
	33,588,030	13,946,933	4,941,951	33,056,517	12,870,184	4,659,378
Miscellaneous commitments and contingencies	68,659	-	-	53,198	-	-
Total credit-related commitments and contingencies	38,104,299	16,952,861	7,050,164	38,624,912	16,432,131	7,256,544

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A35. Commitments and contingencies (cont'd.)

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

	31 March 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	15,860,204	42,464	32,160	16,182,347	218,387	131,094
- one year to less than five years	3,403,242	174,626	90,848	3,258,181	44,984	22,946
- more than five years	2,289,321	159,534	83,424	1,887,107	102,275	53,482
Profit rate related contracts:						
- less than one year	100,000	124	52	100,000	127	53
- one year to less than five years	3,619,240	106,220	149,382	3,563,781	68,230	95,954
- more than five years	300,000	-	-	360,000	-	-
Total treasury-related commitments and contingencies	25,572,007	482,968	355,866	25,351,416	434,003	303,529
Total commitments and contingencies	63,676,306	17,435,829	7,406,030	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.

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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:

	31 March 2020	31 December 2019
Capital ratios		
CET1 capital ratio	14.615%	14.101%
Tier 1 capital ratio	16.039%	15.508%
Total capital ratio	19.402%	18.845%

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A36. Capital Adequacy (cont'd.)

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

	31 March 2020 RM '000	31 December 2019 RM'000
CET1 capital		
Paid-up share capital	7,197,398	7,197,398
Retained profits	2,928,025	2,676,002
Other reserves	910,332	1,181,830
CET1 capital before regulatory adjustments	11,035,755	11,055,230
Less: Regulatory adjustment applied in CET1 capital	(770,481)	(1,033,520)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(176,007)	(187,023)
Regulatory reserve	(594,474)	(846,497)
Total CET1 Capital	10,265,274	10,021,710
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 capital	11,265,274	11,021,710
Tier 2 capital		
Subordinated Sukuk	2,000,000	2,000,000
General provision ¹	14,654	17,675
Surplus of eligible provision over expected loss	348,097	354,063
Total Tier 2 capital	2,362,751	2,371,738
Total Capital	13,628,025	13,393,448

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

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

	31 March 2020 RM'000	31 December 2019 RM'000
Standardised Approach exposure	3,057,371	3,069,539
Internal Ratings-Based Approach exposure after scaling factor	68,946,526	69,483,314
Total RWA for credit risk	72,003,897	72,552,853
Total RWA for credit risk absorbed by the holding company and Investment Account Holders ("IAH") [^]	(10,930,307)	(10,472,880)
Total RWA for market risk	1,006,404	963,780
Total RWA for operational risk	8,158,539	8,029,045
Total RWA	70,238,533	71,072,798

[^] 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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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.

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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 31 March 2020 and 31 December 2019.

As at 31 March 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 profit and loss	1,910	129,758	-	131,668
<i>Quoted securities</i>	1,910	-	-	1,910
<i>Unquoted Securities</i>	-	129,758	-	129,758
Financial investments at fair value through other comprehensive income	-	16,482,285	1,250	16,483,535
<i>Money market instruments</i>	-	12,584,727	-	12,584,727
<i>Unquoted securities</i>	-	3,897,558	1,250	3,898,808
Financing and advances at fair value through other comprehensive income	-	-	439,255	439,255
Derivative assets	-	463,793	-	463,793
<i>Foreign exchange related contracts</i>	-	349,145	-	349,145
<i>Profit rate related contracts</i>	-	114,648	-	114,648
	1,910	17,075,836	440,505	17,518,251
Financial liabilities measured at fair value:				
Derivative liabilities	-	423,139	-	423,139
<i>Foreign exchange related contracts</i>	-	305,381	-	305,381
<i>Profit rate related contracts</i>	-	117,758	-	117,758
	-	423,139	-	423,139

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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 31 March 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

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

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

As at 31 March 2020	At 1 January 2020 RM'000	Unrealised gains/ (losses) recognised in other comprehensive income* RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	At 31 March 2020 RM'000
Financial investments at fair value through other comprehensive income <i>Non-money market instruments</i>	1,250	-	-	-	1,250
Financing and advances at fair value through other comprehensive income	440,383	(1,128)	-	-	439,255
Total Level 3 financial assets	441,633	(1,128)	-	-	440,505
Total net Level 3 financial assets	441,633	(1,128)	-	-	440,505

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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>Non-money market instruments</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

* 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 3 months financial period ended 31 March 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 3 months financial period ended 31 March 2020.

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Part B: Review of Performance & Current Year Prospects

B1. Performance Review

The Bank posted profit before tax and zakat of RM512.0 million for the financial period ended 31 March 2020, a decrease of RM218.7 million or 29.9% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances from a writeback of RM42.0 million in last year corresponding period to an impairment charge of RM194.9 million in financial period ended 31 March 2020.

Total income grew by RM90.7 million or 3.3% to RM2,825.5 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 RM2,462.3 million, RM250.3 million and RM112.8 million respectively.

The Bank's gross financing and advances increased by RM1.9 billion to RM193.9 billion as compared to RM192.0 billion recorded in previous financial year. As at 31 March 2020, total customer funding slightly decreased by 0.1% contributed by customer deposits decreased by 2.5%, recorded at RM157.1 billion against RM161.0 billion in last financial year. Investment account of customers grew by RM3.8 billion to close at RM24.5 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 14.615%, 16.039% and 19.402% respectively.

B2. Prospects

Malaysia is forecasted to chart slower growth in 2020 compared to the +4.3% growth recorded in 2019, due to the COVID-19 global pandemic. The rapid spread of the virus has induced weaker global and domestic demand, lower commodity prices, supply chains disruptions and dislocation of the labour market. The outbreak was initially anticipated to mainly impact sectors related to tourism, hospitality, travel, and retail. However, a broader range of sectors are anticipated to be impacted following the measures taken to curb the outbreak such as social distancing, quarantines, and lockdowns. Economies are expected to reopen at a slower pace due to measures to prevent subsequent waves of the virus. In addition, the sharp decline in global crude oil prices and volatile commodity prices like crude palm oil is anticipated to exacerbate the slow pace of recovery for countries that are dependant on oil-related revenues and commodity exports.

To mitigate the impact of COVID-19 outbreak, the Malaysian government introduced a RM260 billion economic stimulus package aimed at easing the pressure on cashflows of affected businesses through deferment of monthly income tax instalment payments, sales tax and discounts on monthly electricity bills as well as financing facilities among other measures and supporting domestic consumption by reducing employees' minimum contribution to the Employees Provident Fund from 11% to 7%, whilst promoting investment through accelerating development projects and capital expenditure via public and private initiatives. Complementary to the measures put in place by the Malaysian government to assist businesses and individuals affected by the COVID-19 pandemic, Bank Negara Malaysia ("BNM") announced on 25 March 2020 that banks will offer an automatic moratorium of all loan/financing repayments for six months to individuals and small and medium enterprises ("SMEs"). These measures are anticipated to support the Malaysian households and businesses amidst the current uncertain local and global economic backdrop. BNM also introduced some liquidity and capital easing measures for the banking sector including allowing banks to drawdown on their capital conservation buffer of 2.5%, to operate below the minimum liquidity coverage ratio of 100% and to reduce regulatory reserves held against expected loss to 0%. Meanwhile, the implementation of the net stable funding ratio will proceed on 1 July 2020, although lowered to 80%.

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

B2. Prospects (cont'd.)

In Singapore, the government of Singapore rolled out a SGD63.7 billion package aimed at fighting the COVID-19 virus outbreak, providing job support, helping businesses with cash flow and credit, providing support for self-employed individuals and cushioning the impact for lower income households. In addition, the Monetary Authority of Singapore has announced deferred payment options for financial products to individuals and SMEs. Whereas in Indonesia, three stimulus packages with a combined value of IDR438.3 trillion were announced. The packages aim to increase social security funds for poor households, provide state property financing programme for low-income groups, and reduce corporate tax, among other measures.

The Bank remains vigilant of the risks inherent in the current economic conditions and will continue to put an emphasis on prudent asset quality and strong cost management discipline, whilst maintaining the resilience of its capital and liquidity. It will also proactively engage its customers to strengthen asset quality in order to mitigate elevated levels of asset quality weakness at the end of the moratorium period.

The Bank is committed in supporting the domestic economies of our home markets amidst the softer global economic conditions, and strives to meet its customers' needs as well as deliver a positive impact in the communities it serves. This entails working closely with customers affected by the pandemic to ensure viable solutions are provided to support employment and prevent business failures in the near term. This is coherent with the Shariah values that guides the Bank's business by promoting improved welfare for humankind, the eradication of harm and preservation of rights of future generations. Concurrently, the Bank will continue to facilitate business opportunities domestically and abroad, through its international transaction and services capabilities, with an emphasis on the countries in the Gulf Cooperation Council ("GCC") and the ASEAN region.