

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Income derived from investment of depositors' funds	A23	2,231,422	2,462,343	2,231,422	2,462,343
Income derived from investment of investment account funds	A24	223,917	250,339	223,917	250,339
Income derived from investment of shareholder's funds	A25	101,143	112,837	101,143	112,837
Allowances for impairment losses on financing and advances, net	A26	(179,352)	(194,941)	(179,352)	(194,941)
Writeback of/(allowances for) impairment losses on financial investments, net	A27	243,289	(5,799)	243,289	(5,799)
Allowances for impairment losses on other financial assets, net	A28	(2,399)	-	(2,399)	-
Total distributable income		2,618,020	2,624,779	2,618,020	2,624,779
Profit distributed to depositors	A29	(853,719)	(1,379,871)	(853,719)	(1,379,871)
Profit distributed to investment account holders		(71,895)	(115,878)	(71,895)	(115,878)
Total net income		1,692,406	1,129,030	1,692,406	1,129,030
Overhead expenses	A30	(352,631)	(490,799)	(352,631)	(490,799)
Finance costs	A31	(101,429)	(126,247)	(101,429)	(126,247)
Profit before taxation and zakat		1,238,346	511,984	1,238,346	511,984
Taxation	A32	(296,256)	(120,933)	(296,256)	(120,933)
Zakat	A32	(7,023)	(6,231)	(7,023)	(6,231)
Profit for the period		935,067	384,820	935,067	384,820
Profit attributable to:					
Equity holder of the Bank		935,067	384,820	935,067	384,820
Earnings per share attributable to equity holder of the Bank					
- basic/diluted (sen)		258.66	113.55	258.66	113.55

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 FIRST QUARTER ENDED 31 MARCH 2021

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Profit for the period	935,067	384,820	935,067	384,820
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on foreign exchange translation	(456)	(146)	(456)	(146)
Net loss on financial investments at fair value through other comprehensive income	(452,824)	(17,231)	(452,824)	(17,231)
- Net loss from change in fair value	(594,663)	(25,433)	(594,663)	(25,433)
- Changes in expected credit losses	(880)	2,098	(880)	2,098
- Income tax effect	142,719	6,104	142,719	6,104
Other comprehensive loss for the period, net of tax	(453,280)	(17,377)	(453,280)	(17,377)
Total comprehensive income for the period, net of tax	481,787	367,443	481,787	367,443
Total comprehensive income attributable to:				
Equity holder of the Bank	481,787	367,443	481,787	367,443

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	31 March 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds		15,548,864	9,890,517
Financial assets purchased under resale agreements		5,644,332	3,625,611
Financial investments at fair value through profit or loss	A11(i)	475,054	-
Financial investments at fair value through other comprehensive income	A11(ii)	17,837,120	18,453,139
Financial investments at amortised cost	A11(iii)	19,237,667	16,381,007
Financing and advances	A12	206,366,597	203,666,875
Derivative assets	A13	344,039	385,303
Other assets	A14	5,532,205	2,804,924
Statutory deposit with Bank Negara Malaysia		11,999	12,591
Property, plant and equipment		872	979
Right-of-use assets		9,143	9,901
TOTAL ASSETS		271,007,892	255,230,847
LIABILITIES			
Customers' funding:			
- Deposits from customers	A15	174,938,574	165,268,246
- Investment accounts of customers ¹	A16	25,810,229	23,840,796
Deposits and placements of banks and other financial institutions	A17	43,128,954	38,770,852
Bills and acceptances payable		20,538	38,086
Derivative liabilities	A13	178,909	656,302
Other liabilities	A18	377,542	339,080
Provision for zakat		14,564	14,373
Term funding	A20	10,920,637	10,895,058
Subordinated sukuk	A21	2,025,521	2,028,303
Capital securities	A22	1,014,647	1,002,441
Deferred tax liabilities		168,492	449,812
TOTAL LIABILITIES		258,598,607	243,303,349

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 31 MARCH 2021

	Note	31 March 2021 RM'000	31 December 2020 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		7,929,444	7,929,444
Retained profits		3,691,524	2,756,457
Other reserves		788,317	1,241,597
TOTAL SHAREHOLDER'S EQUITY		12,409,285	11,927,498
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		271,007,892	255,230,847
COMMITMENTS AND CONTINGENCIES	A34	77,336,623	76,524,814
<u>CAPITAL ADEQUACY</u>	A35		
The capital adequacy ratios of the Bank are as follows:			
CET1 capital ratio		13.455%	13.773%
Tier 1 capital ratio		14.706%	15.030%
Total capital ratio		17.726%	18.063%

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	<=====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 2021	7,929,444	1,697	645,023	594,474	403	2,756,457	11,927,498
Profit for the period	-	-	-	-	-	935,067	935,067
Other comprehensive loss	-	-	(452,824)	-	(456)	-	(453,280)
Total comprehensive (loss)/income for the period	-	-	(452,824)	-	(456)	935,067	481,787
At 31 March 2021	7,929,444	1,697	192,199	594,474	(53)	3,691,524	12,409,285

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	<=====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 CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	31 March 2021 RM'000	31 March 2020 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	1,238,346	511,984
Adjustments for:		
Amortisation of premiums/(accretion of discounts), net	18,328	(5,260)
Allowances for impairment losses on financing and advances	196,216	212,324
(Writeback of)/allowances for impairment losses on financial investments	(243,289)	5,799
Allowances for impairment losses on other financial assets	2,399	-
Depreciation of property, plant and equipment	107	79
Depreciation of right-of-use assets	752	749
Finance cost on lease liabilities	90	102
Unrealised losses on revaluation of derivatives	4,931	9,015
Unrealised (gains)/losses on revaluation of financial investments at fair value through profit or loss	(263)	3,173
Gains on disposal of financial investments at fair value through other comprehensive income	(18,479)	(49,486)
Gains on disposal of financial investments at amortised cost	(889)	-
Losses/(gains) on disposal of financial investment at fair value through profit or loss	2,682	(8,567)
Gains on foreign exchange translations	(13,611)	(52,658)
ESGP expenses	722	446
Finance cost	101,429	126,247
Operating profit before working capital changes	<u>1,289,471</u>	<u>753,947</u>
Change in deposits and placements with banks and other financial institutions	-	(100,196)
Change in financial assets purchased under resale agreements	(2,021,120)	-
Change in financial investments portfolio	(3,073,260)	(1,173,241)
Change in financing and advances	(2,892,006)	(2,012,119)
Change in derivative assets and liabilities	(441,060)	(70,929)
Change in other assets	(2,727,736)	(1,857,775)
Change in statutory deposit with Bank Negara Malaysia	593	2,110,423
Change in deposits from customers	9,670,329	(3,977,557)
Change in deposits and placements of banks and other financial institutions	4,371,698	(1,134,426)
Change in investment accounts of customers	1,969,433	3,762,357
Change in bills and acceptances payable	(17,548)	(76,040)
Change in other liabilities	38,351	104,399
Cash generated from/(used in) operating activities	<u>6,167,145</u>	<u>(3,671,157)</u>
Taxes and zakat paid	(441,688)	(161,545)
Net cash generated from/(used in) operating activities	<u>5,725,457</u>	<u>(3,832,702)</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	31 March 2021 RM'000	31 March 2020 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	22	-
Net cash used in investing activities	22	-
Cash flows from financing activities		
Dividend paid for subordinated sukuk	(23,186)	(23,696)
Redemption of term funding	(870)	-
Dividend paid for term funding	(42,371)	(47,477)
Repayment of lease liabilities	(705)	(331)
Net cash used in financing activities	(67,132)	(71,504)
Net increase/(decrease) in cash and cash equivalents	5,658,347	(3,904,206)
Cash and cash equivalents at beginning of period	9,890,517	21,703,239
Cash and cash equivalents at end of period	15,548,864	17,799,033

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

	31 March 2021 RM'000	31 March 2020 RM'000
Cash and cash equivalents comprise:		
Cash and short term funds	15,548,864	17,799,033
Deposits and placements with banks and other financial institutions	-	100,196
	15,548,864	17,899,229
Less:		
Cash and short-term funds and deposits and placements, with original maturity of more than three months	-	(100,196)
	15,548,864	17,799,033

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2020. 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 2020.

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 2020 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 2021:

- Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 *Profit Rate Benchmark Reform (Phase 2)*

The adoption of the above amendments to MFRSs do not have any significant financial impact to the Bank's financial statements.

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 *Profit Rate Benchmark Reform (Phase 2)*

The amendments provide a practical expedient whereby a entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by profit rate benchmark reform, but would instead update the effective profit rate to reflect the change in the profit rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

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A2. Significant Accounting Policies

The audited annual financial statements of the Bank for the financial year ended 31 December 2020 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 2020 except for the adoption of the amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2021 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 2020.

A4. Auditors' Report on Preceding Audited Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2020 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 2021.

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

During the first quarter ended 31 March 2021, 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 first quarter ended 31 March 2021.

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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 2021:

(a) **Term funding**

Issuance/redemption of term funding by the Bank

The aggregate nominal value of the Islamic commercial papers issued by the Bank and outstanding as at 31 March 2021 are as follows:

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

(b) **Subordinated sukuk**

Issuance/redemption of Tier 2 Subordinated Sukuk Murabahah pursuant to the RM10.0 billion Sukuk Murabahah Programme by the Bank

Issuance/ redemption	Issue/ redemption Date	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	15 February 2021	16 February 2026	14 February 2031	RM1.0 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5)	10 years
Redemption	15 February 2016	15 February 2021	13 February 2026	RM1.0 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5) ¹	10 years

¹This subordinated sukuk was fully redeemed on the First Call Date.

A9. Dividends Payable

Dividends payable during the first quarter ended 31 March 2021 are as follows:

- (a) At the forthcoming Annual General Meeting, a final tax-exempt (single-tier) dividend in respect of the financial year ended 31 December 2020 of RM3.91 per share on 361,504,000 ordinary shares, amounting to a dividend payable of RM1,413,480,640 will be proposed for the shareholder's approval.
- (b) No interim dividend has been recommended during the first quarter ended 31 March 2021.

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	31 March 2021 RM'000	31 December 2020 RM'000
Financial investments at fair value through profit or loss	(i)	475,054	-
Financial investments at fair value through other comprehensive income	(ii)	17,837,120	18,453,139
Financial investments at amortised cost	(iii)	19,237,667	16,381,007
		<u>37,549,841</u>	<u>34,834,146</u>

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

	31 March 2021 RM'000	31 December 2020 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	<u>267,332</u>	-
Unquoted securities:		
Islamic private debt securities in Malaysia	<u>207,722</u>	-
Total financial investments at FVTPL	<u>475,054</u>	-

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

	31 March 2021 RM'000	31 December 2020 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	12,953,840	13,473,916
Khazanah Sukuk	<u>29,025</u>	<u>29,032</u>
	<u>12,982,865</u>	<u>13,502,948</u>

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A11. Financial investments portfolio (cont'd.)

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

	31 March 2021 RM'000	31 December 2020 RM'000
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	4,170,001	4,147,084
Government Sukuk	42,406	41,892
Equity	1,250	1,250
	<u>4,213,657</u>	<u>4,190,226</u>
Outside Malaysia:		
Islamic Corporate Sukuk	640,598	759,965
	<u>4,854,255</u>	<u>4,950,191</u>
Total financial investments at FVOCI	<u>17,837,120</u>	<u>18,453,139</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
As at 31 March 2021	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	2,812	551	-	3,363
Transferred to Stage 1	551	(551)	-	-
Net remeasurement of allowances	(503)	-	-	(503)
New financial assets purchased	1,966	-	-	1,966
Financial assets derecognised	(805)	-	-	(805)
Changes in models/risk parameters	(1,483)	-	-	(1,483)
Exchange differences	91	-	-	91
At 31 March 2021	<u>2,629</u>	<u>-</u>	<u>-</u>	<u>2,629</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.):

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
As at 31 December 2020				
At 1 January 2020	1,866	-	-	1,866
Transferred to Stage 2	(279)	279	-	-
Net remeasurement of allowances	246	272	-	518
New financial assets purchased	2,261	-	-	2,261
Financial assets derecognised	(1,142)	-	-	(1,142)
Changes in models/risk parameters	(34)	-	-	(34)
Exchange differences	(106)	-	-	(106)
At 31 December 2020	<u>2,812</u>	<u>551</u>	<u>-</u>	<u>3,363</u>

(iii) Financial investments at amortised cost

	31 March 2021 RM'000	31 December 2020 RM'000
Money market instruments:		
Malaysian Government Investment Issues	5,960,322	4,588,339
Khazanah Sukuk	<u>808,451</u>	<u>932,288</u>
	6,768,773	5,520,627
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	<u>12,941,379</u>	<u>11,130,024</u>
Allowances for impairment losses	(472,485)	(269,644)
Total financial investments at amortised cost	<u>19,237,667</u>	<u>16,381,007</u>

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A11. Financial investments portfolio (cont'd.)

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

(b) 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 RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
As at 31 March 2021				
At 1 January 2021	38,379	231,265	-	269,644
Transferred to Stage 1	346	(346)	-	-
Net remeasurement of allowances	(11,413)	-	-	(11,413)
New financial assets purchased	5	-	-	5
Financial assets derecognised	(17)	(230,919)	-	(230,936)
Changes in models/risk parameters	(120)	-	-	(120)
Amount related to Restricted Investment Accounts*	11,492	433,797	-	445,289
Exchange differences	16	-	-	16
At 31 March 2021	38,688	433,797	-	472,485
	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
As at 31 December 2020				
At 1 January 2020	17,995	-	-	17,995
Transferred to Stage 2	(1,879)	1,879	-	-
Net remeasurement of allowances	16,628	229,386	-	246,014
New financial assets purchased	9,257	-	-	9,257
Financial assets derecognised	(3,695)	-	-	(3,695)
Changes in models/risk parameters	73	-	-	73
At 31 December 2020	38,379	231,265	-	269,644

* As at 31 March 2021, the exposure of the financial investments at amortised cost funded by Restricted Profit-Sharing Investment Account ("RPSIA") was RM5,672.0 million (31 December 2020: RM2,884.2 million). The expected credit losses relating to these financial investments amounting to RM445.3 million (31 December 2020: nil) are reflected as a reduction in both financial investments and deposits and placements of banks and other financial institutions as disclosed in Note A17.

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A12. Financing and advances

	Note	31 March 2021 RM'000	31 December 2020 RM'000
Financing and advances to financial institution	(i)	349,057	-
Financing and advances to customers	(ii)	<u>206,017,540</u>	<u>203,666,875</u>
		<u>206,366,597</u>	<u>203,666,875</u>
(i) Financing and advances to financial institution [^] :			
(A) Financing and advances at FVOCI		<u>349,057</u>	-
Net financing and advances to financial institution		<u>349,057</u>	-
(ii) Financing and advances to customers:			
(A) Financing and advances at FVOCI		<u>3,001,208</u>	2,741,267
(B) Financing and advances at amortised cost		<u>290,329,799</u>	<u>289,662,732</u>
		<u>293,331,007</u>	<u>292,403,999</u>
Unearned income		<u>(84,071,240)</u>	<u>(85,698,158)</u>
Gross financing and advances to customers		<u>209,259,767</u>	<u>206,705,841</u>
Allowances for ECL and impairment losses:			
- Stage 1 - 12-month ECL		<u>(575,037)</u>	(574,213)
- Stage 2 - Lifetime ECL not credit impaired		<u>(1,374,241)</u>	(1,209,931)
- Stage 3 - Lifetime ECL credit impaired		<u>(1,292,949)</u>	<u>(1,254,822)</u>
Net financing and advances to customers		<u>206,017,540</u>	<u>203,666,875</u>
Net financing and advances	(i) & (ii)	<u>206,366,597</u>	<u>203,666,875</u>

[^] Included in the Bank's financing and advances to financial institution is financing granted under RPSIA amounting to RM349.1 million net of expected credit losses (31 December 2020: nil). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to financial institution. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

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A12. Financing and advances (cont'd.)

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

As at 31 March 2021	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	-	6,310,429	-	-	-	-	6,310,429
Term financing							
- House financing	13,560,249	78,343,771	1,832,719	-	-	608	93,737,347
- Syndicated financing	-	5,270,419	-	-	-	-	5,270,419
- Hire purchase receivables	-	10,374,382	-	35,134,344	-	-	45,508,726
- Lease receivables	-	-	-	-	413,293	-	413,293
- Other term financing	9,592,110	107,673,145	584,913	-	-	367,194	118,217,362
Trust receipts	-	101,134	-	-	-	-	101,134
Claims on customers under acceptance credits	-	5,091,064	-	-	-	-	5,091,064
Staff financing	376,623	2,165,538	8,026	174,093	-	30,678	2,754,958
Credit card receivables	-	-	-	-	-	1,239,497	1,239,497
Revolving credit	-	14,987,265	-	-	-	-	14,987,265
Share margin financing	-	42,348	-	-	-	-	42,348
Financing to:							
- Directors of the Bank	-	2,087	-	-	-	25	2,112
- Directors of related companies	-	3,777	-	307	-	26	4,110
	23,528,982	230,365,359	2,425,658	35,308,744	413,293	1,638,028	293,680,064
Unearned income							(84,071,240)
Gross financing and advances ⁴							209,608,824
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(575,037)
- Stage 2 - Lifetime ECL not credit impaired							(1,374,241)
- Stage 3 - Lifetime ECL credit impaired							(1,292,949)
Net financing and advances							206,366,597

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.)

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

As at 31 December 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	-	6,354,760	-	-	-	-	6,354,760
Term financing							
- House financing	13,846,268	77,006,822	1,877,969	-	-	609	92,731,668
- Syndicated financing	-	7,106,556	-	-	-	-	7,106,556
- Hire purchase receivables	-	9,635,007	-	35,204,145	-	-	44,839,152
- Lease receivables	-	-	-	-	303,050	-	303,050
- Other term financing	10,653,246	106,866,849	610,568	-	-	18,364	118,149,027
Bills receivable	-	-	-	-	-	50	50
Trust receipts	-	106,257	-	-	-	-	106,257
Claims on customers under acceptance credits	-	4,723,695	-	-	-	-	4,723,695
Staff financing	390,857	2,110,096	8,384	179,242	-	33,633	2,722,212
Credit card receivables	-	-	-	-	-	1,263,404	1,263,404
Revolving credit	-	14,068,861	-	-	-	-	14,068,861
Share margin financing	-	29,008	-	-	-	-	29,008
Financing to:							
- Directors of the Bank	-	2,024	-	-	-	8	2,032
- Directors of related companies	-	3,879	-	340	-	48	4,267
	<u>24,890,371</u>	<u>228,013,814</u>	<u>2,496,921</u>	<u>35,383,727</u>	<u>303,050</u>	<u>1,316,116</u>	<u>292,403,999</u>
Unearned income							<u>(85,698,158)</u>
Gross financing and advances ⁴							206,705,841
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(574,213)
- Stage 2 - Lifetime ECL not credit impaired							(1,209,931)
- Stage 3 - Lifetime ECL credit impaired							<u>(1,254,822)</u>
Net financing and advances							<u>203,666,875</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 IA.

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A12. Financing and advances (cont'd.)

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

	31 March 2021 RM'000	31 December 2020 RM'000
Domestic banking institutions	348,972	-
Domestic non-banking financial institutions	4,201,174	4,385,735
Domestic business enterprises:		
- Small and medium enterprises	25,943,717	26,319,703
- Others	32,695,951	30,637,837
Government and statutory bodies	15,736,468	16,144,388
Individuals	129,180,455	127,787,608
Other domestic entities	67,591	33,265
Foreign entities	1,434,496	1,397,305
Gross financing and advances	<u>209,608,824</u>	<u>206,705,841</u>

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

	31 March 2021 RM'000	31 December 2020 RM'000
Fixed rate:		
- House financing	1,545,240	1,506,079
- Hire purchase receivables	31,390,956	31,474,156
- Other financing	34,599,927	33,281,314
Floating rate:		
- House financing	55,556,488	53,987,854
- Other financing	86,516,213	86,456,438
Gross financing and advances	<u>209,608,824</u>	<u>206,705,841</u>

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

	31 March 2021 RM'000	31 December 2020 RM'000
Purchase of securities	23,249,037	24,118,381
Purchase of transport vehicles	41,439,846	40,840,421
Purchase of landed properties:		
- Residential	56,931,484	54,518,350
- Non-residential	15,052,158	14,667,103
Purchase of fixed assets (excluding landed properties)	154,428	148,492
Personal use	4,165,980	4,784,845
Purchase of consumer durables	323	346
Constructions	2,560,728	2,542,260
Working capital	64,779,623	63,783,960
Credit/charge card	1,275,217	1,301,683
Gross financing and advances	<u>209,608,824</u>	<u>206,705,841</u>

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A12. Financing and advances (cont'd.)

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

	31 March 2021 RM'000	31 December 2020 RM'000
Within one year	34,416,680	33,131,625
One year to three years	9,118,969	8,896,910
Three years to five years	15,915,041	15,229,505
After five years	150,158,134	149,447,801
Gross financing and advances	209,608,824	206,705,841

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

	31 March 2021 RM'000	31 December 2020 RM'000
At 1 January		
- as previously stated	2,452,406	3,115,266
Impaired during the financial period/year	144,633	584,878
Reclassified as non-impaired	(94,896)	(485,955)
Amount recovered	(104,257)	(437,564)
Amount written-off	(42,569)	(317,043)
Amount related to Restricted Investment Account	12,363	(7,176)
Gross impaired financing and advances at 31 March 2021/ 31 December 2020	2,367,680	2,452,406
Less: Stage 3 - Lifetime ECL credit impaired	(1,292,949)	(1,254,822)
Net impaired financing and advances at 31 March 2021/ 31 December 2020	1,074,731	1,197,584
<u>Calculation of ratio of net impaired financing and advances (excluding financing funded by RPSIA and IA):</u>		
Gross impaired financing and advances at 31 March 2021/ 31 December 2020	1,686,030	1,776,012
Less: Stage 3 - Lifetime ECL credit impaired	(1,292,949)	(1,254,822)
Net impaired financing and advances at 31 March 2021/ 31 December 2020	393,081	521,190
Gross financing and advances	157,681,227	156,381,322
Less: Allowances for financing and advances at amortised cost and FVOCI	(3,246,237)	(3,043,122)
Net financing and advances	154,434,990	153,338,200
Ratio of net impaired financing and advances	0.25%	0.34%

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A12. Financing and advances (cont'd.)

(ix) Credit impaired financing and advances analysed by their economic purposes are as follows:

	31 March 2021 RM'000	31 December 2020 RM'000
Purchase of securities	15,648	76,253
Purchase of transport vehicles	157,974	174,184
Purchase of landed properties:		
- Residential	362,935	381,806
- Non-residential	179,885	178,437
Purchase of fixed assets (exclude landed properties)	886	889
Personal use	47,236	49,336
Purchase of consumer durables	2	2
Constructions	42,753	50,111
Working capital	1,554,238	1,536,493
Credit/charge card	6,123	4,895
Gross credit impaired financing and advances	2,367,680	2,452,406

(x) Movements in the allowances 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 31 March 2021				
At 1 January 2021	1,662	2,494	-	4,156
Net remeasurement of allowances	29	-	-	29
New financial assets originated or purchased	35	-	-	35
Financial assets derecognised	(363)	-	-	(363)
Changes in models/risk parameters	80	63	-	143
Exchange differences	10	-	-	10
At 31 March 2021	1,453	2,557	-	4,010

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A12. Financing and advances (cont'd.)

(x) Movements in the allowances 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 2020				
At 1 January 2020	523	2,378	-	2,901
New financial assets originated or purchased	1,036	-	-	1,036
Changes in models/risk parameters	103	116	-	219
At 31 December 2020	<u>1,662</u>	<u>2,494</u>	<u>-</u>	<u>4,156</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 2021				
At 1 January 2021	574,213	1,209,931	1,254,822	3,038,966
Transferred to Stage 1	93,840	(90,023)	(3,817)	-
Transferred to Stage 2	(16,519)	38,665	(22,146)	-
Transferred to Stage 3	(1,311)	(16,917)	18,228	-
Net remeasurement of allowances	(87,086)	225,622	46,559	185,095
New financial assets originated or purchased	57,767	51,238	-	109,005
Financial assets derecognised	(28,583)	(42,409)	(10,710)	(81,702)
Changes in models/risk parameters	(14,463)	(4,733)	-	(19,196)
Amount related to Restricted Investment Accounts*	(3,134)	2,060	32,374	31,300
Amount written off	-	-	(42,569)	(42,569)
Exchange differences	313	807	20,208	21,328
At 31 March 2021	<u>575,037</u>	<u>1,374,241</u>	<u>1,292,949</u>	<u>3,242,227</u>

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A12. Financing and advances (cont'd.)

(x) Movements in the allowances 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>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2020				
At 1 January 2020	371,029	616,576	1,252,818	2,240,423
Transferred to Stage 1	192,492	(180,987)	(11,505)	-
Transferred to Stage 2	(24,260)	216,014	(191,754)	-
Transferred to Stage 3	(5,653)	(133,942)	139,595	-
Net remeasurement of allowances	89,882	615,209	436,543	1,141,634
New financial assets originated or purchased	111,779	105,132	-	216,911
Financial assets derecognised	(53,808)	(78,272)	(163,013)	(295,093)
Changes in models/risk parameters	(110,039)	40,745	-	(69,294)
Amount related to Restricted Investment Accounts*	3,084	11,681	122,297	137,062
Amount written off	-	-	(317,043)	(317,043)
Exchange differences	(293)	(2,225)	(13,116)	(15,634)
At 31 December 2020	<u>574,213</u>	<u>1,209,931</u>	<u>1,254,822</u>	<u>3,038,966</u>

* As at 31 March 2021, the gross exposure of the financing funded by RPSIA was RM26,117.3 million (31 December 2020: RM26,483.7 million). The expected credit losses relating to these financing amounting to RM486.9 million (31 December 2020: RM446.6 million) are reflected 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 31 March 2021 was RM25,810.2 million (31 December 2020: RM23,840.8 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.

	31 March 2021			31 December 2020		
	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	7,640,341	111,697	(14,189)	7,302,204	16,665	(215,360)
- One year to three years	878,064	6,330	(6,330)	881,114	8,609	(8,609)
- More than three years	2,738,430	17,836	(17,836)	2,498,574	30,465	(30,465)
	<u>11,256,835</u>	<u>135,863</u>	<u>(38,355)</u>	<u>10,681,892</u>	<u>55,739</u>	<u>(254,434)</u>
Currency swaps:						
- Less than one year	15,418,805	122,078	(46,454)	15,836,028	180,934	(260,507)
Currency spot:						
- Less than one year	300,656	804	(145)	426,413	11,262	(865)
Currency options:						
- Less than one year	256	1	(1)	1,161	10	(10)

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A13. Derivative financial instruments (cont'd.)

	31 March 2021			31 December 2020		
	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	2,109,601	3,359	(3,359)	-	-	-
- One year to three years	33,198	68	(68)	2,092,853	31,242	(31,242)
- More than three years	404,054	7,657	(7,657)	415,320	2,135	(2,135)
	2,546,853	11,084	(11,084)	2,508,173	33,377	(33,377)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- Less than one year	83,050	373	(371)	80,340	456	(452)
- One year to three years	1,794,794	33,074	(32,553)	1,490,000	35,702	(35,702)
- More than three years	1,831,249	40,762	(49,946)	2,145,654	67,823	(70,955)
	3,709,093	74,209	(82,870)	3,715,994	103,981	(107,109)
Total	33,232,498	344,039	(178,909)	33,169,661	385,303	(656,302)

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A14. Other assets

	31 March 2021 RM'000	31 December 2020 RM'000
Amount due from holding company	4,246,306	1,772,618
Handling fees	190,566	191,339
Prepayments and deposits	19,903	21,796
Tax recoverable	23,817	319,391
Margin account with holding company	50,610	98,420
Others debtors	1,001,003	401,360
	5,532,205	2,804,924

A15. Deposits from customers

(i) By type of deposits

	31 March 2021 RM'000	31 December 2020 RM'000
Savings deposits		
Qard	27,071,149	23,708,048
Demand deposits		
Qard	31,826,698	26,703,465
Term deposits		
Murabahah	115,711,573	114,498,944
Qard	329,154	357,789
	116,040,727	114,856,733
	174,938,574	165,268,246

(ii) By type of customers

	31 March 2021 RM'000	31 December 2020 RM'000
Business enterprises	58,200,180	55,608,362
Individuals	48,402,789	45,188,774
Government and statutory bodies	34,972,574	32,798,930
Others	33,363,031	31,672,180
	174,938,574	165,268,246

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A16. Investment accounts of customers

Mudharabah	31 March 2021 RM'000	31 December 2020 RM'000
Unrestricted investment accounts [^]	25,380,217	23,840,796
Restricted investment accounts [*]	430,012	-
	25,810,229	23,840,796

[^] Included in the unrestricted investment accounts are funds received from the Multi Asset Investment Account ("MAIA") product of RM65.4 million that are managed by the Bank. The amount represents 50% of the total funds invested in MAIA product of RM131.5 million. The remaining are managed by a related entity, Maybank Islamic Asset Management Sdn Bhd ("MIAM") where the funds are invested in marketable securities with net asset value of RM66.1 million as at 31 March 2021. The fund managed by MIAM are excluded from the asset and liability of the Bank.

^{*} 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 2021			
Business enterprises	14,684,095	430,012	15,114,107
Individuals	9,269,050	-	9,269,050
Government and statutory bodies	145,134	-	145,134
Others	1,281,938	-	1,281,938
	25,380,217	430,012	25,810,229
As at 31 December 2020			
Business enterprises	13,328,580	-	13,328,580
Individuals	9,200,552	-	9,200,552
Government and statutory bodies	112,309	-	112,309
Others	1,199,355	-	1,199,355
	23,840,796	-	23,840,796

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

(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 31 March 2021			
- without maturity	19,960,036	-	19,960,036
- with maturity	5,420,181	430,012	5,850,193
Within six months	3,599,852	-	3,599,852
Six months to one year	1,807,426	-	1,807,426
One year to three years	7,790	-	7,790
Three years to five years	5,113	430,012	435,125
	25,380,217	430,012	25,810,229
As at 31 December 2020			
- without maturity	18,243,257	-	18,243,257
- with maturity	5,597,539	-	5,597,539
Within six months	4,241,279	-	4,241,279
Six months to one year	1,342,789	-	1,342,789
One year to three years	9,158	-	9,158
Three years to five years	4,313	-	4,313
	23,840,796	-	23,840,796

(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 31 March 2021			
Retail financing	23,889,818	-	23,889,818
Non-retail financing	1,490,399	430,012	1,920,411
	25,380,217	430,012	25,810,229
As at 31 December 2020			
Retail financing	22,550,499	-	22,550,499
Non-retail financing	1,290,297	-	1,290,297
	23,840,796	-	23,840,796

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

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

	<u>Investment account holder ("IAH")</u>	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 March 2021		
Unrestricted investment accounts	31.26	1.21
Restricted investment accounts	99.62	4.84
As at 31 December 2020		
Unrestricted investment accounts	36.53	1.64
Restricted investment accounts	99.95	4.03

A17. Deposits and placements of banks and other financial institutions

	31 March 2021 RM'000	31 December 2020 RM'000
<u>Mudharabah Fund</u>		
Licensed banks*	<u>31,223,969</u>	<u>28,997,440</u>
<u>Non-Mudharabah Fund</u>		
Licensed banks	9,251,513	7,662,450
Licensed Islamic banks	1,147,976	549,213
Licensed investment banks	99,741	49,721
Other financial institutions	<u>1,405,755</u>	<u>1,512,028</u>
	<u>11,904,985</u>	<u>9,773,412</u>
	<u>43,128,954</u>	<u>38,770,852</u>

* Mudharabah deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the holding company amounting to RM31,224.0 million (31 December 2020: RM28,997.4 million). These placements are used to fund certain specific financing and advances and purchase of financial investments at amortised cost instruments.

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A18. Other liabilities

	Note	31 March 2021 RM'000	31 December 2020 RM'000
Sundry creditors		234,435	175,210
Deposit on trade financing		51,368	34,457
Provisions and accruals		29,504	25,654
Provisions for commitments and contingencies		-	47,918
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	37,557	36,341
Lease liabilities		9,282	9,896
Structured deposits		670	1,161
Amount due to related company		14,726	8,443
		<u>377,542</u>	<u>339,080</u>

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 March 2021				
At 1 January 2021	26,366	9,592	383	36,341
Transferred to Stage 1	92	(92)	-	-
Transferred to Stage 2	(224)	224	-	-
Net remeasurement of allowances	333	383	75	791
New credit exposures originated or purchased	793	797	-	1,590
Credit exposures derecognised	(743)	(589)	-	(1,332)
Changes in models/risk parameters	14	(45)	-	(31)
Exchange differences	183	15	-	198
At 31 March 2021	<u>26,814</u>	<u>10,285</u>	<u>458</u>	<u>37,557</u>

	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 31 December 2020				
At 1 January 2020	20,003	4,541	2,138	26,682
Transferred to Stage 1	337	(327)	(10)	-
Transferred to Stage 2	(6,163)	6,163	-	-
Transferred to Stage 3	-	(73)	73	-
Net remeasurement of allowances	689	355	(1,772)	(728)
New credit exposures originated or purchased	14,393	2,260	-	16,653
Credit exposures derecognised	(2,851)	(3,294)	(46)	(6,191)
Changes in models/risk parameters	1	(16)	-	(15)
Exchange differences	(43)	(17)	-	(60)
At 31 December 2020	<u>26,366</u>	<u>9,592</u>	<u>383</u>	<u>36,341</u>

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A19. Sources and uses of charity funds

	31 March 2021 RM'000	31 December 2020 RM'000
Sources of charity funds		
Shariah non-compliant/prohibited income	-*	39
Total sources of charity funds during the period/year	-*	39
Uses of charity funds		
Contribution to non-profit organisation	-*	39
Total uses of charity funds during the period/year	-*	39
Undistributed charity funds at 31 March 2021/31 December 2020	-	-

* Denotes RM61.84

A20. Term Funding

	31 March 2021 RM'000	31 December 2020 RM'000
Unsecured term funding:		
(a) Commercial Paper		
- Less than one year	7,944,305	7,945,896
(b) Medium Term Notes		
- More than one year	2,023,934	2,003,222
(c) Term funding		
- More than one year (note(a))	952,398	945,940
Total term funding	10,920,637	10,895,058

Note(a): Term funding relates to amounts received by the Bank under government financing scheme as part of the government support measures 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

	31 March 2021 RM'000	31 December 2020 RM'000
RM1,000 million subordinated sukuk due in 2026	-	1,017,454
RM1,000 million subordinated sukuk due in 2029	1,021,945	1,010,849
RM1,000 million subordinated sukuk due in 2031	1,003,576	-
	<u>2,025,521</u>	<u>2,028,303</u>

A22. Capital Securities

	31 March 2021 RM'000	31 December 2020 RM'000
RM1,000 million 4.95% Additional Tier 1 Sukuk Wakalah	1,014,647	1,002,441

A23. Income derived from investment of depositors' funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Income derived from investment of:				
i) General investment deposits	1,479,875	1,828,461	1,479,875	1,828,461
ii) Other deposits	751,547	633,882	751,547	633,882
	<u>2,231,422</u>	<u>2,462,343</u>	<u>2,231,422</u>	<u>2,462,343</u>

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

i) Income derived from investment of general investment deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Finance income and hibah				
Financing and advances	1,137,996	1,406,571	1,137,996	1,406,571
Money at call and deposit with financial institutions	37,847	89,988	37,847	89,988
Financial assets purchased under resale agreements	7,623	-	7,623	-
Financial investments at fair value through other comprehensive income	106,330	99,273	106,330	99,273
Financial investments at amortised cost	109,833	87,312	109,833	87,312
Financial investments at fair value through profit or loss	972	1,556	972	1,556
	<u>1,400,601</u>	1,684,700	<u>1,400,601</u>	1,684,700
(Amortisation of premiums)/accretion of discounts, net	<u>(11,630)</u>	3,735	<u>(11,630)</u>	3,735
Total finance income and hibah	<u>1,388,971</u>	1,688,435	<u>1,388,971</u>	1,688,435
Other operating income :				
Fee income:				
- Processing fees	18,079	4,565	18,079	4,565
- Commissions	29,175	33,765	29,175	33,765
- Service charges and other fees	27,490	31,267	27,490	31,267
Gains on disposal of financial investment at fair value through other comprehensive income	11,726	35,137	11,726	35,137
Gains on disposal of financial investments at amortised cost	286	-	286	-
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(1,702)	6,083	(1,702)	6,083
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	167	(2,253)	167	(2,253)
- Derivatives	(3,129)	(6,401)	(3,129)	(6,401)
(Losses)/gains on foreign exchange:				
- Realised	(55,568)	70,224	(55,568)	70,224
- Unrealised	64,205	(32,836)	64,205	(32,836)
Realised gains on derivatives	146	475	146	475
Others	29	-	29	-
Total other operating income	<u>90,904</u>	140,026	<u>90,904</u>	140,026
Total	<u>1,479,875</u>	1,828,461	<u>1,479,875</u>	1,828,461

Included in finance income are income on impaired assets amounting to RM9.2 million (31 March 2020: RM16.1 million).

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A23. 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 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Finance income and hibah				
Financing and advances	577,603	487,623	577,603	487,623
Money at call and deposit with financial institutions	19,210	31,197	19,210	31,197
Financial assets purchased under resale agreements	3,869	-	3,869	-
Financial investments at fair value through other comprehensive income	53,969	34,416	53,969	34,416
Financial investments at amortised cost	55,747	30,269	55,747	30,269
Financial investments at fair value through profit or loss	493	539	493	539
	<u>710,891</u>	584,044	<u>710,891</u>	584,044
(Amortisation of premiums)/accretion of discounts, net	(5,903)	1,295	(5,903)	1,295
Total finance income and hibah	<u>704,988</u>	585,339	<u>704,988</u>	585,339
Other operating income :				
Fee income:				
- Processing fees	9,176	1,582	9,176	1,582
- Commissions	14,808	11,705	14,808	11,705
- Service charges and other fees	13,953	10,839	13,953	10,839
Gains on disposal of financial investments at fair value through other comprehensive income	5,952	12,181	5,952	12,181
Gains on disposal of financial investments at amortised cost	564	-	564	-
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(864)	2,109	(864)	2,109
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	85	(781)	85	(781)
- Derivatives	(1,588)	(2,219)	(1,588)	(2,219)
(Losses)/gains on foreign exchange:				
- Realised	(28,204)	24,345	(28,204)	24,345
- Unrealised	32,588	(11,383)	32,588	(11,383)
Realised gains on derivatives	74	165	74	165
Others	15	-	15	-
Total other operating income	<u>46,559</u>	48,543	<u>46,559</u>	48,543
Total	<u>751,547</u>	633,882	<u>751,547</u>	633,882

Included in finance income are income on impaired assets amounting to RM4.7 million (31 March 2020: RM5.6 million).

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A24. Income derived from investment of investment account funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Financing and advances	223,858	250,197	223,858	250,197
Total finance income and hibah	223,858	250,197	223,858	250,197
Other operating income :				
Fee income:				
- Commissions	51	120	51	120
- Service charges and other fees	8	22	8	22
Total other operating income	59	142	59	142
Total	223,917	250,339	223,917	250,339

A25. Income derived from investment of shareholder's funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Finance income and hibah				
Financing and advances	77,763	86,802	77,763	86,802
Money at call and deposit with financial institutions	2,586	5,553	2,586	5,553
Financial assets purchased under resale agreements	521	-	521	-
Financial investments at fair value through other comprehensive income	7,266	6,126	7,266	6,126
Financial investments at amortised cost	7,505	5,388	7,505	5,388
Financial investments at fair value through profit or loss	66	96	66	96
	95,707	103,965	95,707	103,965
(Amortisation of premiums)/accretion of discounts, net	(795)	230	(795)	230
Total finance income and hibah	94,912	104,195	94,912	104,195

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Other operating income :				
Fee income:				
- Processing fees	1,235	282	1,235	282
- Commissions	1,994	2,084	1,994	2,084
- Service charges and other fees	1,879	1,930	1,879	1,930
Gains on disposal of financial investments at fair value through other comprehensive income	801	2,168	801	2,168
Gains on disposal of financial investments at amortised cost	39	-	39	-
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(116)	375	(116)	375
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	11	(139)	11	(139)
- Derivatives	(214)	(395)	(214)	(395)
(Losses)/gains on foreign exchange:				
- Realised	(3,797)	4,334	(3,797)	4,334
- Unrealised	4,387	(2,026)	4,387	(2,026)
Realised gains on derivatives	10	29	10	29
Others	2	-	2	-
Total other operating income	6,231	8,642	6,231	8,642
Total	101,143	112,837	101,143	112,837

Included in finance income are income on impaired assets amounting to RM0.6 million (31 March 2020: RM0.9 million).

A26. Allowances for impairment losses on financing and advances, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
(Writeback of)/allowances for impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	(72,187)	(113,003)	(72,187)	(113,003)
- Stage 2 - Lifetime ECL not credit impaired, net	230,327	209,346	230,327	209,346
- Stage 3 - Lifetime ECL credit impaired, net	35,924	113,529	35,924	113,529
Impaired financing and advances written-off	2,075	2,472	2,075	2,472
Impaired financing and advances recovered	(16,864)	(17,383)	(16,864)	(17,383)
Allowances for/(writeback of) impairment losses on other debts	77	(20)	77	(20)
	179,352	194,941	179,352	194,941

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(825)	995	(825)	995
- Stage 2 - Lifetime ECL not credit impaired, net	-	913	-	913
	<u>(825)</u>	<u>1,908</u>	<u>(825)</u>	<u>1,908</u>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	(11,545)	(21)	(11,545)	(21)
- Stage 2 - Lifetime ECL not credit impaired, net	(230,919)	3,912	(230,919)	3,912
	<u>(242,464)</u>	<u>3,891</u>	<u>(242,464)</u>	<u>3,891</u>
	<u>(243,289)</u>	<u>5,799</u>	<u>(243,289)</u>	<u>5,799</u>

A28. Allowances for impairment losses on other financial assets, net

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	2,399	-	2,399	-
	<u>2,399</u>	<u>-</u>	<u>2,399</u>	<u>-</u>

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A29. Profit distributed to depositors

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Deposits from customers				
- Non-mudharabah fund	582,581	1,068,409	582,581	1,068,409
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	224,746	198,810	224,746	198,810
- Non-mudharabah fund	46,384	112,565	46,384	112,565
	271,130	311,375	271,130	311,375
Structured deposits				
- Non-mudharabah fund	8	87	8	87
	853,719	1,379,871	853,719	1,379,871

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A30. Overhead expenses

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Personnel expenses	13,759	13,029	13,759	13,029
- Salaries, allowances and bonuses	10,839	9,186	10,839	9,186
- Pension costs - defined contribution plan	1,590	1,504	1,590	1,504
- Share/options granted under ESGP	722	446	722	446
- Other staff related expenses	608	1,893	608	1,893
Establishment costs	1,565	1,578	1,565	1,578
- Depreciation of right-of-use assets	752	749	752	749
- Depreciation of property, plant and equipment	107	77	107	77
- Repairs, servicing and maintenance	59	44	59	44
- Information technology expenses	557	606	557	606
- Finance cost on lease liabilities	90	102	90	102
Marketing costs	2,517	2,436	2,517	2,436
- Advertisement and publicity	1,084	303	1,084	303
- Others	1,433	2,133	1,433	2,133
Administration and general expenses	334,790	473,756	334,790	473,756
- Fees and brokerage	16,496	15,835	16,496	15,835
- Administrative expenses	4,294	3,147	4,294	3,147
- General expenses	(42,719)	60,178	(42,719)	60,178
- Shared service cost paid/payable to Maybank and related company	356,719	394,596	356,719	394,596
Total	352,631	490,799	352,631	490,799

A31. Finance costs

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Subordinated sukuk	20,404	22,812	20,404	22,812
Capital securities	12,206	12,341	12,206	12,341
Term funding	68,819	91,094	68,819	91,094
	101,429	126,247	101,429	126,247

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A32. Taxation and zakat

The analysis of the taxation and zakat expense for the financial period ended 31 March 2021 are as follows:

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Malaysian income tax	434,857	137,740	434,857	137,740
Foreign income tax	-	21	-	21
	<u>434,857</u>	<u>137,761</u>	<u>434,857</u>	<u>137,761</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	<u>(138,601)</u>	<u>(16,828)</u>	<u>(138,601)</u>	<u>(16,828)</u>
Tax expense for the financial period	<u>296,256</u>	120,933	<u>296,256</u>	120,933
Zakat	<u>7,023</u>	<u>6,231</u>	<u>7,023</u>	<u>6,231</u>
	<u>303,279</u>	<u>127,164</u>	<u>303,279</u>	<u>127,164</u>

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:

	31 March 2021			31 December 2020		
	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	2,911,793	2,866,692	2,302,779	2,832,337	2,786,746	2,258,338
Certain transaction-related contingent items	3,145,731	1,554,698	1,033,997	2,533,185	1,246,136	778,165
Short-term self-liquidating trade-related contingencies	231,820	48,102	23,985	162,041	34,164	15,170
	6,289,344	4,469,492	3,360,761	5,527,563	4,067,046	3,051,673
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- maturity within one year	26,939,802	1,418,575	261,378	27,288,508	1,388,834	261,485
- maturity exceeding one year	10,729,457	17,436,521	7,287,330	10,452,802	17,979,661	7,763,819
	37,669,259	18,855,096	7,548,708	37,741,310	19,368,495	8,025,304
Miscellaneous commitments and contingencies	145,522	-	-	86,280	-	-
Total credit-related commitments and contingencies	44,104,125	23,324,588	10,909,469	43,355,153	23,435,541	11,076,977

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A34. Commitments and contingencies (cont'd.)

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

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

	31 March 2021			31 December 2020		
	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	25,469,659	379,486	162,071	23,565,806	152,805	58,958
- one year to less than five years	1,638,594	92,284	41,832	3,571,063	158,246	123,372
- more than five years	2,415,152	214,988	176,950	2,316,798	185,877	145,433
Profit rate related contracts:						
- less than one year	83,051	462	109	80,340	80	24
- one year to less than five years	3,326,042	124,930	99,900	3,335,654	146,381	119,953
- more than five years	300,000	27,841	12,241	300,000	34,064	15,797
Total treasury-related commitments and contingencies	33,232,498	839,991	493,103	33,169,661	677,453	463,537
Total commitments and contingencies	77,336,623	24,164,579	11,402,572	76,524,814	24,112,994	11,540,514

* 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 9 December 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 9 December 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 2021 (2020: 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 2021	31 December 2020
Capital ratios		
CET1 capital ratio	13.455%	13.773%
Tier 1 capital ratio	14.706%	15.030%
Total capital ratio	17.726%	18.063%

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A35. Capital Adequacy (cont'd.)

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

	31 March 2021 RM'000	31 December 2020 RM'000
CET1 capital		
Share capital	7,929,444	7,929,444
Retained profits	2,756,457	2,756,457
Other reserves	781,679	1,234,078
CET1 capital before regulatory adjustments	11,467,580	11,919,979
Less: Regulatory adjustment applied in CET1 capital	(717,409)	(960,375)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(122,935)	(365,901)
Regulatory reserve	(594,474)	(594,474)
Total CET1 Capital	10,750,171	10,959,604
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 capital	11,750,171	11,959,604
Tier 2 capital		
Subordinated sukuk	2,000,000	2,000,000
General provision ¹	12,405	11,523
Surplus of eligible provision over expected loss	399,965	401,538
Total Tier 2 capital	2,412,370	2,413,061
Total Capital	14,162,541	14,372,665

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 2021 RM'000	31 December 2020 RM'000
Standardised Approach exposure	2,934,639	2,970,081
Internal Ratings-Based Approach exposure after scaling factor	85,978,852	80,460,704
Total RWA for credit risk	88,913,491	83,430,785
Total RWA for credit risk absorbed by the holding company and Investment Account Holders ("IAH") [^]	(19,317,951)	(13,537,755)
Total RWA for market risk	1,517,693	1,177,963
Total RWA for operational risk	8,785,271	8,499,254
Total RWA	79,898,504	79,570,247

[^] 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 sukuk 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 incorporate the Bank's own assumptions and data. Examples of Level 3 instruments include corporate sukuk 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 classification in the fair value hierarchy of the Bank's financial assets and financial liabilities measured at fair value as at 31 March 2021 and 31 December 2020 is summarised in the table:

As at 31 March 2021	<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	-	17,835,870	1,250	17,837,120
<i>Money market instruments</i>	-	12,982,865	-	12,982,865
<i>Unquoted securities</i>	-	4,853,005	1,250	4,854,255
Financing and advances at fair value through other comprehensive income	-	-	3,350,265	3,350,265
Derivative assets	-	344,039	-	344,039
<i>Foreign exchange related contracts</i>	-	269,830	-	269,830
<i>Profit rate related contracts</i>	-	74,209	-	74,209
	-	18,447,241	3,351,515	21,798,756
Financial liabilities measured at fair value:				
Derivative liabilities	-	178,909	-	178,909
<i>Foreign exchange related contracts</i>	-	96,039	-	96,039
<i>Profit rate related contracts</i>	-	82,870	-	82,870
	-	178,909	-	178,909

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

The classification in the fair value hierarchy of the Bank's financial assets and financial liabilities measured at fair value as at 31 March 2021 and 31 December 2020 is summarised in the table (cont'd.):

As at 31 December 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				
	-	18,451,889	1,250	18,453,139
<i>Money market instruments</i>	-	13,502,948	-	13,502,948
<i>Unquoted securities</i>	-	4,948,941	1,250	4,950,191
Financing and advances at fair value through other comprehensive income				
	-	-	2,741,267	2,741,267
Derivative assets				
	-	385,303	-	385,303
<i>Foreign exchange related contracts</i>	-	281,322	-	281,322
<i>Profit rate related contracts</i>	-	103,981	-	103,981
	-	18,837,192	2,742,517	21,579,709
Financial liabilities measured at fair value:				
Derivative liabilities				
	-	656,302	-	656,302
<i>Foreign exchange related contracts</i>	-	549,193	-	549,193
<i>Profit rate related contracts</i>	-	107,109	-	107,109
	-	656,302	-	656,302

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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:

As at 31 March 2021	At 1 January 2021 RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	Exchange differences RM'000	At 31 March 2021 RM'000
Financial investments at fair value through other comprehensive income						
<i>Unquoted securities</i>	1,250	-	-	-	-	1,250
Financing and advances at fair value through other comprehensive income	2,741,267	16,384	695,656	(106,700)	3,658	3,350,265
Total Level 3 financial assets	2,742,517	16,384	695,656	(106,700)	3,658	3,351,515
Total net Level 3 financial assets	2,742,517	16,384	695,656	(106,700)	3,658	3,351,515

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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):

As at 31 December 2020	At 1 January 2020 RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	Exchange differences RM'000	At 31 December 2020 RM'000
Financial investments at fair value through other comprehensive income						
<i>Unquoted securities</i>	1,250	-	-	-	-	1,250
Financing and advances at fair value through other comprehensive income	440,383	34,225	2,347,259	(80,600)	-	2,741,267
Total Level 3 financial assets	<u>441,633</u>	<u>34,225</u>	<u>2,347,259</u>	<u>(80,600)</u>	<u>-</u>	<u>2,742,517</u>
Total net Level 3 financial assets	<u>441,633</u>	<u>34,225</u>	<u>2,347,259</u>	<u>(80,600)</u>	<u>-</u>	<u>2,742,517</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 3 months financial period ended 31 March 2021.

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 2021.

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Part B: Review of Performance & Current Year Prospects

B1. Performance Review

The Bank posted profit before tax and zakat of RM1,238.3 million for the financial period ended 31 March 2021, an increase of RM726.4 million or 141.9% compared to the previous corresponding period.

The Bank's allowance for impairment on financing and advances from an impairment charge of RM194.9 million in last year corresponding period to an impairment charge of RM179.4 million in financial period ended 31 March 2021.

Total income deteriorated by RM269.0 million or -9.5% to RM2,556.5 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 RM2,231.4 million, RM223.9 million and RM101.1 million respectively.

The Bank's gross financing and advances increased by RM2.9 billion to RM209.6 billion as compared to RM206.7 billion recorded in previous financial year. As at 31 March 2021, total customer funding increased by 6.2% contributed by customer deposits increased by 5.9%, recorded at RM174.9 billion against RM165.3 billion in last financial year. Investment account of customers grew by RM1.9 billion to close at RM25.8 billion compared to RM23.8 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 13.455%, 14.706% and 17.726% respectively.

B2. Prospects

Malaysia's GDP contracted by 0.5% YoY in 1Q 2021 (4Q 2020: -3.4% YoY). The economy is expected to gradually recover with a growth rate of 5.1% in 2021 (2020: -5.6%). The current wave of high daily COVID-19 cases led to the imposition of two rounds of Movement Control Orders (MCO) so far this year, despite the rollout of the national vaccination programme since 24 February 2021. However, the gradual reopening of the global economy is expected to be a boon for Malaysia's manufacturing exports and commodity prices. Moreover, monetary, fiscal and economic stimulus will remain accommodative, focusing on targeted supports and interventions for individuals and businesses that have been impacted by the pandemic. Malaysian banks will also continue to offer targeted repayment plans to customers adversely impacted by the COVID-19, following the reimposition of the nationwide MCO from 12th May to 7th June. Overnight Policy Rate (OPR) is expected to remain at a record low of 1.75% throughout 2021 amid a benign return of inflation this year from deflation in 2020. The expansionary fiscal policy will continue via Budget 2021's record spending allocation of RM322.5 billion and two additional economic stimulus packages worth RM35 billion announced in 1Q 2021.

The Bank continues to have a cautionary outlook on FY2021 given the prevailing challenging environment and the prolonged impact of new waves of infections on economic recovery. The Bank continues to prioritise its capital and liquidity strength whilst ensuring customers continue to have access to financial assistance and support as required. In response to the softer growth and low policy rate environment, the Bank aims to moderate the expected downward revenue pressures by leveraging on its strategic cost management programme to control overheads. The Bank will also seek to offset the impact on Net Profit Margins by growing current and savings deposits which carry lower cost. Concurrently, the Bank is focused on strengthening its top line revenue through innovative consumer centric financial products and solutions.

The Bank remains vigilant of inherent risks 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.