

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Income derived from investment of depositors' funds	A23	2,834,360	2,006,050	2,834,360	2,006,050
Income derived from investment of investment account funds	A24	273,603	260,719	273,603	260,719
Income derived from investment of shareholder's funds	A25	161,258	112,945	161,258	112,945
Allowances for impairment losses on financing and advances, net	A26	(185,179)	(108,603)	(185,179)	(108,603)
Writeback of/(allowances for) impairment losses on financial investments, net	A27	2,979	(2,226)	2,979	(2,226)
Writeback of impairment losses on other financial assets, net	A28	95	1,239	95	1,239
Total distributable income		3,087,116	2,270,124	3,087,116	2,270,124
Profit share income from investment accounts		34,329	50,492	34,329	50,492
Profit distributed to depositors	A29	(1,484,065)	(674,087)	(1,484,065)	(674,087)
Profit distributed to investment account holders		(103,279)	(73,838)	(103,279)	(73,838)
Total net income		1,534,101	1,572,691	1,534,101	1,572,691
Overhead expenses	A30	(602,983)	(462,728)	(602,983)	(462,728)
Finance costs	A31	(134,759)	(99,493)	(134,759)	(99,493)
Profit before taxation and zakat		796,359	1,010,470	796,359	1,010,470
Taxation	A32	(176,746)	(387,022)	(176,746)	(387,022)
Zakat	A32	(13,055)	(20,184)	(13,055)	(20,184)
Profit for the period		606,558	603,264	606,558	603,264
Profit attributable to:					
Equity holder of the Bank		606,558	603,264	606,558	603,264
Earnings per share attributable to equity holder of the Bank					
- basic/diluted (sen)		132.21	139.61	132.21	139.61

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Profit for the period	606,558	603,264	606,558	603,264
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on foreign exchange translation	(1,217)	(133)	(1,217)	(133)
Net gain/(loss) on financial investments at fair value through other comprehensive income	144,555	(112,452)	144,555	(112,452)
- Net gain/(loss) from change in fair value	185,372	(163,564)	185,372	(163,564)
- Changes in expected credit losses	3,672	5,582	3,672	5,582
- Income tax effect	(44,489)	45,530	(44,489)	45,530
Other comprehensive income/(loss) for the period, net of tax	<u>143,338</u>	<u>(112,585)</u>	<u>143,338</u>	<u>(112,585)</u>
Total comprehensive income for the period, net of tax	<u>749,896</u>	490,679	<u>749,896</u>	490,679
Total comprehensive income attributable to:				
Equity holder of the Bank	<u>749,896</u>	490,679	<u>749,896</u>	490,679

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	31 March 2023 RM'000	31 December 2022 RM'000
ASSETS			
Cash and short-term funds		6,835,113	15,092,586
Deposits and placements with banks and other financial institutions		882,815	5,329,880
Financial assets purchased under resale agreements		2,197,160	2,121,695
Financial investments at fair value through profit or loss	A11(i)	400,128	309,504
Financial investments at fair value through other comprehensive income	A11(ii)	16,851,318	15,645,983
Financial investments at amortised cost	A11(iii)	27,320,236	27,461,699
Financing and advances	A12	216,783,373	214,379,623
Derivative assets	A13	171,399	263,763
Other assets	A14	9,062,847	5,150,765
Statutory deposit with Bank Negara Malaysia		3,563,868	3,505,736
Property, plant and equipment		297	341
Right-of-use assets		6,718	7,279
Deferred tax assets		257,654	288,433
TOTAL ASSETS		284,332,926	289,557,287
LIABILITIES			
Customers' funding:			
- Deposits from customers	A15	205,239,807	209,783,463
- Investment accounts of customers ¹	A16	27,374,617	25,637,702
Deposits and placements of banks and other financial institutions	A17	19,922,853	23,597,506
Obligations on financial assets sold under repurchase agreements		1,818,694	461,081
Bills and acceptances payable		91,472	32,569
Derivative liabilities	A13	222,586	384,674
Other liabilities	A18	1,452,335	2,654,948
Provision for taxation and zakat		42,173	138,207
Term funding	A20	10,927,627	9,421,202
Subordinated sukuk	A21	2,025,521	2,021,893
Capital securities	A22	1,014,084	1,002,347
TOTAL LIABILITIES		270,131,769	275,135,592

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

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	31 March 2023 RM'000	31 December 2022 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		11,676,910	11,029,955
Retained profits		1,850,958	2,655,423
Other reserves		673,289	736,317
TOTAL SHAREHOLDER'S EQUITY		14,201,157	14,421,695
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
		284,332,926	289,557,287
Restricted investment accounts managed by the Bank	A16	29,811,054	30,552,966
TOTAL ISLAMIC BANKING ASSETS OWNED AND MANAGED BY THE BANK			
		314,143,980	320,110,253
COMMITMENTS AND CONTINGENCIES	A34	81,025,844	80,496,780
<u>CAPITAL ADEQUACY</u>	A35		
The capital adequacy ratios of the Bank are as follows:			
CET1 capital ratio		13.133%	14.100%
Tier 1 capital ratio		14.177%	15.171%
Total capital ratio		16.821%	17.844%

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	<=====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 2023	11,029,955	1,697	(169,846)	904,654	(188)	2,655,423	14,421,695
Profit for the period	-	-	-	-	-	606,558	606,558
Other comprehensive income/(loss)	-	-	144,555	-	(1,217)	-	143,338
Total comprehensive income/(loss) for the period	-	-	144,555	-	(1,217)	606,558	749,896
Transfer from regulatory reserve	-	-	-	(206,366)	-	206,366	-
Issue of ordinary shares (Note A8(i)(a))	646,955	-	-	-	-	-	646,955
Dividend on ordinary shares (Note A9(a))	-	-	-	-	-	(1,617,389)	(1,617,389)
Total transactions with shareholder/ other equity movements	646,955	-	-	(206,366)	-	(1,411,023)	(970,434)
At 31 March 2023	11,676,910	1,697	(25,291)	698,288	(1,405)	1,850,958	14,201,157

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	<=====Non-distributable=====>					Distributable		Total equity RM'000
	Share capital RM'000	Equity contribution from the holding company RM'000	Fair value through other comprehensive income reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000		
At 1 January 2022	10,322,374	1,697	77,255	121,014	(48)	3,247,267	13,769,559	
Profit for the period	-	-	-	-	-	603,264	603,264	
Other comprehensive loss	-	-	(112,452)	-	(133)	-	(112,585)	
Total comprehensive (loss)/income for the period	-	-	(112,452)	-	(133)	603,264	490,679	
Transfer to regulatory reserve	-	-	-	152,170	-	(152,170)	-	
Dividend on ordinary shares	-	-	-	-	-	(1,425,964)	(1,425,964)	
Total transactions with shareholder/ other equity movements	-	-	-	152,170	-	(1,578,134)	(1,425,964)	
At 31 March 2022	10,322,374	1,697	(35,197)	273,184	(181)	2,272,397	12,834,274	

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	31 March 2023 RM'000	31 March 2022 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	796,359	1,010,470
Adjustments for:		
Amortisation of premiums, net	19,175	19,890
Allowances for impairment losses on financing and advances, net (Writeback of)/allowances for impairment losses on financial investments, net	217,029	135,410
Writeback of impairment losses on other financial assets, net	(2,979)	2,226
Depreciation of property, plant and equipment	(95)	(1,239)
Depreciation of right-of-use assets	35	115
Finance cost on lease liabilities	589	740
Unrealised gains on revaluation of derivatives	47	58
Unrealised (gains)/losses on revaluation of financial investments at fair value through profit or loss	(6,844)	(3,422)
Gains on disposal of financial investments at fair value through other comprehensive income	(395)	1,413
Gains on disposal of financial investment at fair value through profit or loss	(21,418)	(7,797)
(Gains)/losses on foreign exchange translations	(966)	(1,594)
ESGP expenses	(69,617)	12,882
Finance costs	737	739
Operating profit before working capital changes	134,759	99,493
Change in deposits and placements with banks and other financial institutions	1,066,416	1,269,384
Change in financial assets purchased under resale agreements	4,447,066	3,000,157
Change in financial investments portfolio	(75,369)	1,400,786
Change in financing and advances	(933,923)	(2,221,896)
Change in derivative assets and liabilities	(1,903,812)	(5,556,855)
Change in other assets	(62,879)	(51,597)
Change in statutory deposit with Bank Negara Malaysia	(3,749,293)	1,924,934
Change in deposits from customers	(58,132)	803
Change in deposits and placements of banks and other financial institutions	(4,543,656)	3,823,185
Change in investment accounts of customers	(4,365,548)	(2,700,470)
Change in obligations on financial assets sold under repurchase agreements	1,755,554	(760,878)
Change in bills and acceptances payable	1,357,613	-
Change in other liabilities	58,904	23,082
Cash used in operating activities	(1,202,715)	(822,020)
Taxes and zakat paid	(8,209,774)	(671,385)
Net cash used in operating activities	(463,607)	(400,090)
	(8,673,381)	(1,071,475)

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(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	31 March 2023 RM'000	31 March 2022 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(27)
Net cash used in investing activities	-	(27)
Cash flows from financing activities		
Proceeds from issuance of shares	646,955	-
Dividend paid on ordinary shares	(1,617,389)	(1,425,964)
Dividend paid for subordinated sukuk	(14,619)	(14,540)
Drawdown/(redemption) of term funding	1,500,000	(42,525)
Dividend paid for term funding	(98,350)	-
Repayment of lease liabilities	(689)	(433)
Net cash generated from/(used in) financing activities	415,908	(1,483,462)
Net decrease in cash and cash equivalents	(8,257,473)	(2,554,964)
Cash and cash equivalents at beginning of year	15,092,586	12,123,992
Cash and cash equivalents at end of year	6,835,113	9,569,028
Cash and cash equivalents comprise:		
Cash and short term funds	6,835,113	9,569,028

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

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 2022 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 2023:

- Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*

The amendments require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosure on MFRS applications.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
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A1. Basis of preparation (cont'd.)

Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies* (cont'd.)

The amendments explain that an accounting policy is material if, without it the users of the financial statements would be unable to understand other material information in the financial statements or/and when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decision that the primary users of general purpose financial statements make on the basis of those financial statements. Immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting information.

The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. These amendments do not have significant impact on the preparation of the Bank's financial statements.

Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

The amendments clarify the followings:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are to be applied retrospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. The amendments do not have any impact on the Bank's financial statements.

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

The amendments redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". These amendments provide clarity on how to distinguish changes in accounting policies from changes in accounting estimates. The amendments clarify that the effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate if the changes do not arise from prior period errors.

MAYBANK ISLAMIC BERHAD
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(Incorporated in Malaysia)

A1. Basis of preparation (cont'd.)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (cont'd.)

The distinction is important because changes in accounting estimates are applied prospectively but changes in accounting policies are applied retrospectively. The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. These amendments do not have significant impact to the financial statements of the Bank.

Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments specify the treatment for deferred tax on transactions related to leases and decommissioning obligation. The amendments clarify that the initial recognition exemption set out in MFRS 112 does not apply to transactions that give rise to equal amounts of taxable and deductible temporary difference. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are to be applied to transactions that occur on or after the beginning of the earliest comparative period presented. These amendments do not have significant impact on the preparation of the Bank's financial statements.

A2. Significant accounting policies

The audited annual financial statements of the Bank for the financial year ended 31 December 2022 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 2022 except for the adoption of the amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2023 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 2022.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
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A4. Auditors' report on preceding audited annual financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2022 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 2023.

A6. Unusual items due to their nature, size or incidence

During the first quarter ended 31 March 2023, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank.

A7. Changes in estimates

There were no material changes in estimates during the first quarter ended 31 March 2023.

A8. Changes in debt and equity securities

(i) The following are the changes in debt and equity securities for the Bank during the first quarter ended 31 March 2023:

(a) **Share capital**

The share capital of the Bank increased from RM11,029,954,534 as at 31 December 2022 to RM11,676,910,001 as at 31 March 2023 via the issuance of 24,006,125 new ordinary shares at RM26.9496 per share to Maybank on the basis of one new share for every nineteen existing ordinary shares held at 22 March 2023.

(b) **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 2023 are as follows:

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

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
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A9. Dividends paid/declared

Dividends paid/declared during the first quarter ended 31 March 2023 are as follows:

- (a) On 27 February 2023, the Board of Directors had declared a single-tier second interim dividend in respect of the financial year ended 31 December 2022 of RM3.546 per ordinary share on 456,116,375 ordinary shares, amounting to a dividend payable of RM1,617,388,666. The payment of dividend was completed on 22 March 2023.
- (b) No interim dividend has been recommended during the first quarter ended 31 March 2023.

A10. Related party transactions

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

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

A11. Financial investments portfolio

	Note	31 March 2023 RM'000	31 December 2022 RM'000
Financial investments at fair value through profit or loss	(i)	400,128	309,504
Financial investments at fair value through other comprehensive income	(ii)	16,851,318	15,645,983
Financial investments at amortised cost	(iii)	27,320,236	27,461,699
		<u>44,571,682</u>	<u>43,417,186</u>

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

	31 March 2023 RM'000	31 December 2022 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	10,364	-
Malaysian Government Treasury Bills	389,764	-
	<u>400,128</u>	<u>-</u>
Unquoted securities:		
Outside Malaysia:		
Islamic Corporate Sukuk	-	309,504
Total financial investments at FVTPL	<u>400,128</u>	<u>309,504</u>

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

	Note	31 March 2023 RM'000	31 December 2022 RM'000
At fair value			
Money market instruments:			
Malaysian Government Investment Issues		13,478,692	12,457,878
Malaysian Government Treasury Bills		197,167	-
		<u>13,675,859</u>	<u>12,457,878</u>

MAYBANK ISLAMIC BERHAD
 (Co. Reg. No.: 200701029411)
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A11. Financial investments portfolio (cont'd.)

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

	Note	31 March 2023 RM'000	31 December 2022 RM'000
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(a)	3,174,209	3,186,855
Equity		1,250	1,250
		<u>3,175,459</u>	<u>3,188,105</u>
Total financial investments at FVOCI		<u>16,851,318</u>	<u>15,645,983</u>

(a) As at 31 March 2023, the Corporate Sukuk funded by RPSIA amounting to RM558.2 million (31 December 2022: RM537.8 million) was recorded off-balance sheet.

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
As at 31 March 2023	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	607	1,414	-	2,021
Net remeasurement of allowances	(4)	(7)	-	(11)
Changes in models/risk parameters	(86)	(59)	-	(145)
At 31 March 2023	<u>517</u>	<u>1,348</u>	<u>-</u>	<u>1,865</u>

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

A11. Financial investments portfolio (cont'd.)

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

(b) 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>	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 December 2022	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	3,632	-	-	3,632
Transferred to Stage 2	(579)	579	-	-
Net remeasurement of allowances	(337)	835	-	498
New financial assets purchased	22	-	-	22
Financial assets derecognised	(2,400)	-	-	(2,400)
Exchange differences	269	-	-	269
At 31 December 2022	<u>607</u>	<u>1,414</u>	<u>-</u>	<u>2,021</u>

(iii) Financial investments at amortised cost

	Note	31 March 2023	31 December 2022
		RM'000	RM'000
Money market instruments:			
Malaysian Government Investment Issues		15,395,320	15,437,414
Khazanah Sukuk		549,827	545,883
Cagamas Sukuk		122,504	125,468
		<u>16,067,651</u>	<u>16,108,765</u>
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(a)	<u>11,280,878</u>	<u>11,384,050</u>
Allowances for impairment losses	(b)	<u>(28,293)</u>	<u>(31,116)</u>
Total financial investments at amortised cost		<u>27,320,236</u>	<u>27,461,699</u>

(a) As at 31 March 2023, the Corporate Sukuk funded by RPSIA amounting to RM4,119.5 million (31 December 2022: RM4,164.2 million) was recorded off-balance sheet.

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

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	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 March 2023				
At 1 January 2023	30,266	850	-	31,116
Transferred to Stage 2	(425)	425	-	-
Net remeasurement of allowances	818	893	-	1,711
New financial assets purchased	17	-	-	17
Changes in models/risk parameters	(4,509)	(42)	-	(4,551)
At 31 March 2023	26,167	2,126	-	28,293

	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 2022				
At 1 January 2022	28,355	-	-	28,355
Transferred to Stage 2	(386)	386	-	-
Net remeasurement of allowances	2,786	464	-	3,250
New financial assets purchased	1,005	-	-	1,005
Financial assets derecognised	(1,470)	-	-	(1,470)
Changes in models/risk parameters	(24)	-	-	(24)
At 31 December 2022	30,266	850	-	31,116

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

A12. Financing and advances

	31 March 2023 RM'000	31 December 2022 RM'000
Financing and advances*:		
(A) Financing and advances at FVOCI	3,708,406	3,141,460
(B) Financing and advances at amortised cost	281,967,586	280,573,323
	285,675,992	283,714,783
Unearned income	(65,733,817)	(66,345,579)
Gross financing and advances	219,942,175	217,369,204
Allowances for ECL and impairment losses:		
- Stage 1 - 12-month ECL	(440,695)	(442,735)
- Stage 2 - Lifetime ECL not credit impaired	(1,415,545)	(1,309,534)
- Stage 3 - Lifetime ECL credit impaired	(1,302,562)	(1,237,312)
Net financing and advances	216,783,373	214,379,623

* As at 31 March 2023, the financing and advances funded by RPSIA amounting to RM25,171.7 million (31 December 2022: RM25,882.8 million) was recorded off-balance sheet.

The gross exposure of the financing and advances funded by investment accounts of customers ("IA") as at 31 March 2023 was RM27,374.6 million (31 December 2022: RM25,637.7 million).

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

A12. Financing and advances (cont'd.)

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

As at 31 March 2023	Bai¹ 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	-	6,683,130	-	-	-	-	6,683,130
Term financing							
- House financing	11,507,240	89,187,945	1,513,605	-	-	599	102,209,389
- Syndicated financing	-	7,698,110	-	-	-	-	7,698,110
- Hire purchase receivables	-	13,591,574	-	42,853,828	-	-	56,445,402
- Lease receivables	-	-	-	-	2,037,863	-	2,037,863
- Other term financing	5,733,480	86,472,684	460,794	-	-	144,021	92,810,979
Bills receivable	-	-	-	-	-	62	62
Trust receipts	-	172,563	-	-	-	-	172,563
Claims on customers under acceptance credits	-	6,230,481	-	-	-	-	6,230,481
Staff financing	269,028	2,587,103	6,332	138,984	-	41,574	3,043,021
Credit card receivables	-	-	-	-	-	1,821,027	1,821,027
Revolving credit	-	6,472,575	-	-	-	-	6,472,575
Share margin financing	-	46,206	-	-	-	-	46,206
Financing to:							
- Directors of the Bank	-	1,546	-	279	-	14	1,839
- Directors of related companies	-	3,139	-	107	-	99	3,345
	17,509,748	219,147,056	1,980,731	42,993,198	2,037,863	2,007,396	285,675,992
Unearned income							(65,733,817)
Gross financing and advances ⁴							219,942,175
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(440,695)
- Stage 2 - Lifetime ECL not credit impaired							(1,415,545)
- Stage 3 - Lifetime ECL credit impaired							(1,302,562)
Net financing and advances							216,783,373

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 IA.

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

A12. Financing and advances (cont'd.)

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

As at 31 December 2022	Bai¹ 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	-	6,837,168	-	-	-	-	6,837,168
Term financing							
- House financing	11,752,044	87,570,087	1,552,014	-	-	599	100,874,744
- Syndicated financing	-	7,229,950	-	-	-	-	7,229,950
- Hire purchase receivables	-	13,349,586	-	41,455,457	-	-	54,805,043
- Lease receivables	-	-	-	-	1,735,870	-	1,735,870
- Other term financing	6,507,592	87,128,112	483,889	-	-	150,491	94,270,084
Trust receipts	-	175,810	-	-	-	-	175,810
Claims on customers under acceptance credits	-	6,024,358	-	-	-	-	6,024,358
Staff financing	282,744	2,548,232	6,488	137,263	-	43,715	3,018,442
Credit card receivables	-	-	-	-	-	1,779,342	1,779,342
Revolving credit	-	6,909,108	-	-	-	-	6,909,108
Share margin financing	-	49,724	-	-	-	-	49,724
Financing to:							
- Directors of the Bank	-	2,032	-	-	-	37	2,069
- Directors of related companies	-	2,899	-	137	-	35	3,071
	<u>18,542,380</u>	<u>217,827,066</u>	<u>2,042,391</u>	<u>41,592,857</u>	<u>1,735,870</u>	<u>1,974,219</u>	<u>283,714,783</u>
Unearned income							(66,345,579)
Gross financing and advances ⁴							<u>217,369,204</u>
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(442,735)
- Stage 2 - Lifetime ECL not credit impaired							(1,309,534)
- Stage 3 - Lifetime ECL credit impaired							(1,237,312)
Net financing and advances							<u><u>214,379,623</u></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 IA.

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

A12. Financing and advances (cont'd.)

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

	31 March 2023 RM'000	31 December 2022 RM'000
Domestic non-banking financial institutions	4,956,147	5,070,402
Domestic business enterprises:		
- Small and medium enterprises	39,069,513	36,949,925
- Others	19,009,758	19,948,088
Government and statutory bodies	3,019,097	3,024,602
Individuals	151,230,306	150,215,905
Other domestic entities	625,202	112,416
Foreign entities	2,032,152	2,047,866
Gross financing and advances	<u>219,942,175</u>	<u>217,369,204</u>

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

	31 March 2023 RM'000	31 December 2022 RM'000
Fixed rate:		
- House financing	1,693,417	1,678,831
- Hire purchase receivables	38,420,621	37,177,565
- Other financing	15,028,848	16,285,363
Floating rate:		
- House financing	68,605,400	66,675,784
- Other financing	96,193,889	95,551,661
Gross financing and advances	<u>219,942,175</u>	<u>217,369,204</u>

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

	31 March 2023 RM'000	31 December 2022 RM'000
Purchase of securities	24,979,118	26,491,247
Purchase of transport vehicles	50,894,712	49,567,413
Purchase of landed properties:		
- Residential	71,856,931	69,603,629
- Non-residential	18,472,082	18,016,280
Purchase of fixed assets (excluding landed properties)	272,853	267,159
Personal use	3,214,501	3,198,911
Purchase of consumer durables	473	475
Constructions	2,501,663	2,379,126
Mergers and acquisitions	435,000	460,000
Working capital	45,442,802	45,556,016
Credit cards	1,872,040	1,828,948
Gross financing and advances	<u>219,942,175</u>	<u>217,369,204</u>

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

A12. Financing and advances (cont'd.)

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

	31 March 2023 RM'000	31 December 2022 RM'000
Within one year	23,678,236	24,619,767
One year to three years	7,116,395	7,994,328
Three years to five years	19,255,309	19,579,563
After five years	169,892,235	165,175,546
Gross financing and advances	<u>219,942,175</u>	<u>217,369,204</u>

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

	31 March 2023 RM'000	31 December 2022 RM'000
Gross impaired financing and advances at 1 January	2,061,080	1,492,756
Impaired during the financial year	341,199	1,237,425
Reclassified as non-impaired	(36,088)	(65,139)
Amount recovered	(67,739)	(223,830)
Amount written-off	(45,677)	(380,132)
Gross impaired financing and advances at 31 March 2023/ 31 December 2022	<u>2,252,775</u>	<u>2,061,080</u>
Less: Stage 3 - Lifetime ECL credit impaired	<u>(1,302,562)</u>	<u>(1,237,312)</u>
Net impaired financing and advances at 31 March 2023/ 31 December 2022	<u>950,213</u>	<u>823,768</u>

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

Gross impaired financing and advances	2,173,030	2,001,463
Less: Stage 3 - Lifetime ECL credit impaired	<u>(1,302,562)</u>	<u>(1,237,312)</u>
Net impaired financing and advances	<u>870,468</u>	<u>764,151</u>
Gross financing and advances	192,567,558	191,731,502
Less: Allowances for financing and advances at amortised cost and at fair value through other comprehensive income	<u>(3,169,899)</u>	<u>(2,996,850)</u>
Net financing and advances	<u>189,397,659</u>	<u>188,734,652</u>
Ratio of net impaired financing and advances	<u>0.46%</u>	<u>0.40%</u>

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

A12. Financing and advances (cont'd.)

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

	31 March 2023 RM'000	31 December 2022 RM'000
Purchase of securities	10,444	7,462
Purchase of transport vehicles	152,769	129,899
Purchase of landed properties:		
- Residential	309,103	256,992
- Non-residential	192,611	187,865
Purchase of fixed assets (excluding landed properties)	2,333	2,720
Personal use	35,633	32,286
Purchase of consumer durables	2	2
Constructions	210,074	204,506
Working capital	1,326,834	1,228,537
Credit cards	12,972	10,811
Gross credit impaired financing and advances	2,252,775	2,061,080

(viii) Movements in the allowances for impairment losses on financing and advances are as follows:

At fair value through other comprehensive income

	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 2023				
At 1 January 2023	7,269	-	-	7,269
Net remeasurement of allowances	(127)	-	-	(127)
New financial assets originated or purchased	4,284	-	-	4,284
Financial assets derecognised	(1)	-	-	(1)
Changes in models/risk parameters	(329)	-	-	(329)
Exchange differences	1	-	-	1
At 31 March 2023	11,097	-	-	11,097

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

A12. Financing and advances (cont'd.)

(viii) 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>	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 December 2022	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	2,302	-	-	2,302
Net remeasurement of allowances	2,885	-	-	2,885
New financial assets originated or purchased	2,550	-	-	2,550
Financial assets derecognised	(494)	-	-	(494)
Exchange differences	26	-	-	26
At 31 December 2022	<u>7,269</u>	<u>-</u>	<u>-</u>	<u>7,269</u>

At amortised cost

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 March 2023	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	442,735	1,309,534	1,237,312	2,989,581
Transferred to Stage 1	71,315	(69,110)	(2,205)	-
Transferred to Stage 2	(22,987)	35,887	(12,900)	-
Transferred to Stage 3	(1,037)	(3,707)	4,744	-
Net remeasurement of allowances	(13,983)	162,630	247,792	396,439
New financial assets originated or purchased	56,258	16,901	-	73,159
Financial assets derecognised	(37,036)	(20,633)	(127,198)	(184,867)
Changes in models/risk parameters	(54,609)	(15,964)	(319)	(70,892)
Amount written-off	-	-	(45,677)	(45,677)
Exchange differences	39	7	1,013	1,059
At 31 March 2023	<u>440,695</u>	<u>1,415,545</u>	<u>1,302,562</u>	<u>3,158,802</u>

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

A12. Financing and advances (cont'd.)

(viii) 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>	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2022				
At 1 January 2022	556,209	1,678,410	709,435	2,944,054
Transferred to Stage 1	167,116	(162,063)	(5,053)	-
Transferred to Stage 2	(32,756)	47,143	(14,387)	-
Transferred to Stage 3	(8,797)	(250,227)	259,024	-
Net remeasurement of allowances	(342,559)	1,080	684,326	342,847
New financial assets originated or purchased	140,955	64,426	-	205,381
Financial assets derecognised	(56,107)	(69,495)	(22,596)	(148,198)
Changes in models/risk parameters	(1,738)	(210)	(9,655)	(11,603)
Amount written-off	-	-	(380,132)	(380,132)
Exchange differences	20,412	470	16,350	37,232
At 31 December 2022	442,735	1,309,534	1,237,312	2,989,581

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

A13. Derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of derivative's underlying asset, reference rate or index and is the basis upon which change in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the reporting date 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. Derivative financial instruments that are entered into for hedging purpose but which the Bank have not used to apply hedge accounting or which relate to customers' transactions are classified as trading derivatives.

	31 March 2023			31 December 2022		
	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	7,595,787	62,992	(64,115)	7,169,578	16,622	(220,596)
- One year to three years	802,395	2,802	(2,802)	735,487	1,847	(1,847)
- More than three years	2,389,660	28,027	(28,027)	2,396,107	31,628	(31,628)
	10,787,842	93,821	(94,944)	10,301,172	50,097	(254,071)
Currency swaps:						
- Less than one year	9,907,924	57,307	(80,259)	9,208,639	185,047	(83,280)
Currency spots:						
- Less than one year	227,876	2,873	(132)	193,731	4,446	(257)
Currency options:						
- Less than one year	42,317	64	(64)	4,348	10	(10)

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

A13. Derivative financial instruments (cont'd.)

	31 March 2023			31 December 2022		
	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	9,165	383	(383)	5,064	225	(225)
- One year to three years	-	-	-	7,225	283	(283)
- More than three years	416,855	2,074	(3,178)	416,486	2,790	(2,790)
	426,020	2,457	(3,561)	428,775	3,298	(3,298)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- Less than one year	3,165,120	13,618	(13,618)	3,012,000	18,501	(18,501)
- One year to three years	58,526	367	(367)	65,437	494	(494)
- More than three years	1,855,000	892	(29,641)	220,000	1,870	(1,780)
	5,078,646	14,877	(43,626)	3,297,437	20,865	(20,775)
<u>Hedging derivatives</u>						
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- More than three years	-	-	-	1,635,000	-	(22,983)
Total	26,470,625	171,399	(222,586)	25,069,102	263,763	(384,674)

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

A14. Other assets

	31 March 2023 RM'000	31 December 2022 RM'000
Amount due from holding company	7,841,813	4,170,395
Handling fees	223,882	218,146
Prepayments and deposits	15,541	15,006
Tax recoverable	164,063	-
Margin account with holding company	26,110	-
Other debtors	791,438	747,218
	9,062,847	5,150,765

A15. Deposits from customers

(i) By type of deposits

	31 March 2023 RM'000	31 December 2022 RM'000
Savings deposits		
Murabahah	27,964,390	27,711,469
Qard	1,222,515	601,896
	29,186,905	28,313,365
Demand deposits		
Murabahah	32,875,099	37,422,903
Qard	5,153,243	1,381,375
	38,028,342	38,804,278
Term deposits		
Murabahah	136,597,124	142,073,732
Qard	1,427,436	592,088
	138,024,560	142,665,820
	205,239,807	209,783,463

(ii) By type of customers

	31 March 2023 RM'000	31 December 2022 RM'000
Business enterprises	71,270,332	76,896,558
Individuals	61,582,994	59,602,414
Government and statutory bodies	39,817,592	38,164,258
Others	32,568,889	35,120,233
	205,239,807	209,783,463

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

A16. Investment accounts

	31 March 2023 RM'000	31 December 2022 RM'000
Investment accounts of customers		
- Unrestricted investment accounts ¹	<u>27,374,617</u>	<u>25,637,702</u>
Restricted investment accounts managed by the Bank ²	<u>29,811,054</u>	<u>30,552,966</u>

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

	Unrestricted investment accounts ¹ RM'000	Restricted investment accounts managed by the Bank ² RM'000
As at 31 March 2023		
Business enterprises	15,092,275	-
Individuals	10,354,467	-
Government and statutory bodies	330,006	-
Licensed banks	-	29,362,615
Others	1,597,869	448,439
	<u>27,374,617</u>	<u>29,811,054</u>

	Unrestricted investment accounts ¹ RM'000	Restricted investment accounts managed by the Bank ² RM'000
As at 31 December 2022		
Business enterprises	13,389,602	-
Individuals	10,342,032	-
Government and statutory bodies	246,938	-
Licensed banks	-	30,123,166
Others	1,659,130	429,800
	<u>25,637,702</u>	<u>30,552,966</u>

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

A16. Investment accounts (cont'd.)

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

	Unrestricted investment accounts¹ RM'000	Restricted investment accounts managed by the Bank² RM'000
As at 31 March 2023		
- without maturity	23,200,832	-
- with maturity	4,173,785	29,811,054
Within six months	2,949,605	10,378,451
Six months to one year	1,210,269	30,442
One year to three years	9,166	3,749,369
Three years to five years	4,745	15,652,792
	27,374,617	29,811,054
As at 31 December 2022		
- without maturity	21,160,119	-
- with maturity	4,477,583	30,552,966
Within six months	3,055,394	10,280,098
Six months to one year	1,403,496	30,109
One year to three years	13,924	3,995,512
Three years to five years	4,769	16,247,247
	25,637,702	30,552,966

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

A16. Investment accounts (cont'd.)

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

	Unrestricted investment accounts¹ RM'000	Restricted investment accounts managed by the Bank² RM'000
As at 31 March 2023		
Retail financing	26,374,617	-
Non-retail financing	1,000,000	25,236,286
Corporate Sukuk	-	4,574,768
	27,374,617	29,811,054
	Unrestricted investment accounts¹ RM'000	Restricted investment accounts managed by the Bank² RM'000
As at 31 December 2022		
Retail financing	23,987,702	-
Non-retail financing	1,650,000	25,955,010
Corporate Sukuk	-	4,597,956
	25,637,702	30,552,966

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

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 March 2023		
Investment accounts of customers		
- Unrestricted investment accounts ¹	38.21	1.55
Restricted investment accounts managed by the Bank ²	77.06	4.14

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

A16. Investment accounts (cont'd.)

(iv) Profit sharing ratio and rate of return are as follows (cont'd.):

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 December 2022		
Investment accounts of customers		
- Unrestricted investment accounts ¹	32.04	2.58
Restricted investment accounts managed by the Bank ²	76.29	4.60

¹ The total funds invested in Multi-Asset Investment Account-i ("MAIA") product was RM122.2 million (31 December 2022: RM122.7 million) of which RM60.8 million (31 December 2022: RM59.6 million) are the funds managed by the Bank. 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 RM61.4 million as at 31 March 2023 (31 December 2022: RM63.1 million). The funds managed by MIAM are excluded from the asset and liability of the Bank.

² Included in the restricted investment accounts managed by the Bank is an arrangement between the Bank with the holding company and with the third party where the Bank acts as an investment agent to manage and administer the restricted investment accounts amounting to RM29,362.6 million and RM448.4 million (31 December 2022: RM30,123.2 million and RM429.8 million) respectively. The amount of restricted investment accounts managed by the Bank are disclosed net of any impairment allowances required on the underlying financial assets funded by the restricted investment accounts.

A17. Deposits and placements of banks and other financial institutions

	31 March 2023 RM'000	31 December 2022 RM'000
<u>Non-Mudharabah Fund</u>		
Licensed banks	16,505,055	22,046,315
Licensed Islamic banks	2,449,783	99,226
Licensed investment banks	100,507	304,736
Other financial institutions	867,508	1,147,229
	19,922,853	23,597,506

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

A18. Other liabilities

	Note	31 March 2023 RM'000	31 December 2022 RM'000
Sundry creditors		1,122,622	2,228,273
Deposit on trade financing		53,854	55,786
Provisions and accruals		105,633	86,692
Margin deposits from holding company		-	117,100
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	133,474	137,937
Lease liabilities		5,984	6,622
Structured deposits		22,330	14,448
Amount due to related company		8,438	8,090
		1,452,335	2,654,948

(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 2023				RM'000
At 1 January 2023	33,241	11,552	93,144	137,937
Transferred to Stage 1	879	(736)	(143)	-
Transferred to Stage 2	(945)	945	-	-
Transferred to Stage 3	-	(1)	1	-
Net remeasurement of allowances	(5,101)	(2,092)	92,405	85,212
New credit exposures originated or purchased	11,449	1,514	-	12,963
Credit exposures derecognised	(9,391)	(2,420)	(89,899)	(101,710)
Changes in models/risk parameters	(889)	(4)	-	(893)
Exchange differences	(36)	1	-	(35)
At 31 March 2023	29,207	8,759	95,508	133,474
	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 2022				RM'000
At 1 January 2022	31,665	17,433	1,622	50,720
Transferred to Stage 1	1,450	(1,447)	(3)	-
Transferred to Stage 2	(547)	547	-	-
Transferred to Stage 3	(2)	(6,652)	6,654	-
Net remeasurement of allowances	(77)	234	86,120	86,277
New credit exposures originated or purchased	25,654	12,435	-	38,089
Credit exposures derecognised	(25,235)	(11,004)	(1,249)	(37,488)
Changes in models/risk parameters	(2)	-	-	(2)
Exchange differences	335	6	-	341
At 31 December 2022	33,241	11,552	93,144	137,937

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

A19. Sources and uses of charity funds

	31 March 2023 RM'000	31 December 2022 RM'000
Sources of charity funds		
Shariah non-compliant/prohibited income	-	272
Total sources of charity funds during the period/year	-	272
Uses of charity funds		
Contribution to non-profit organisation ¹	-	272
Total uses of charity funds during the period/year	-	272
Undistributed charity funds at 31 March 2023/31 December 2022	-	-

¹ Does not include fund refunded to customers of RM360,656 made during the financial year ended 31 December 2022.

A20. Term Funding

	31 March 2023 RM'000	31 December 2022 RM'000
Unsecured term funding:		
(a) Commercial Paper - Less than one year	7,891,386	6,413,953
(b) Medium Term Notes - More than one year	2,025,150	2,003,796
(c) Term funding - More than one year (note(a))	1,011,091	1,003,453
Total term funding	10,927,627	9,421,202

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.

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

A21. Subordinated Sukuk

	31 March 2023 RM'000	31 December 2022 RM'000
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	1,011,044
	2,025,521	2,021,893

A22. Capital Securities

	31 March 2023 RM'000	31 December 2022 RM'000
RM1,000 million 4.76% Additional Tier 1 Sukuk Wakalah	1,014,084	1,002,347
	1,014,084	1,002,347

A23. Income derived from investment of depositors' funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Income derived from investment of:				
i) General investment deposits	1,906,118	1,336,167	1,906,118	1,336,167
ii) Other deposits	928,242	669,883	928,242	669,883
	2,834,360	2,006,050	2,834,360	2,006,050

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

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 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Financing and advances	1,406,390	989,524	1,406,390	989,524
Money at call and deposits with financial institutions	66,178	28,115	66,178	28,115
Financial assets purchased under resale agreements	10,512	23,222	10,512	23,222
Financial investments at fair value through other comprehensive income	110,702	92,032	110,702	92,032
Financial investments at amortised cost	182,332	147,296	182,332	147,296
Financial investments at fair value through profit or loss	1,487	458	1,487	458
	<u>1,777,601</u>	1,280,647	<u>1,777,601</u>	1,280,647
Amortisation of premiums, net	<u>(12,201)</u>	(12,542)	<u>(12,201)</u>	(12,542)
Total finance income and hibah	1,765,400	1,268,105	1,765,400	1,268,105
Other operating income :				
Fee income:				
- Processing fees	3,022	3,195	3,022	3,195
- Commissions	32,979	33,641	32,979	33,641
- Service charges and other fees	42,610	31,058	42,610	31,058
Gains on disposal of financial investments at fair value through other comprehensive income	13,628	4,916	13,628	4,916
Gains on disposal of financial investments at fair value through profit or loss	615	1,005	615	1,005
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	252	(891)	252	(891)
- Derivatives	4,355	2,158	4,355	2,158
(Losses)/gains on foreign exchange:				
- Realised	(6,395)	24,497	(6,395)	24,497
- Unrealised	50,692	(32,621)	50,692	(32,621)
Realised (losses)/gains on derivatives	(1,450)	817	(1,450)	817
Others	410	287	410	287
Total other operating income	140,718	68,062	140,718	68,062
Total	1,906,118	1,336,167	1,906,118	1,336,167

Included in finance income are income on impaired assets amounting to RM11.7 million (31 March 2022: RM8.4 million).

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

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

ii) Income derived from investment of other deposits

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Financing and advances	684,885	496,094	684,885	496,094
Money at call and deposits with financial institutions	32,227	14,095	32,227	14,095
Financial assets purchased under resale agreements	5,119	11,642	5,119	11,642
Financial investments at fair value through other comprehensive income	53,910	46,140	53,910	46,140
Financial investments at amortised cost	88,792	73,846	88,792	73,846
Financial investments at fair value through profit or loss	724	230	724	230
	865,657	642,047	865,657	642,047
Amortisation of premiums, net	(5,942)	(6,288)	(5,942)	(6,288)
Total finance income and hibah	859,715	635,759	859,715	635,759
Other operating income :				
Fee income:				
- Processing fees	1,471	1,602	1,471	1,602
- Commissions	16,060	16,865	16,060	16,865
- Service charges and other fees	20,750	15,571	20,750	15,571
Gains on disposal of financial investments at fair value through other comprehensive income	6,637	2,465	6,637	2,465
Gains on disposal of financial investments at fair value through profit or loss	299	504	299	504
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	123	(447)	123	(447)
- Derivatives	2,121	1,082	2,121	1,082
(Losses)/gains on foreign exchange:				
- Realised	(3,114)	12,282	(3,114)	12,282
- Unrealised	24,686	(16,354)	24,686	(16,354)
Realised (losses)/gains on derivatives	(706)	410	(706)	410
Others	200	144	200	144
Total other operating income	68,527	34,124	68,527	34,124
Total	928,242	669,883	928,242	669,883

Included in finance income are income on impaired assets amounting to RM5.7 million (31 March 2022: RM4.3 million).

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

A24. Income derived from investment of investment account funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Financing and advances	272,072	260,379	272,072	260,379
Total finance income and hibah	272,072	260,379	272,072	260,379
Other operating income :				
Fee income:				
- Commissions	1,346	288	1,346	288
- Service charges and other fees	185	52	185	52
Total other operating income	1,531	340	1,531	340
Total	273,603	260,719	273,603	260,719

A25. Income derived from investment of shareholder's funds

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Financing and advances	118,981	83,644	118,981	83,644
Money at call and deposits with financial institutions	5,599	2,377	5,599	2,377
Financial assets purchased under resale agreements	889	1,963	889	1,963
Financial investments at fair value through other comprehensive income	9,365	7,779	9,365	7,779
Financial investments at amortised cost	15,425	12,451	15,425	12,451
Financial investments at fair value through profit or loss	126	39	126	39
	150,385	108,253	150,385	108,253
Amortisation of premiums, net	(1,032)	(1,060)	(1,032)	(1,060)
Total finance income and hibah	149,353	107,193	149,353	107,193

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

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Other operating income :				
Fee income:				
- Processing fees	256	270	256	270
- Commissions	2,790	2,842	2,790	2,842
- Service charges and other fees	3,605	2,625	3,605	2,625
Gains on disposal of financial investments at fair value through other comprehensive income	1,153	416	1,153	416
Gains on disposal of financial investments at fair value through profit or loss	52	85	52	85
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	21	(75)	21	(75)
- Derivatives	368	182	368	182
(Losses)/gains on foreign exchange:				
- Realised	(541)	2,071	(541)	2,071
- Unrealised	4,289	(2,757)	4,289	(2,757)
Realised (losses)/gains on derivatives	(123)	69	(123)	69
Others	35	24	35	24
Total other operating income	11,905	5,752	11,905	5,752
Total	161,258	112,945	161,258	112,945

Included in finance income are income on impaired assets amounting to RM1.0 million (31 March 2022: RM0.7 million).

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

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
(Writeback of)/allowances for impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	(49,475)	(95,036)	(49,475)	(95,036)
- Stage 2 - Lifetime ECL not credit impaired, net	139,932	(2,606)	139,932	(2,606)
- Stage 3 - Lifetime ECL credit impaired, net	122,781	229,142	122,781	229,142
Impaired financing and advances				
- Written-off	3,748	4,078	3,748	4,078
- Recovered	(31,851)	(26,807)	(31,851)	(26,807)
Allowances for/(writeback of) impairment losses on other debts	44	(168)	44	(168)
	185,179	108,603	185,179	108,603

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(90)	212	(90)	212
- Stage 2 - Lifetime ECL not credit impaired, net	(66)	1,142	(66)	1,142
	(156)	1,354	(156)	1,354
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	(3,674)	210	(3,674)	210
- Stage 2 - Lifetime ECL not credit impaired, net	851	662	851	662
	(2,823)	872	(2,823)	872
	(2,979)	2,226	(2,979)	2,226

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

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 December	31 December	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	(95)	(1,239)	(95)	(1,239)
	<u>(95)</u>	<u>(1,239)</u>	<u>(95)</u>	<u>(1,239)</u>

A29. Profit distributed to depositors

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-mudharabah fund	1,301,979	573,561	1,301,979	573,561
Deposits and placements of banks and other financial institutions				
- Non-mudharabah fund	181,949	100,398	181,949	100,398
Structured deposits				
- Non-mudharabah fund	137	128	137	128
Total	<u>1,484,065</u>	<u>674,087</u>	<u>1,484,065</u>	<u>674,087</u>

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

A30. Overhead expenses

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Personnel expenses	15,272	16,100	15,272	16,100
- Salaries, allowances and bonuses	11,172	11,991	11,172	11,991
- Retirement cost	1,692	1,904	1,692	1,904
- ESGP expenses	737	739	737	739
- Other staff related expenses	1,671	1,466	1,671	1,466
Establishment costs	1,267	1,592	1,267	1,592
- Depreciation of right-of-use assets	589	740	589	740
- Depreciation of property, plant and equipment	35	115	35	115
- Repairs, servicing and maintenance	63	42	63	42
- Information technology expenses	533	637	533	637
- Finance cost on lease liabilities	47	58	47	58
Marketing costs	1,543	1,554	1,543	1,554
- Advertisement and publicity	1,061	838	1,061	838
- Others	482	716	482	716
Administration and general expenses	584,901	443,482	584,901	443,482
- Fees and brokerage	22,392	10,592	22,392	10,592
- Administrative expenses	4,759	4,484	4,759	4,484
- General expenses	5,114	6,028	5,114	6,028
- Shared service cost paid/payable to Maybank and related company	552,636	422,378	552,636	422,378
Total	602,983	462,728	602,983	462,728

A31. Finance costs

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Subordinated sukuk	18,247	18,247	18,247	18,247
Capital securities	11,737	12,205	11,737	12,205
Term funding	104,775	69,041	104,775	69,041
	134,759	99,493	134,759	99,493

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

A32. Taxation and zakat

The analysis of the taxation and zakat expense are as follows:

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Malaysian income tax	190,455	372,675	190,455	372,675
Under provision in prior period:				
Malaysian income tax	-	14,185	-	14,185
Deferred tax				
- Relating to origination and reversal of temporary differences	(13,709)	162	(13,709)	162
Tax expense for the financial period	176,746	387,022	176,746	387,022
Zakat	13,055	20,184	13,055	20,184
	189,801	407,206	189,801	407,206

A33. Subsequent events to the balance sheet

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

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

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 2023			31 December 2022		
	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	3,232,058	2,983,430	2,454,056	3,051,481	2,801,221	1,964,993
Certain transaction-related contingent items	3,907,575	1,925,907	1,254,567	3,626,371	1,773,332	1,077,872
Short-term self-liquidating trade-related contingencies	475,704	96,616	28,893	460,706	94,078	28,023
	7,615,337	5,005,953	3,737,516	7,138,558	4,668,631	3,070,888
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- maturity within one year	35,474,466	1,872,313	358,098	35,592,554	1,819,903	356,347
- maturity exceeding one year	11,398,217	21,628,257	8,240,013	11,097,267	21,934,391	7,719,692
	46,872,683	23,500,570	8,598,111	46,689,821	23,754,294	8,076,039
Miscellaneous commitments and contingencies	67,199	98,604	5,616	1,599,299	42,903	-
Total credit-related commitments and contingencies	54,555,219	28,605,127	12,341,243	55,427,678	28,465,828	11,146,927

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

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 2023			31 December 2022		
	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	17,783,068	142,738	54,133	16,581,360	258,326	70,977
- one year to less than five years	3,041,168	189,976	85,113	3,013,711	242,332	96,492
- more than five years	567,743	40,464	12,695	541,594	54,166	15,526
Profit rate related contracts:						
- less than one year	3,165,120	5,539	3,235	3,012,000	16,109	5,270
- one year to less than five years	1,693,526	26,570	5,226	1,700,437	48,024	10,057
- more than five years	220,000	13,860	5,068	220,000	17,937	5,949
Total treasury-related commitments and contingencies	26,470,625	419,147	165,470	25,069,102	636,894	204,271
Total commitments and contingencies	81,025,844	29,024,274	12,506,713	80,496,780	29,102,722	11,351,198

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

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

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 2023 (2021: 4.5%, 6.0% and 8.0% of total RWA).

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

A35. Capital Adequacy (cont'd.)

(c) The capital adequacy ratios of the Bank

The capital adequacy ratios of the Bank are as follows:

	31 March 2023	31 December 2022
Capital ratios		
CET1 capital ratio	13.133%	14.100%
Tier 1 capital ratio	14.177%	15.171%
Total capital ratio	16.821%	17.844%

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

	31 March 2023 RM'000	31 December 2022 RM'000
CET1 capital		
Share capital	11,676,910	11,029,955
Retained profits	1,244,400	2,655,423
Other reserves	660,327	727,027
CET1 capital before regulatory adjustments	13,581,637	14,412,405
Less: Regulatory adjustment applied in CET1 capital	(1,001,507)	(1,244,216)
Deferred tax assets	(257,654)	(288,433)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(45,565)	(51,129)
Regulatory reserve	(698,288)	(904,654)
Total CET1 Capital	12,580,130	13,168,189
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 capital	13,580,130	14,168,189
Tier 2 capital		
Subordinated sukuk	2,000,000	2,000,000
General provision ¹	44,333	23,001
Surplus of eligible provision over expected loss	487,970	473,343
Total Tier 2 capital	2,532,303	2,496,344
Total Capital	16,112,433	16,664,533

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.

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

A35. Capital Adequacy (cont'd.)

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

	31 March 2023 RM'000	31 December 2022 RM'000
Standardised Approach exposure	2,565,071	2,721,390
Internal Ratings-Based Approach exposure after scaling factor	92,113,837	89,387,080
Total RWA for credit risk	94,678,908	92,108,470
Total RWA for credit risk absorbed by the holding company and Investment Account Holders ("IAH") [^]	(10,785,509)	(10,496,635)
Total RWA for market risk	647,769	781,233
Total RWA for operational risk	11,247,923	10,996,646
Total RWA	95,789,091	93,389,714

[^]

In accordance to the BNM Investment Account policy, the credit risk weighted assets funded by investment accounts (Unrestricted Investment Account and Restricted Investment Account) are excluded from the calculation of capital adequacy ratio of the Bank.

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

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 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 at 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 price included 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 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 other comprehensive income

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

Financing and advances at fair value through other comprehensive income

The fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new customers with similar credit profiles.

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

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 2023 and 31 December 2022 is summarised in the table:

As at 31 March 2023	<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	-	400,128	-	400,128
<i>Money market instruments</i>	-	400,128	-	400,128
Financial investments at fair value through other comprehensive income	-	16,850,068	1,250	16,851,318
<i>Money market instruments</i>	-	13,675,859	-	13,675,859
<i>Unquoted securities</i>	-	3,174,209	1,250	3,175,459
Financing and advances at fair value through other comprehensive income	-	-	3,708,406	3,708,406
Derivative assets	-	171,399	-	171,399
<i>Foreign exchange related contracts</i>	-	156,522	-	156,522
<i>Profit rate related contracts</i>	-	14,877	-	14,877
	-	17,421,595	3,709,656	21,131,251
Financial liabilities measured at fair value:				
Derivative liabilities	-	222,586	-	222,586
<i>Foreign exchange related contracts</i>	-	178,960	-	178,960
<i>Profit rate related contracts</i>	-	43,626	-	43,626
	-	222,586	-	222,586

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

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 2023 and 31 December 2022 is summarised in the table (cont'd.):

As at 31 December 2022	<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	-	309,504	-	309,504
<i>Unquoted securities</i>	-	309,504	-	309,504
Financial investments at fair value through other comprehensive income	-	15,644,733	1,250	15,645,983
<i>Money market instruments</i>	-	12,457,878	-	12,457,878
<i>Unquoted securities</i>	-	3,186,855	1,250	3,188,105
Financing and advances at fair value through other comprehensive income	-	-	3,141,460	3,141,460
Derivative assets	-	263,763	-	263,763
<i>Foreign exchange related contracts</i>	-	242,898	-	242,898
<i>Profit rate related contracts</i>	-	20,865	-	20,865
	-	16,218,000	3,142,710	19,360,710
Financial liabilities measured at fair value:				
Derivative liabilities	-	384,674	-	384,674
<i>Foreign exchange related contracts</i>	-	340,916	-	340,916
<i>Profit rate related contracts</i>	-	43,758	-	43,758
	-	384,674	-	384,674

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

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

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

	At 1 January 2023 RM'000	Unrealised losses recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	Exchange differences RM'000	At 31 March 2023 RM'000
As at 31 March 2023						
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	3,141,460	(1,221)	582,144	(14,184)	207	3,708,406
Total Level 3 financial assets	3,142,710	(1,221)	582,144	(14,184)	207	3,709,656

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

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 2022 RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements/ Amount related to RPSIA RM'000	Exchange differences RM'000	At 31 December 2022 RM'000
As at 31 December 2022						
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	2,175,615	42,999	1,048,672	(132,868)	7,042	3,141,460
Total Level 3 financial assets	<u>2,176,865</u>	<u>42,999</u>	<u>1,048,672</u>	<u>(132,868)</u>	<u>7,042</u>	<u>3,142,710</u>

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

There were no transfers between Level 1 and Level 2 for the Bank during the 3 months financial period ended 31 March 2023.

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 2023.

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

Part B: Review of Performance & Current Year Prospects

B1. Performance Review

The Bank recorded a profit before taxation and zakat of RM796.4 million for the financial period ended 31 March 2023, a decrease of 21.2% or RM214.1 million compared to the previous corresponding period.

Allowance for impairment of assets for the Bank increased by RM72.5 million or 66.2% from a charge of RM109.6 million in last year corresponding period to RM182.1 million for the financial period ended 31 March 2023.

Total income grew by RM889.5 million or 37.4% to RM3,269.2 million from RM2,379.7 million in the previous corresponding period. Total income represents income derived from investment of depositors' funds, income derived from investment account funds and income derived from investment of shareholder's funds of RM2,834.4 million, RM273.6 million and RM161.3 million respectively.

As at 31 March 2023, the Bank's gross financing and advances for the year grew by 1.2% to RM219.9 billion as compared to RM217.4 billion recorded as at 31 December 2022. Total Islamic banking assets owned and managed by the Bank decreased by 1.9% to RM314.1 billion as compared to RM320.1 billion recorded as at last financial year end.

Total customer funding decreased by 1.2% to RM232.6 billion, contributed by negative growth in customer deposits of 2.2% at RM205.2 billion against RM209.8 billion as at 31 December 2022. Investment account of customers increased by 6.8% to RM27.4 billion from RM25.6 billion in the last financial year end.

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 13.133%, 14.177% and 16.821% respectively.

B2. Prospects

Global economic growth is expected to moderate at 2.0% in 2023 (2022: 3.4%) due to slower growth of advanced economies arising from tightening global monetary and financial policies to curb inflationary pressures. However, the ASEAN economy is expected to benefit from the anticipated pick-up in tourism, bilateral trade and foreign direct investment flows mainly supported by China's firmer growth following its economic reopening.

Malaysia's economy is expected to grow at 4.5% in 2023 after a strong rebound of 8.7% in 2022, factoring in the environment of slower global growth on external demand and higher interest rates on moderating domestic demand. However, the economy is anticipated to be supported by the recovery in tourism and investment growth on capacity expansion, multi-year projects and the resumption of large-scale infrastructure projects. Following the 25bps rate hike to 3.00% in May 2023, Bank Negara Malaysia (BNM) is expected to hold the Overnight Policy Rate for the rest of 2023. BNM has revised the interest rate cumulatively by +125bps between May 2022 to May 2023.

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

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

B2. Prospects (cont'd.)

Against the backdrop of moderating global and domestic economic growth, the Bank remains committed to its vision of becoming a Global Islamic Finance leader via its ongoing efforts in creating differentiators and refining its value drivers. This includes amongst others intensifying its existing business in its home and key international markets. The Bank continues to develop its Islamic Wealth Management capabilities, building up its Halal financial solutions for Halal ecosystem, deepening digitalisation and greater customer experience. It also continues advocating sustainability and ethical banking principles while maintaining healthy capital, liquidity, asset quality, and upholding sound shariah and risk management.