

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000 (Restated)	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Income derived from investment of depositors' funds	A23	2,107,370	2,418,748	6,477,524	7,063,783
Income derived from investment of investment account funds	A24	245,322	255,981	761,583	802,791
Income derived from investment of shareholder's funds	A25	83,370	94,687	292,470	305,734
Writeback of/(allowances for) impairment losses on financing and advances, net	A26	17,172	(37,312)	(536,175)	28,429
Writeback of/(allowances for) impairment losses on financial investments, net	A27	3,601	(5,467)	(12,907)	(4,960)
(Allowances for)/writeback of impairment losses on other financial assets, net	A28	(90)	-	(90)	1
Total distributable income		2,456,745	2,726,637	6,982,405	8,195,778
Profit distributed to depositors	A29	(973,412)	(1,378,705)	(3,477,616)	(4,179,066)
Profit distributed to investment account holders		(76,591)	(130,730)	(293,658)	(440,058)
Total net income		1,406,742	1,217,202	3,211,131	3,576,654
Overhead expenses	A30	(375,867)	(350,251)	(1,212,680)	(1,112,907)
Finance costs	A31	(121,290)	(109,588)	(369,768)	(295,261)
Profit before taxation and zakat		909,585	757,363	1,628,683	2,168,486
Taxation	A32	(214,760)	(137,915)	(401,922)	(470,356)
Zakat	A32	(8,926)	(940)	(20,672)	(5,771)
Profit for the period		685,899	618,508	1,206,089	1,692,359
Profit attributable to:					
Equity holders of the Bank		685,899	618,508	1,206,089	1,692,359
Earnings per share attributable to equity holder of the Bank					
- basic/diluted (sen)		194.06	182.50	346.38	499.35

(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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Profit for the period	685,899	618,508	1,206,089	1,692,359
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on foreign exchange translation	174	(57)	52	(57)
Net gain on financial investments at fair value through other comprehensive income	101,308	143,031	279,255	407,155
- Net gain from change in fair value	127,439	188,607	360,249	536,022
- Changes in expected credit losses	4,454	(312)	5,465	(223)
- Income tax effect	(30,585)	(45,264)	(86,459)	(128,644)
Other comprehensive income for the period, net of tax	101,482	142,974	279,307	407,098
Total comprehensive income for the period, net of tax	787,381	761,482	1,485,396	2,099,457
Total comprehensive income attributable to:				
Equity holder of the Bank	787,381	761,482	1,485,396	2,099,457

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Note	30 September 2020 RM'000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
ASSETS				
Cash and short-term funds		16,734,017	21,703,239	21,922,103
Deposits and placements with banks and other financial institutions		-	-	251,328
Financial assets purchased under resale agreements		107,895	-	-
Financial investments at fair value through profit or loss	A11(i)	-	383,194	995,072
Financial investments at fair value through other comprehensive income	A11(ii)	17,949,733	15,292,520	12,447,389
Financial investments at amortised cost	A11(iii)	16,104,006	9,671,676	6,454,985
Financing and advances	A12	200,870,224	189,762,974	174,268,203
Derivative assets	A13	276,439	200,414	403,993
Other assets	A14	7,150,519	3,741,672	4,032,596
Statutory deposits with Bank Negara Malaysia		14,286	4,242,037	4,205,000
Property, plant and equipment		1,084	1,458	-
Right-of-use assets		10,661	12,966	-
Deferred tax assets		-	-	24,077
TOTAL ASSETS		259,218,864	245,012,150	225,004,746
LIABILITIES				
Customers' funding:				
- Deposits from customers	A15	175,618,539	161,039,140	147,781,749
- Investment accounts of customers ¹	A16	23,475,675	20,737,670	23,565,061
Deposits and placements of banks and other financial institutions	A17	33,331,398	38,827,556	32,174,135
Bills and acceptances payable		30,601	137,893	11,050
Financial liabilities at fair value through profit or loss		-	-	385,687
Derivative liabilities	A13	287,652	221,674	391,949
Other liabilities	A18	403,543	170,965	2,129,694
Provision for zakat		23,625	30,304	23,450
Term funding	A20	10,881,600	9,891,993	4,738,180
Subordinated sukuk	A21	2,027,678	2,028,311	2,534,301
Capital securities	A22	1,014,647	1,002,170	1,002,441
Deferred tax liabilities		529,083	83,002	-
TOTAL LIABILITIES		247,624,041	234,170,678	214,737,697

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

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

	Note	30 September 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		2,451,498	2,457,477	2,760,303
Other reserves		1,213,881	1,186,597	309,348
TOTAL SHAREHOLDER'S EQUITY		11,594,823	10,841,472	10,267,049
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		259,218,864	245,012,150	225,004,746
COMMITMENTS AND CONTINGENCIES	A34	70,603,818	63,976,328	59,033,318
<u>CAPITAL ADEQUACY</u>	A35			
The capital adequacy ratios of the Bank are as follows:				
CET1 capital ratio		13.358%	13.799%	16.039%
Tier 1 capital ratio		14.699%	15.206%	17.656%
Total capital ratio		17.897%	18.545%	22.221%

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 A37)	-	-	-	-	-	(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	-	-	-	-	-	1,206,089	1,206,089
Other comprehensive income	-	-	279,255	-	52	-	279,307
Total comprehensive income for the period	-	-	279,255	-	52	1,206,089	1,485,396
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 September 2020	7,929,444	1,697	617,576	594,474	134	2,451,498	11,594,823

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 2019							
- as previously stated	7,197,398	1,697	(5,865)	313,516	-	2,970,618	10,477,364
- restatement of comparatives (Note A37)	-	-	-	-	-	(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	-	-	-	-	-	1,692,359	1,692,359
Other comprehensive income/(loss)	-	-	407,155	-	(57)	-	407,098
Total comprehensive income/(loss) for the period	-	-	407,155	-	(57)	1,692,359	2,099,457
Transfer to regulatory reserve	-	-	-	359,050	-	(359,050)	-
Dividend on ordinary shares	-	-	-	-	-	(2,280,864)	(2,280,864)
Total transactions with shareholder/ other equity movements	-	-	-	359,050	-	(2,639,914)	(2,280,864)
At 30 September 2019	7,197,398	1,697	401,290	672,566	(57)	1,812,748	10,085,642

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Cash flows from operating activities		
Profit before taxation and zakat	1,628,683	2,168,486
Adjustments for:		
Accretion of discount less amortisation of premium	14,094	(15,871)
Allowances for impairment losses on financing and advances	588,655	49,015
Allowances for impairment losses on financial investments	12,907	4,960
Allowances for/(writeback of) impairment losses on other financial assets	90	(1)
Depreciation of property, plant and equipment	381	-
Depreciation of right-of-use assets	2,325	1,372
Finance cost on lease liabilities	303	137
Unrealised losses/(gains) on revaluation of derivatives	10,157	(2,449)
Unrealised losses/(gains) on revaluation of financial investments at fair value through profit or loss	1,731	(215)
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss	-	(702)
Gains on disposal of financial investments at fair value through other comprehensive income	(95,339)	(44,196)
Gains on disposal of financial investment at fair value through profit or loss	(9,936)	(7,833)
Gains on foreign exchange translations	(83,304)	(63,940)
ESGP expenses	1,386	779
Finance costs	369,768	295,261
Operating profit before working capital changes	<u>2,441,901</u>	<u>2,384,803</u>
Change in deposits and placements with banks and other financial institutions	-	251,328
Change in cash and short-term funds with original maturity of more than three months	-	50,452
Change in financial investments portfolio	(8,265,539)	(3,600,873)
Change in financing and advances	(11,694,458)	(12,300,001)
Change in derivative assets and liabilities	(20,203)	(39,775)
Change in other assets	(3,516,780)	(1,036,778)
Change in statutory deposits with Bank Negara Malaysia	4,227,751	(623,425)
Change in deposits from customers	14,579,399	18,504,310
Change in deposits and placements of banks and other financial institutions	(5,412,881)	(1,085,555)
Change in investment accounts of customers	2,738,005	(3,426,543)
Change in financial liabilities at fair value through profit or loss	-	(384,986)
Change in bills and acceptances payable	(107,292)	114,229
Change in other liabilities	232,618	(1,686,384)
Cash used in operating activities	<u>(4,797,479)</u>	<u>(2,879,198)</u>
Taxes and zakat paid	(69,652)	(492,909)
Net cash used in operating activities	<u>(4,867,131)</u>	<u>(3,372,107)</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Cash flows from financing activities		
Proceeds from issuance of shares	732,046	-
Dividend paid on ordinary shares	(1,464,091)	(2,280,864)
Dividend paid for capital securities	(24,682)	(24,682)
Dividend paid for subordinated sukuk	(69,321)	(81,442)
Dividend paid for term funding	(367,414)	(248,768)
Redemption of subordinated sukuk	-	(500,000)
Drawdown of term funding	1,093,099	3,600,000
(Repayment)/drawdown of lease liabilities	(1,728)	2,464
Net cash (used in)/generated from financing activities	(102,091)	466,708
Net decrease in cash and cash equivalents	(4,969,222)	(2,905,399)
Cash and cash equivalents at beginning of period	21,703,239	21,871,651
Cash and cash equivalents at end of period	16,734,017	18,966,252
 Cash and cash equivalents comprise:		
Cash and short term funds	16,734,017	18,966,252

(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 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.

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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 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.

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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 financial period ended 30 September 2020.

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

During the financial period ended 30 September 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 period ended 30 September 2020.

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A8. Changes in Debt and Equity Securities

(i) The following are the changes in debt and equity securities for the Bank during the financial period ended 30 September 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 September 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 September 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 period ended 30 September 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 third quarter ended 30 September 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. Financial investments portfolio

	Note	30 September 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)	17,949,733	15,292,520
Financial investments at amortised cost	(iii)	16,104,006	9,671,676
		34,053,739	25,347,390

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

	30 September 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	-	383,194

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

	30 September 2020 RM'000	31 December 2019 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	11,502,658	11,743,868
Negotiable Islamic Instruments of Deposits	-	1,198,172
Khazanah Sukuk	28,761	-
	11,531,419	12,942,040

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A11. Financial investments portfolio (cont'd.)

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

	30 September 2020 RM'000	31 December 2019 RM'000
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	3,862,570	2,289,237
Government Sukuk	43,226	43,374
Equity	1,250	1,250
	<u>3,907,046</u>	<u>2,333,861</u>
Outside Malaysia:		
Corporate Sukuk	2,511,268	16,619
	<u>6,418,314</u>	<u>2,350,480</u>
Total financial investments at FVOCI	<u>17,949,733</u>	<u>15,292,520</u>

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 30 September 2020				RM'000
At 1 January 2020	1,866	-	-	1,866
Transferred to Stage 2	(279)	279	-	-
Net remeasurement of allowances	44	272	-	316
New financial assets originated or purchased	6,004	-	-	6,004
Financial assets derecognised	(1,138)	-	-	(1,138)
Changes in models/risk parameters	(35)	-	-	(35)
Exchange differences	14	-	-	14
At 30 September 2020	<u>6,476</u>	<u>551</u>	<u>-</u>	<u>7,027</u>

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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 September 2020 RM'000	31 December 2019 RM'000
Money market instruments:		
Malaysian Government Investment Issues	4,624,825	1,843,057
Khazanah sukuk	<u>925,361</u>	<u>-</u>
	5,550,186	1,843,057
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	<u>10,579,575</u>	<u>7,846,614</u>
Accumulated impairment losses	(25,755)	(17,995)
Total financial investments at amortised cost	<u>16,104,006</u>	<u>9,671,676</u>

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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:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
As at 30 September 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	3,343	3,478	-	6,821
New financial assets originated or purchased	972	-	-	972
Financial assets derecognised	(83)	-	-	(83)
Changes in models/risk parameters	50	-	-	50
At 30 September 2020	20,398	5,357	-	25,755

	Stage 1	Stage 2	Stage 3	
	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

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A12. Financing and advances

	30 September 2020 RM'000	31 December 2019 RM'000
Financing and advances:		
(A) Financing and advances at FVOCI	758,211	440,383
(B) Financing and advances at amortised cost	<u>289,794,041</u>	<u>280,650,934</u>
	290,552,252	281,091,317
Unearned income	<u>(86,971,978)</u>	<u>(89,087,920)</u>
Gross financing and advances	203,580,274	192,003,397
Allowances for financing and advances:		
- Stage 1 - 12-month ECL	(567,052)	(371,029)
- Stage 2 - Lifetime ECL not credit impaired	(967,762)	(616,576)
- Stage 3 - Lifetime ECL credit impaired	<u>(1,175,236)</u>	<u>(1,252,818)</u>
Net financing and advances	<u>200,870,224</u>	<u>189,762,974</u>

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A12. Financing and advances (cont'd.)

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

As at 30 September 2020	Bai'¹	Murabahah	Musharakah	Al-Ijarah Thumma Al- Bai'²	Ijarah³	Others	Total financing and advances
	RM'000	RM'000	RM'000	("AITAB")²	RM'000	RM'000	RM'000
Cashline	-	6,072,534	-	-	-	-	6,072,534
Term financing							
- House financing	14,112,663	75,397,767	1,919,232	-	-	613	91,430,275
- Syndicated financing	-	5,633,903	-	-	-	-	5,633,903
- Hire purchase receivables	-	8,405,265	-	35,423,074	-	-	43,828,339
- Lease receivables	-	-	-	-	266,936	-	266,936
- Other term financing	11,294,403	109,108,377	637,729	-	-	10,260	121,050,769
Trust receipts	-	84,936	-	-	-	-	84,936
Claims on customers under acceptance credits	-	4,038,266	-	-	-	-	4,038,266
Staff financing	405,582	2,041,717	8,539	181,952	-	31,696	2,669,486
Credit card receivables	-	-	-	-	-	1,184,603	1,184,603
Revolving credit	-	14,257,077	-	-	-	-	14,257,077
Share margin financing	-	26,035	-	-	-	-	26,035
Financing to:							
- Directors of the Bank	-	5,087	-	-	-	26	5,113
- Directors of related companies	-	3,528	-	373	-	79	3,980
	25,812,648	225,074,492	2,565,500	35,605,399	266,936	1,227,277	290,552,252
Unearned income							(86,971,978)
Gross financing and advances ⁴							203,580,274
Allowances for financing and advances:							
- Stage 1 - 12-month ECL							(567,052)
- Stage 2 - Lifetime ECL not credit impaired							(967,762)
- Stage 3 - Lifetime ECL credit impaired							(1,175,236)
Net financing and advances							200,870,224

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").

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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").

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A12. Financing and advances (cont'd.)

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

	30 September 2020 RM'000	31 December 2019 RM'000
Domestic non-banking financial institutions	4,579,176	4,193,842
Domestic business enterprises:		
- Small and medium enterprises	25,089,555	22,997,908
- Others	31,685,686	32,936,985
Government and statutory bodies	16,091,712	14,253,189
Individuals	124,761,835	116,114,222
Other domestic entities	31,109	25,025
Foreign entities in Malaysia	1,341,201	1,482,226
Gross financing and advances	203,580,274	192,003,397

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

	30 September 2020 RM'000	31 December 2019 RM'000
Fixed rate:		
- House financing	1,461,970	1,279,574
- Hire purchase receivables	31,652,323	36,490,909
- Other financing	30,991,725	23,203,040
Floating rate:		
- House financing	52,133,912	46,955,607
- Other financing	87,340,344	84,074,267
Gross financing and advances	203,580,274	192,003,397

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

	30 September 2020 RM'000	31 December 2019 RM'000
Purchase of securities	24,271,899	24,573,547
Purchase of transport vehicles	39,821,267	36,351,827
Purchase of landed properties:		
- Residential	52,595,790	47,209,422
- Non-residential	14,343,740	13,313,594
Purchase of fixed assets (excluding landed properties)	145,321	101,103
Personal use	4,564,826	3,995,649
Purchase of consumer durables	260	226
Constructions	2,608,519	3,005,311
Working capital	64,007,898	62,136,061
Credit/charge card	1,220,754	1,316,657
Gross financing and advances	203,580,274	192,003,397

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A12. Financing and advances (cont'd.)

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

	30 September 2020 RM'000	31 December 2019 RM'000
Within one year	32,016,313	33,800,893
One year to three years	8,539,741	7,675,303
Three years to five years	15,371,167	15,454,866
After five years	147,653,053	135,072,335
Gross financing and advances	203,580,274	192,003,397

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

	30 September 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	222,840	996,099
Reclassified as non-impaired	(413,277)	(118,390)
Amount recovered	(343,202)	(92,496)
Amount written-off	(204,086)	(359,705)
Gross impaired financing and advances at 30 September 2020/ 31 December 2019	1,781,890	2,519,615
Less: Stage 3 - Lifetime ECL credit impaired	(1,175,236)	(1,252,818)
Net impaired financing and advances at 30 September 2020/ 31 December 2019	606,654	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 September 2020/ 31 December 2019	1,723,529	2,395,279
Less: Stage 3 - Lifetime ECL credit impaired	(1,175,236)	(1,252,818)
Net impaired financing and advances at 30 September 2020/ 31 December 2019	548,293	1,142,461
Gross financing and advances	153,079,217	153,974,211
Less: Allowances for impaired financing and advances at amortised cost and at fair value through other comprehensive income	(2,713,255)	(2,243,324)
Net financing and advances	150,365,962	151,730,887
Ratio of net impaired financing and advances	0.36%	0.75%

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A12. Financing and advances (cont'd.)

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

	30 September 2020 RM'000	31 December 2019 RM'000
Purchase of securities	5,953	3,230
Purchase of transport vehicles	107,775	185,196
Purchase of landed properties:		
- Residential	303,444	307,530
- Non-residential	177,534	191,711
Purchase of fixed assets (exclude landed properties)	976	995
Personal use	51,993	53,901
Credit/charge cards	3,567	8,450
Purchase of consumer durables	2	3
Constructions	94,160	256,497
Working capital	1,036,486	1,512,102
Gross impaired financing and advances	1,781,890	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>	<u>Total</u>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 30 September 2020				
At 1 January 2020	523	2,378	-	2,901
Changes in models/risk parameters	108	196	-	304
At 30 September 2020	631	2,574	-	3,205

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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.)

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
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	523	2,378	-	2,901

At amortised cost

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 30 September 2020				
At 1 January 2020	371,029	616,576	1,252,818	2,240,423
Transferred to Stage 1	172,936	(162,768)	(10,168)	-
Transferred to Stage 2	(16,898)	220,736	(203,838)	-
Transferred to Stage 3	(1,070)	(19,793)	20,863	-
Net remeasurement of allowances	82,535	272,371	204,204	559,110
New financial assets originated or purchased	86,543	65,867	-	152,410
Financial assets derecognised	(47,232)	(71,675)	32,080	(86,827)
Changes in models/risk parameters	(82,526)	38,947	-	(43,579)
Amount related to Restricted Investment Accounts*	1,871	9,528	82,656	94,055
Amount written-off	-	-	(204,086)	(204,086)
Exchange differences	(136)	(2,027)	707	(1,456)
At 30 September 2020	567,052	967,762	1,175,236	2,710,050

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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.)

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
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 September 2020, the gross exposure of the financing funded by RPSIA was RM27,025.4 million (31 December 2019: RM17,291.5 million). The expected credit loss relating to these financing amounting to RM408.2 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 September 2020 was RM23,475.7 million (31 December 2019: RM20,737.7 million).

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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 period/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 September 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	6,169,216	9,601	(111,244)	5,676,819	14,924	(92,608)
- One year to three years	833,117	5,423	(5,423)	806,712	3,254	(3,254)
- More than three years	2,602,658	25,845	(25,845)	2,195,804	5,786	(5,786)
	<u>9,604,991</u>	<u>40,869</u>	<u>(142,512)</u>	<u>8,679,335</u>	<u>23,964</u>	<u>(101,648)</u>
Currency swaps:						
- Less than one year	<u>13,593,076</u>	<u>107,590</u>	<u>(21,334)</u>	<u>9,668,773</u>	<u>72,024</u>	<u>(26,213)</u>
Currency spot:						
- Less than one year	<u>464,016</u>	<u>4,506</u>	<u>(125)</u>	<u>199,992</u>	<u>78</u>	<u>(329)</u>
Currency options:						
- Less than one year	<u>10,636</u>	<u>26</u>	<u>(26)</u>	<u>730</u>	<u>1</u>	<u>(1)</u>

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A13. Derivative financial instruments (cont'd.)

	30 September 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	2,130,021	4,775	(4,775)	2,094,722	7,652	(7,652)
- More than three years	19,634	190	(190)	48,050	139	(139)
	2,149,655	4,965	(4,965)	2,778,805	43,141	(42,971)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- Less than one year	41,555	216	(214)	100,000	77	(77)
- One year to three years	531,555	10,505	(10,502)	571,880	4,394	(4,386)
- More than three years	3,272,638	107,762	(107,974)	3,351,901	56,735	(46,049)
	3,845,748	118,483	(118,690)	4,023,781	61,206	(50,512)
Total	29,668,122	276,439	(287,652)	25,351,416	200,414	(221,674)

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A14. Other assets

	30 September 2020 RM'000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
Amount due from holding company	6,022,963	3,096,001	3,569,497
Handling fees	186,944	187,327	170,830
Prepayments and deposits	22,187	31,062	38,770
Tax recoverable	342,180	158,336	203,823
Margin account with holding company	53,740	45,690	-
Others debtors	522,505	223,256	49,676
	<u>7,150,519</u>	<u>3,741,672</u>	<u>4,032,596</u>

A15. Deposits from customers

(i) By type of deposits

	30 September 2020 RM'000	31 December 2019 RM'000
Savings deposits		
Qard	23,342,337	17,504,325
Demand deposits		
Qard	36,488,187	19,704,598
Term deposits		
Murabahah	115,018,440	123,236,922
Qard	769,575	593,295
	115,788,015	123,830,217
	<u>175,618,539</u>	<u>161,039,140</u>

(ii) By type of customers

	30 September 2020 RM'000	31 December 2019 RM'000
Business enterprises	59,203,448	58,847,094
Individuals	45,464,656	39,051,336
Government and statutory bodies	38,628,387	30,521,401
Others	32,322,048	32,619,309
	<u>175,618,539</u>	<u>161,039,140</u>

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A16. Investment accounts of customers

Mudharabah	30 September 2020 RM'000	31 December 2019 RM'000
Unrestricted Investment accounts	23,475,675	20,616,075
Restricted Investment accounts*	-	121,595
	23,475,675	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 September 2020			
Business enterprises	13,105,239	-	13,105,239
Individuals	9,055,609	-	9,055,609
Government and statutory bodies	122,927	-	122,927
Others	1,191,900	-	1,191,900
	23,475,675	-	23,475,675
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 September 2020			
- without maturity	17,595,124	-	17,595,124
- with maturity			
Within six months	5,272,527	-	5,272,527
Six months to one year	595,709	-	595,709
One year to three years	8,255	-	8,255
Three years to five years	4,060	-	4,060
	5,880,551	-	5,880,551
	23,475,675	-	23,475,675

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

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

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 31 December 2019			
- 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 assets are as follows:

	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
As at 30 September 2020			
Retail financing	22,034,867	-	22,034,867
Non-retail financing	1,440,808	-	1,440,808
	23,475,675	-	23,475,675
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 30 September 2020		
Unrestricted investment accounts	38.26	1.79
Restricted investment accounts	99.95	4.03
As at 31 December 2019		
Unrestricted investment accounts	51.62	2.61
Restricted investment accounts	99.95	4.19

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A17. Deposits and placements of banks and other financial institutions

	30 September 2020 RM'000	31 December 2019 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	28,850,650	19,307,946
<u>Non-Mudharabah Fund</u>		
Licensed banks	2,316,694	16,381,929
Licensed Islamic banks	651,134	1,125,849
Licensed investment banks	-	199,691
Other financial institutions	1,512,920	1,812,141
	4,480,748	19,519,610
	33,331,398	38,827,556

* Mudharabah deposits and placements of licensed banks is the RPSIA placed by the holding company amounting to RM28,850.7 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 September 2020 RM'000	31 December 2019 RM'000
Sundry creditors		218,566	67,616
Deposit on trade financing		34,290	35,092
Provisions and accruals		33,943	27,610
Provisions for commitments and contingencies		56,044	-
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	25,721	26,682
Lease liabilities		10,500	12,228
Structured deposits		12,419	1,737
Others		12,060	-
		403,543	170,965

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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>
	<u>12-month ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
As at 30 September 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	335	(335)	-	-
Transferred to Stage 2	(6,361)	6,361	-	-
Transferred to Stage 3	-	(15)	15	-
Net remeasurement of allowances	1,186	743	(1,563)	366
New financial assets originated or purchased	2,412	1,616	-	4,028
Financial assets derecognised	(2,351)	(2,629)	(46)	(5,026)
Changes in models/risk parameters	(5)	(374)	-	(379)
Exchange differences	33	17	-	50
At 30 September 2020	<u>15,252</u>	<u>9,925</u>	<u>544</u>	<u>25,721</u>

	<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	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>

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A19. Sources and uses of charity funds

	30 September 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	28	-*
Total uses of charity funds during the period/year	28	-*
Undistributed charity funds at 30 September 2020/ 31 December 2019	-	-

* Denotes RM36.72

A20. Term Funding

	30 September 2020 RM'000	31 December 2019 RM'000
Unsecured term funding:		
(a) Commercial Paper - Less than one year	7,937,115	7,888,771
(b) Medium Term Notes - More than one year	2,024,164	2,003,222
(c) Term funding - More than one year (note(a))	920,321	-
Total term funding	10,881,600	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.

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A21. Subordinated Sukuk

	30 September 2020 RM'000	31 December 2019 RM'000
RM1,000 million subordinated sukuk due in 2026	1,005,733	1,017,708
RM1,000 million subordinated sukuk due in 2029	1,021,945	1,010,603
	2,027,678	2,028,311

A22. Capital Securities

	30 September 2020 RM'000	31 December 2019 RM'000
RM1,000 million 4.95% Additional Tier 1 Sukuk Wakalah	1,014,647	1,002,170

A23. Income derived from investment of depositors' funds

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Income derived from investment of:				
i) General investment deposits	1,202,848	1,937,754	4,270,732	5,534,139
ii) Other deposits	904,522	480,994	2,206,792	1,529,644
	2,107,370	2,418,748	6,477,524	7,063,783

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

i) Income derived from investment of general investment deposits

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Finance income and hibah				
Financing and advances (Note A25 (note(a)))	923,741	1,549,033	3,256,855	4,380,517
Money at call and deposit				
with financial institutions	28,562	87,434	176,346	310,852
Financial assets purchased under resale agreements	6	-	6	-
Financial investments at fair value through other comprehensive income	86,789	92,715	285,326	275,994
Financial investments at amortised cost	92,396	92,947	277,994	232,106
Financial investments at fair value through profit or loss	857	1,162	2,605	9,747
	1,132,351	1,823,291	3,999,132	5,209,216
Accretion of discounts less amortisation of premium	(7,505)	6,493	(8,891)	11,919
Total finance income and hibah	1,124,846	1,829,784	3,990,241	5,221,135
Other operating income :				
Fee income:				
- Processing fees	1,864	6,027	7,832	18,178
- Commissions	23,201	33,979	79,201	87,960
- Service charges and other fees	22,629	32,931	81,228	114,606
Gains on disposal of financial investments at fair value through other comprehensive income	25,895	15,860	60,143	33,189
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(111)	3,462	6,268	5,882
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(640)	(1,121)	(1,092)	161
- Financial liabilities at fair value through profit or loss	-	8	-	527
- Derivatives	(1,147)	1,301	(6,407)	1,839
(Losses)/gains on foreign exchange:				
- Realised	(54,495)	25,743	41,213	33,537
- Unrealised	60,676	(10,758)	11,338	14,478
Realised gains on derivatives	130	538	767	2,647
	1,202,848	1,937,754	4,270,732	5,534,139

Included in finance income are income on impaired assets amounting to RM32.9 million (30 September 2019: RM45.8 million).

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

ii) Income derived from investment of other deposits

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Finance income and hibah				
Financing and advances (Note A25 (note(a)))	692,524	385,164	1,682,897	1,210,781
Money at call and deposit with financial institutions	28,391	20,775	91,123	85,920
Financial assets purchased under resale agreements	3	-	3	-
Financial investments at fair value through other comprehensive income	63,159	22,844	147,435	76,285
Financial investments at amortised cost	64,862	23,578	143,646	64,155
Financial investments at fair value through profit or loss	604	191	1,346	2,694
	849,543	452,552	2,066,450	1,439,835
Accretion of discounts less amortisation of premium	(4,005)	1,712	(4,594)	3,294
Total finance income and hibah	845,538	454,264	2,061,856	1,443,129
Other operating income :				
Fee income:				
- Processing fees	1,514	1,481	4,047	5,024
- Commissions	17,154	8,572	40,925	24,312
- Service charges and other fees	17,098	7,862	41,972	31,677
Gains on disposal of financial investments at fair value through other comprehensive income	16,539	4,120	31,077	9,173
Gains on disposal of financial investments at fair value through profit or loss	531	920	3,239	1,626
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(372)	(329)	(564)	45
- Financial liabilities at fair value through profit or loss	-	(5)	-	146
- Derivatives	(1,078)	351	(3,311)	508
(Losses)/gains on foreign exchange:				
- Realised	(19,330)	6,997	21,296	9,270
- Unrealised	26,802	(3,356)	5,859	4,002
Realised gains on derivatives	126	117	396	732
	904,522	480,994	2,206,792	1,529,644

Included in finance income are income on impaired assets amounting to RM17.0 million (30 September 2019: RM12.6 million).

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A24. Income derived from investment of investment account funds

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Financing and advances (Note A25 (note(a)))	245,250	255,887	761,214	802,530
Total finance income and hibah	245,250	255,887	761,214	802,530
Other operating income :				
Fee income:				
- Commissions	63	78	323	208
- Service charges and other fees	9	16	46	53
	245,322	255,981	761,583	802,791

A25. Income derived from investment of shareholder's funds

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Finance income and hibah				
Financing and advances (note(a))	64,017	75,842	223,037	242,003
Money at call and deposit with financial institutions	2,004	4,062	12,077	17,173
Financial assets purchased under resale agreements	1	-	1	-
Financial investments at fair value through other comprehensive income	6,008	4,492	19,540	15,247
Financial investments at amortised cost	6,388	4,657	19,038	12,823
Financial investments at fair value through profit or loss	59	34	178	538
	78,477	89,087	273,871	287,784
Accretion of discounts less amortisation of premium	(515)	340	(609)	658
Total finance income and hibah	77,962	89,427	273,262	288,442

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Other operating income :				
Fee income:				
- Processing fees	129	291	536	1,004
- Commissions	1,607	1,691	5,424	4,859
- Service charges and other fees	1,569	1,538	5,563	6,331
Gains on disposal of financial investments at fair value through other comprehensive income	1,785	817	4,119	1,834
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(6)	183	429	325
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(44)	(66)	(75)	9
- Financial liabilities at fair value through profit or loss	-	(1)	-	29
- Derivatives	(80)	70	(439)	102
(Losses)/gains on foreign exchange:				
- Realised	(3,701)	1,396	2,822	1,853
- Unrealised	4,139	(681)	776	800
Realised gains on derivatives	10	22	53	146
	83,370	94,687	292,470	305,734

Included in finance income are income on impaired assets amounting to RM2.2 million (30 September 2019: RM2.5 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 RM243,289,000 for the Bank.

A26. (Writeback of)/allowances for impairment losses on financing and advances, net

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
(Writeback of)/allowances for impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	(28,468)	(7,402)	40,670	(285,828)
- Stage 2 - Lifetime ECL not credit impaired, net	3,113	16,066	305,062	(76,046)
- Stage 3 - Lifetime ECL credit impaired, net	28,385	55,499	234,675	393,878
Impaired financing and advances written-off	3,791	(4,801)	8,231	16,824
Impaired financing and advances recovered	(24,033)	(22,302)	(52,480)	(77,444)
Allowances for impairment losses on other debts	40	252	17	187
	(17,172)	37,312	536,175	(28,429)

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A27. (Writeback of)/allowances for impairment losses on financial investments, net

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	4,993	(257)	4,875	1,017
- Stage 2 - Lifetime ECL not credit impaired, net	(646)	-	272	-
	<u>4,347</u>	<u>(257)</u>	<u>5,147</u>	<u>1,017</u>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	3,381	3,693	4,282	3,943
- Stage 2 - Lifetime ECL not credit impaired, net	(11,329)	2,031	3,478	-
	<u>(7,948)</u>	<u>5,724</u>	<u>7,760</u>	<u>3,943</u>
	<u>(3,601)</u>	<u>5,467</u>	<u>12,907</u>	<u>4,960</u>

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	-	-	-	(1)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	90	-	90	-
	<u>90</u>	<u>-</u>	<u>90</u>	<u>-</u>
	<u>90</u>	<u>-</u>	<u>90</u>	<u>(1)</u>

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A29. Profit distributed to depositors

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Deposits from customers				
- Non-Mudharabah fund	722,875	1,134,826	2,615,405	3,304,577
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	234,868	172,910	697,142	508,527
- Non-Mudharabah fund	15,650	70,969	164,918	361,664
	250,518	243,879	862,060	870,191
Financial liabilities at fair value through profit or loss				
- Non-Mudharabah fund	-	-	-	4,298
Structured deposits				
- Non-Mudharabah fund	19	-	151	-
	973,412	1,378,705	3,477,616	4,179,066

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A30. Overhead expenses

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	12,539	12,493	39,200	36,200
- Salaries, allowances and bonuses	9,078	8,855	28,129	26,762
- Pension costs - defined contribution plan	1,417	1,395	4,534	4,230
- ESGP expenses	480	245	1,386	779
- Other staff related expenses	1,564	1,998	5,151	4,429
Establishment costs	2,474	1,926	5,916	4,490
- Depreciation of right-of-use assets	793	383	2,325	1,372
- Depreciation of property, plant and equipment	118	-	381	-
- Rental of premises	-	715	-	715
- Repairs, servicing and maintenance	5	6	51	216
- Information technology expenses	1,459	799	2,856	2,050
- Finance cost on lease liabilities	99	23	303	137
Marketing costs	2,228	3,742	5,827	9,618
- Advertisement and publicity	412	1,128	475	2,227
- Others	1,816	2,614	5,352	7,391
Administration and general expenses	358,626	332,090	1,161,737	1,062,599
- Fees and brokerage	15,394	18,093	39,986	46,413
- Administrative expenses	3,224	4,074	8,457	10,045
- General expenses	2,815	3,717	69,395	11,117
- Shared service cost paid to Maybank	337,193	306,206	1,043,899	995,024
Total	375,867	350,251	1,212,680	1,112,907

A31. Finance costs

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Subordinated sukuk	35,540	35,540	105,847	112,221
Term funding	85,750	74,048	263,921	183,040
	121,290	109,588	369,768	295,261

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A32. Taxation and zakat

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Malaysian income tax	42,273	183,415	42,273	515,022
Foreign income tax	-	33	27	75
	42,273	183,448	42,300	515,097
Over provision in prior year:				
Malaysian income tax	-	(42,575)	-	(42,575)
Deferred tax				
- Relating to origination and reversal of temporary differences	172,487	(2,958)	359,622	(2,166)
Tax expense for the financial period	214,760	137,915	401,922	470,356
Zakat	8,926	940	20,672	5,771
	223,686	138,855	422,594	476,127

A33. Subsequent events to the balance sheet

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

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A34. Commitments and contingencies

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 September 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	1,793,574	1,754,501	1,399,818	1,881,752	1,842,448	1,409,369
Certain transaction-related contingent items	2,498,736	1,227,715	682,574	3,381,084	1,669,027	1,166,710
Short-term self-liquidating trade-related contingencies	205,838	41,168	21,665	252,361	50,472	21,087
	4,498,148	3,023,384	2,104,057	5,515,197	3,561,947	2,597,166
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- maturity within one year	26,092,139	1,690,630	285,184	23,199,822	872,079	135,683
- maturity exceeding one year	10,279,527	15,175,474	5,415,114	9,856,695	11,998,105	4,523,695
	36,371,666	16,866,104	5,700,298	33,056,517	12,870,184	4,659,378
Miscellaneous commitments and contingencies	65,882	-	-	53,198	-	-
Total credit-related commitments and contingencies	40,935,696	19,889,488	7,804,355	38,624,912	16,432,131	7,256,544

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A34. Commitments and contingencies (cont'd.)

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

	30 September 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	20,236,945	96,135	38,581	16,182,347	218,387	131,094
- one year to less than five years	3,522,487	173,628	74,731	3,258,181	44,984	22,946
- more than five years	2,062,942	171,849	74,501	1,887,107	102,275	53,482
Profit rate related contracts:						
- less than one year	41,555	42	11	100,000	127	53
- one year to less than five years	2,804,193	170,998	139,775	3,563,781	68,230	95,954
- more than five years	1,000,000	34,621	16,449	360,000	-	-
Total treasury-related commitments and contingencies	29,668,122	647,273	344,048	25,351,416	434,003	303,529
Total commitments and contingencies	70,603,818	20,536,761	8,148,403	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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A35. 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 September 2020	31 December 2019 (Restated)	1 January 2019 (Restated)
Capital ratios			
CET1 capital ratio	13.358%	13.799%	16.039%
Tier 1 capital ratio	14.699%	15.206%	17.656%
Total capital ratio	17.897%	18.545%	22.221%

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A35. Capital Adequacy (cont'd.)

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

	30 September 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	1,203,649	1,181,830	303,622
CET1 capital before regulatory adjustments	10,898,692	10,836,705	10,261,323
Less: Regulatory adjustment applied in CET1 capital	(934,143)	(1,033,520)	(342,549)
Deferred tax assets	-	-	(24,077)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(339,669)	(187,023)	(4,956)
Regulatory reserve	(594,474)	(846,497)	(313,516)
Total CET1 Capital	9,964,549	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	10,964,549	10,803,185	10,918,774
Tier 2 capital			
Subordinated sukuk	2,000,000	2,000,000	2,500,000
General provision ¹	12,285	17,675	23,310
Surplus of eligible provision over expected loss	373,536	354,063	299,696
Total Tier 2 capital	2,385,821	2,371,738	2,823,006
Total Capital	13,350,370	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 September 2020 RM'000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
Standardised Approach exposure	3,147,808	3,069,539	5,647,539
Internal Ratings-Based Approach exposure after scaling factor	73,849,949	69,483,314	60,816,283
Total RWA for credit risk	76,997,757	72,552,853	66,463,822
Total RWA for credit risk absorbed by the holding company and Investment Account Holders ("IAH") [^]	(11,593,928)	(10,472,880)	(13,113,007)
Total RWA for market risk	911,666	963,780	1,152,312
Total RWA for operational risk	8,279,042	8,000,097	7,338,969
Total RWA	74,594,537	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.

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A36. 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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A36. Fair value of financial instruments (cont'd.)

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

As at 30 September 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	-	17,948,483	1,250	17,949,733
<i>Money market instruments</i>	-	11,531,419	-	11,531,419
<i>Unquoted securities</i>	-	6,417,064	1,250	6,418,314
Financing and advances at fair value through other comprehensive income	-	-	758,211	758,211
Derivative assets	-	276,439	-	276,439
<i>Foreign exchange related contracts</i>	-	157,956	-	157,956
<i>Profit rate related contracts</i>	-	118,483	-	118,483
	-	18,224,922	759,461	18,984,383
Financial liabilities measured at fair value:				
Derivative liabilities	-	287,652	-	287,652
<i>Foreign exchange related contracts</i>	-	168,962	-	168,962
<i>Profit rate related contracts</i>	-	118,690	-	118,690
	-	287,652	-	287,652

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A36. Fair value of financial instruments (cont'd.)

The following table shows the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 September 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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A36. Fair value of financial instruments (cont'd.)

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

	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 September 2020 RM'000
As at 30 September 2020					
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	6,028	333,500	(21,700)	758,211
Total Level 3 financial assets	<u>441,633</u>	<u>6,028</u>	<u>333,500</u>	<u>(21,700)</u>	<u>759,461</u>
Total net Level 3 financial assets	<u>441,633</u>	<u>6,028</u>	<u>333,500</u>	<u>(21,700)</u>	<u>759,461</u>

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A36. Fair value of financial instruments (cont'd.)

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

	At 1 January 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
As at 31 December 2019					
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	<u>472,372</u>	<u>3,911</u>	<u>8,750</u>	<u>(43,400)</u>	<u>441,633</u>
Total net Level 3 financial assets	<u>472,372</u>	<u>3,911</u>	<u>8,750</u>	<u>(43,400)</u>	<u>441,633</u>

The Bank's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

There were no transfers between Level 1 and Level 2 for the Bank during the third quarter ended 30 September 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 third quarter ended 30 September 2020.

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A37. 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 9 Months Ended 30 September 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Profit distributed to depositors	(4,170,584)	(8,482)	(4,179,066)
Total net income	3,585,136	(8,482)	3,576,654
Profit before taxation and zakat	2,176,968	(8,482)	2,168,486
Taxation	(472,392)	2,036	(470,356)
Profit for the period	1,698,805	(6,446)	1,692,359

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A37. Restatement of comparatives (cont'd.)

(ii) Income statement (cont'd.)

	For the Third Quarter Ended 30 September 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Profit distributed to depositors	(1,375,514)	(3,191)	(1,378,705)
Total net income	1,220,393	(3,191)	1,217,202
Profit before taxation and zakat	760,554	(3,191)	757,363
Taxation	(138,681)	766	(137,915)
Profit for the period	620,933	(2,425)	618,508

(iii) Statement of cash flows

	For the financial period ended 30 September 2019		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Cash flows from operating activities			
Profit before taxation and zakat	2,176,968	(8,482)	2,168,486
Operating profit before working capital changes	2,393,285	(8,482)	2,384,803
Change in other assets	(1,045,260)	8,482	(1,036,778)

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A37. 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>

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Part B: Review of Performance & Current Year Prospects

B1. Performance Review

The Bank posted profit before tax and zakat of RM1,628.7 million for the financial period ended 30 September 2020, a decrease of RM539.8 million or 24.9% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances from a writeback of RM28.4 million in last year corresponding period to an impairment charge of RM536.2 million in financial period ended 30 September 2020.

Total income deteriorated by RM640.7 million or -7.8% to RM7,531.6 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 RM6,477.5 million, RM761.6 million and RM292.5 million respectively.

The Bank's gross financing and advances increased by RM11.6 billion to RM203.6 billion as compared to RM192.0 billion recorded in previous financial year. As at 30 September 2020, total customer funding increased by 9.5% contributed by customer deposits increased by 9.1%, recorded at RM175.6 billion against RM161.0 billion in last financial year. Investment account of customers grew by RM2.7 billion to close at RM23.5 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 13.358%, 14.699% and 17.897% respectively.

B2. Prospects

Malaysia's economy declined by 2.7% in 3Q 2020 compared to the 17.1% decline in 2Q 2020, reflecting the gradual easing of COVID-19 containment measures and improved external demand conditions. The government's policies are expected to remain supportive to spur the economic recovery. The recently announced Budget 2021 remains expansionary with enhancements towards targeted financial support and fiscal reliefs aimed at the vulnerable segments of the population and businesses impacted by the pandemic.

Singapore's economy recorded a 5.8% GDP decline in 3Q 2020 (previously -7.0%) as the economy gradually reopens following circuit breaker measures and border controls. Its manufacturing sector has benefited from the trade rebound and demand for technology and healthcare. However, recovery is expected to remain subdued in construction and service sectors due to prolonged border controls and continued strict social distancing rules.

In an effort to support the economic recovery process, the Malaysian and Singapore government have extended the wage subsidy programmes and job support schemes. Malaysian banks will also continue to offer targeted repayment plans, which were made available following 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%.

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

B2. Prospects (cont'd.)

Indonesia's recorded a GDP decline of 3.5% in 3Q2020 compared to a decline of 5.3% in 2Q2020. The gradual reopening of the economy, together with the execution of the national economic recovery programme should translate into a relatively better performance for the remainder of 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/ financing growth, substantial net profit margin compression and the accounting Day-One modification loss. However, the Bank will seek to offset the impact by growing current and savings deposits which carry a lower cost. The Bank aims to moderate the expected lower income by focusing on its strategic cost management programme to limit the increase in overheads.

The Bank remains vigilant of the risks inherent during the current economic conditions within the markets it operates in and continues to put an emphasis on strong asset quality and prudent cost management, 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.