

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

**CONDENSED FINANCIAL STATEMENTS**  
**INCOME STATEMENT**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	Unaudited		Audited	
		31 December 2020 RM'000	31 December 2019 RM'000 (Restated)*	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)*
Income derived from investment of depositors' funds	A23	2,100,166	2,474,302	8,577,690	9,538,085
Income derived from investment of investment account funds	A24	246,479	248,938	1,008,062	1,051,729
Income derived from investment of shareholder's funds	A25	119,078	120,556	411,548	426,290
(Allowances for)/writeback of impairment losses on financing and advances, net	A26	(392,703)	254,437	(928,878)	282,866
(Allowances for)/writeback of impairment losses on financial investments, net	A27	(240,345)	1,006	(253,252)	(3,954)
Allowances for impairment losses on other financial assets, net	A28	(1,362)	(1)	(1,452)	-
<b>Total distributable income</b>		<b>1,831,313</b>	<b>3,099,238</b>	<b>8,813,718</b>	<b>11,295,016</b>
Profit distributed to depositors	A29	(883,874)	(1,389,703)	(4,361,490)	(5,568,769)
Profit distributed to investment account holders		(77,328)	(126,758)	(370,986)	(566,816)
<b>Total net income</b>		<b>870,111</b>	<b>1,582,777</b>	<b>4,081,242</b>	<b>5,159,431</b>
Overhead expenses	A30	(383,057)	(340,886)	(1,595,737)	(1,453,793)
Finance costs	A31	(112,555)	(121,361)	(482,323)	(416,622)
<b>Profit before taxation and zakat</b>		<b>374,499</b>	<b>1,120,530</b>	<b>2,003,182</b>	<b>3,289,016</b>
Taxation	A32	(76,964)	(277,290)	(478,886)	(747,646)
Zakat	A32	7,424	(24,580)	(13,248)	(30,351)
<b>Profit for the period/year</b>		<b>304,959</b>	<b>818,660</b>	<b>1,511,048</b>	<b>2,511,019</b>
<b>Profit attributable to:</b>					
Equity holder of the Bank		<b>304,959</b>	818,660	<b>1,511,048</b>	2,511,019
<b>Earnings per share attributable to equity holder of the Bank</b>					
- basic/diluted (sen)		<b>83.46</b>	241.56	<b>429.84</b>	740.91

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

**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)*	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)*
<b>Profit for the period/year</b>	<b>304,959</b>	818,660	<b>1,511,048</b>	2,511,019
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain on foreign exchange translation	269	139	321	82
Net gain/(loss) on financial investments at fair value through other comprehensive income	<b>27,447</b>	(62,969)	<b>306,702</b>	344,186
- Net gain/(loss) from change in fair value	<b>39,685</b>	(81,882)	<b>399,934</b>	454,140
- Changes in expected credit losses	<b>(2,713)</b>	(737)	<b>2,752</b>	(960)
- Income tax effect	<b>(9,525)</b>	19,650	<b>(95,984)</b>	(108,994)
Other comprehensive income/(loss) for the period/year, net of tax	<b>27,716</b>	(62,830)	<b>307,023</b>	344,268
<b>Total comprehensive income for the period/year, net of tax</b>	<b>332,675</b>	755,830	<b>1,818,071</b>	2,855,287
<b>Total comprehensive income attributable to:</b>				
Equity holder of the Bank	<b>332,675</b>	755,830	<b>1,818,071</b>	2,855,287

\* Details of the restatement of comparatives as disclosed in Note 38.

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	31 December 2020	31 December 2019	1 January 2019
Note	RM'000	RM'000 (Restated)*	RM'000 (Restated)*
<b>ASSETS</b>			
Cash and short-term funds	9,890,517	21,703,239	21,922,103
Deposits and placements with banks and other financial institutions	-	-	251,328
Financial assets purchased under resale agreements	3,625,611	-	-
Financial investments at fair value through profit or loss	A11(i) -	383,194	995,072
Financial investments at fair value through other comprehensive income	A11(ii) 18,453,139	15,292,520	12,447,389
Financial investments at amortised cost	A11(iii) 16,381,007	9,671,676	6,454,985
Financing and advances	A12 203,666,875	189,762,974	174,268,203
Derivative assets	A13 385,303	200,414	403,993
Other assets	A14 2,804,924	3,741,672	4,032,596
Statutory deposit with Bank Negara Malaysia	12,591	4,242,037	4,205,000
Property, plant and equipment	979	1,458	-
Right-of-use assets	9,901	12,966	-
Deferred tax assets	-	-	24,077
<b>TOTAL ASSETS</b>	<b>255,230,847</b>	<b>245,012,150</b>	<b>225,004,746</b>
<b>LIABILITIES</b>			
Customers' funding:			
- Deposits from customers	A15 165,268,246	161,039,140	147,781,749
- Investment accounts of customers <sup>1</sup>	A16 23,840,796	20,737,670	23,565,061
Deposits and placements of banks and other financial institutions	A17 38,770,852	38,827,556	32,174,135
Bills and acceptances payable	38,086	137,893	11,050
Financial liabilities at fair value through profit or loss	-	-	385,687
Derivative liabilities	A13 656,302	221,674	391,949
Other liabilities	A18 339,080	170,965	2,129,694
Provision for zakat	14,373	30,304	23,450
Term funding	A20 10,895,058	9,891,993	4,738,180
Subordinated sukuk	A21 2,028,303	2,028,311	2,534,301
Capital securities	A22 1,002,441	1,002,170	1,002,441
Deferred tax liabilities	449,812	83,002	-
<b>TOTAL LIABILITIES</b>	<b>243,303,349</b>	<b>234,170,678</b>	<b>214,737,697</b>

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

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Note	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)*	1 January 2019 RM'000 (Restated)*
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>				
Share capital		7,929,444	7,197,398	7,197,398
Retained profits		2,756,457	2,457,477	2,760,303
Other reserves		1,241,597	1,186,597	309,348
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>11,927,498</b>	<b>10,841,472</b>	<b>10,267,049</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>255,230,847</b>	<b>245,012,150</b>	<b>225,004,746</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A35	<b>76,524,814</b>	<b>63,976,328</b>	<b>59,033,318</b>
<b><u>CAPITAL ADEQUACY</u></b>	A36			
The capital adequacy ratios of the Bank are as follows:				
CET1 capital ratio		13.773%	13.799%	16.039%
Tier 1 capital ratio		15.030%	15.206%	17.656%
Total capital ratio		<b>18.063%</b>	<b>18.545%</b>	<b>22.221%</b>

\* Details of the restatement of comparatives as disclosed in Note 38.

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**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<=====Non-distributable=====>					Distributable	
	Share capital RM'000	Equity contribution from the holding company RM'000	Fair value through other comprehensive income reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 January 2020</b>							
- as previously stated	7,197,398	1,697	338,321	846,497	82	2,676,002	11,059,997
- restatement of comparatives (Note A38)	-	-	-	-	-	(218,525)	(218,525)
<b>At 1 January 2020, as restated</b>	<b>7,197,398</b>	<b>1,697</b>	<b>338,321</b>	<b>846,497</b>	<b>82</b>	<b>2,457,477</b>	<b>10,841,472</b>
Profit for the year	-	-	-	-	-	1,511,048	1,511,048
Other comprehensive income	-	-	306,702	-	321	-	307,023
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>306,702</b>	<b>-</b>	<b>321</b>	<b>1,511,048</b>	<b>1,818,071</b>
Transfer from regulatory reserve	-	-	-	(252,023)	-	252,023	-
Issue of ordinary shares (Notes A8(i)(a))	732,046	-	-	-	-	-	732,046
Dividend on ordinary shares (Note A9(a))	-	-	-	-	-	(1,464,091)	(1,464,091)
<b>Total transactions with shareholder/ other equity movements</b>	<b>732,046</b>	<b>-</b>	<b>-</b>	<b>(252,023)</b>	<b>-</b>	<b>(1,212,068)</b>	<b>(732,045)</b>
<b>At 31 December 2020</b>	<b>7,929,444</b>	<b>1,697</b>	<b>645,023</b>	<b>594,474</b>	<b>403</b>	<b>2,756,457</b>	<b>11,927,498</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<=====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
<b>At 1 January 2019</b>							
- as previously stated	7,197,398	1,697	(5,865)	313,516	-	2,970,618	10,477,364
- restatement of comparatives (Note A38)	-	-	-	-	-	(210,315)	(210,315)
<b>At 1 January 2019, as restated</b>	7,197,398	1,697	(5,865)	313,516	-	2,760,303	10,267,049
Profit for the year	-	-	-	-	-	2,511,019	2,511,019
Other comprehensive income	-	-	344,186	-	82	-	344,268
<b>Total comprehensive income for the year</b>	-	-	344,186	-	82	2,511,019	2,855,287
Transfer to regulatory reserve	-	-	-	532,981	-	(532,981)	-
Dividend on ordinary shares	-	-	-	-	-	(2,280,864)	(2,280,864)
<b>Total transactions with shareholder/ other equity movements</b>	-	-	-	532,981	-	(2,813,845)	(2,280,864)
<b>At 31 December 2019</b>	7,197,398	1,697	338,321	846,497	82	2,457,477	10,841,472

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

**MAYBANK ISLAMIC BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	2,003,182	3,289,016
Adjustments for:		
Amortisation of premiums/(accretion of discounts), net	31,983	(24,622)
Allowances for/(writeback of) impairment losses on financing and advances	1,019,200	(186,705)
Allowances for impairment losses on financial investments	253,252	3,954
Allowances for impairment losses on other financial assets	1,452	-
Modification loss on contractual cash flows arising from financial assets	240,920	-
Depreciation of property, plant and equipment	505	164
Depreciation of right-of-use assets	3,129	2,145
Finance cost on lease liabilities	398	240
Unrealised losses/(gains) on revaluation of derivatives	15,203	(603)
Unrealised losses/(gains) on revaluation of financial investments at fair value through profit or loss	674	(909)
Unrealised gains on revaluation of financial liabilities at fair value through profit or loss	-	(701)
Gains on disposal of financial investments at fair value through other comprehensive income	(101,270)	(74,112)
Gains on disposal of financial investment at fair value through profit or loss	(8,829)	(7,523)
Gains on foreign exchange translations	(97,821)	(69,016)
ESGP expenses	2,066	1,239
Finance cost	482,323	416,622
Operating profit before working capital changes	3,846,367	3,349,189
Change in deposits and placements with banks and other financial institutions	-	251,328
Change in cash and short-term funds with original maturity of more than three months	-	50,452
Change in financial assets purchased under resale agreements	(3,627,063)	-
Change in financial investments portfolio	(9,268,095)	(4,894,493)
Change in financing and advances	(15,155,806)	(15,307,126)
Change in derivative assets and liabilities	234,536	33,908
Change in other assets	937,068	285,197
Change in statutory deposit with Bank Negara Malaysia	4,229,446	(37,037)
Change in deposits from customers	4,229,106	13,257,391
Change in deposits and placements of banks and other financial institutions	41,028	6,722,421
Change in investment accounts of customers	3,103,126	(2,827,391)
Change in financial liabilities at fair value through profit or loss	-	(384,986)
Change in bills and acceptances payable	(99,807)	126,843
Change in other liabilities	168,381	(1,964,407)
Cash used in operating activities	(11,361,713)	(1,338,711)
Taxes and zakat paid	(237,239)	(775,651)
<b>Net cash used in operating activities</b>	(11,598,952)	(2,114,362)

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000 (Restated)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3)	(1,620)
<b>Net cash used in investing activities</b>	(3)	(1,620)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	732,046	-
Dividend paid on ordinary shares	(1,464,091)	(2,280,864)
Dividend paid for capital securities	(49,364)	(49,771)
Dividend paid for subordinated sukuk	(91,759)	(104,250)
Redemption of subordinated sukuk	-	(500,000)
Drawdown of term funding	1,115,919	5,250,000
Dividend paid for term funding	(453,790)	(365,048)
Repayment of lease liabilities	(2,728)	(2,497)
<b>Net cash (used in)/generated from financing activities</b>	(213,767)	1,947,570
<b>Net decrease in cash and cash equivalents</b>	(11,812,722)	(168,412)
Cash and cash equivalents at beginning of year	21,703,239	21,871,651
<b>Cash and cash equivalents at end of year</b>	9,890,517	21,703,239
 <b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	9,890,517	21,703,239

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**Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting**

**A1. Basis of preparation**

The unaudited condensed interim financial statements for Maybank Islamic Berhad ("MIB" or "the Bank") have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the principles of Shariah.

The unaudited condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2019.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2019 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs"), which are effective for annual periods beginning on or after 1 January 2020:

- Revised Conceptual Framework for Financial Reporting
- Amendments to MFRS 3 *Definition of a Business*
- Amendment to MFRS 16 *Leases - COVID-19 Related Rent Concessions*
- Amendments to MFRS 101 and MFRS 108 *Definition of Material*
- Amendments to MFRS 7, MFRS 9 and MFRS 139 *Profit Rate Benchmark Reform (Phase 1)*

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

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

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

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

On 9 December 2020, BNM issued the revised policy document on Capital Adequacy Framework for Islamic Banks (Capital Components) which came into effect immediately and shall be applied prospectively. The revised policy document applies to financial institutions in Malaysia which covers licensed Islamic banks, licensed banks carrying on Islamic banking business and financial holding companies. The revised policy document superseded policy documents issued by BNM previously, namely Capital Adequacy Framework for Islamic Banks (Capital Components) dated 5 February 2020 and Guidelines on the Recognition and Measurement of Profit Sharing Investment Account as Risk Absorbent dated 22 July 2011.

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**A1. Basis of preparation (cont'd.)**

**Revised Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM (cont'd.)**

The revised policy document was updated to include:

- (a) Additional capital buffer requirements on the HLA requirements for financial institution that is designated as a D-SIB; and
- (b) The transitional arrangements for regulatory capital treatment of accounting provisions. Financial institutions which elect to apply the transitional arrangements are allowed to add back a portion of the Stage 1 and Stage 2 provisions for ECL to Common Equity Tier 1 Capital over a four-year period from financial year beginning 2020 or a three-year period from financial year beginning 2021. This is consistent with the guidance issued by the Basel Committee of Banking Supervision on "Regulatory treatment of accounting provisions – interim approach and transitional arrangement" (March 2017) and "Measures to reflect the impact of COVID-19" (April 2020).

For the financial year ended 31 December 2020, the Bank does not elect to apply the transitional arrangement and will reassess the position in 2021. The application of the revised policy documents do not have any significant impact to the financial statements of the Bank.

**Measures announced by BNM to assist individuals, small-medium enterprises ("SMEs") and corporates affected by COVID-19**

During the financial year ended 31 December 2020, BNM had announced various COVID-19 assistance programmes which aimed to support economy at large and provide relief to all affected individuals, SMEs and corporations. The support measures include the following:

Automatic six-month moratorium

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

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

Repayment assistance and classification in the Central Credit Reference Information System ("CCRIS")

Recognising the challenging environment, financial institutions are granting additional repayment assistance for individuals and SMEs whose income have been affected by the pandemic, to support economic recovery and safeguard livelihood of Malaysians.

The assistance is extended to facilities approved before 1 October 2020 which are not in arrears of more than 90 days at the time a customer requests for repayment assistance. The additional repayment assistance will be available to eligible customers until 30 June 2021.

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**A1. Basis of preparation (cont'd.)**

**Measures announced by BNM to assist individuals, small-medium enterprises ("SMEs") and corporates affected by COVID-19 (cont'd.)**

During the financial year ended 31 December 2020, BNM had announced various COVID-19 assistance programmes which aimed to support economy at large and provide relief to all affected individuals, SMEs and corporations. The support measures included the following (cont'd.):

Repayment assistance and classification in the Central Credit Reference Information System ("CCRIS") (cont'd.)

The repayment assistance does not automatically result in a stage transfer under MFRS 9 in the absence of other factors indication evidence of significant increase in credit risk ("SICR"). Judgement and more holistic assessment of all relevant indicators and information, such as historical repayment and delinquency trend pre-COVID-19 pandemic, are applied in determining SICR. In addition, the financing that is approved under repayment assistance is exempted to be reported as rescheduling and restructuring ("R&R") and credit impaired in CCRIS.

Supervisory and Prudential Measures

During the financial year ended 31 December 2020, financial institutions are allowed to operate below the minimum Net Stable Funding Ratio and Liquidity Coverage Ratio of 100%, draw down the capital conservation buffer of 2.5% and reduce the regulatory reserves held against expected losses to 0%. However, financial institutions are expected to restore their buffer to the minimum regulatory requirement by 30 September 2021.

As at 31 December 2020, the Bank did not opt for any of the prudential buffers.

**Standards and annual improvements to standards issued but not yet effective**

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Bank's financial statements. The Bank intends to adopt these standards, annual improvements to standards, if applicable, when they become effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 <i>Profit Rate Benchmark Reform - (Phase 2)</i>	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets Onerous Contract - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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**A1. Basis of preparation (cont'd.)**

**Standards and annual improvements to standards issued but not yet effective (cont'd.)**

**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 company 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2021, retrospectively in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, without the need to restate comparative information. Restatement of prior periods is permitted if, and only if, it is possible without the use of hindsight. Earlier application is permitted.

The Bank has established a project team to evaluate the potential impact of adopting this standard on the required effective date.

**Annual Improvements to MFRS Standards 2018 - 2020**

The amendments permit a subsidiary that elects to apply paragraph D13(a) of MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS. These amendments are also applied to an associate or joint venture that elects to apply paragraph D13(a) of MFRS 1. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have any impact on the Bank's financial statements.

**Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use***

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments did not expect to have any impact on the Bank's financial statements.

**Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fulfilling a Contract***

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

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**A1. Basis of preparation (cont'd.)**

**Standards, annual improvements to standards issued but not yet effective (cont'd.)**

**Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fulfilling a Contract* (cont'd.)**

The amendment is to be applied prospectively in annual periods beginning on or after 1 January 2022, earlier application is permitted. The amendments do not expected to have any impact on the Bank's financial statements.

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

The amendments clarify the following:

- 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, with earlier application is permitted. The Bank are currently assessing the impact of adopting the amendments on the required effective date.

**Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments clarify that:

- Gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- Gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the MASB. Earlier application is permitted. These amendments are not expected to have any impact on the Bank.

**A2. Significant Accounting Policies**

The audited annual financial statements of the Bank for the financial year ended 31 December 2019 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2019 except for the adoption of the amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2020 and new requirements of BNM's policy documents as disclosed in Note A1.

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**A3. Significant Accounting Estimates and Judgements**

The preparation of unaudited condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2019.

**A4. Auditors' Report on Preceding Audited Annual Financial Statements**

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

**A5. Seasonal or Cyclical Factors**

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the financial year ended 31 December 2020.

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

During the financial year ended 31 December 2020, save as disclosed in Note A8, A20, A23, A24 and A25, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank.

**A7. Changes in Estimates**

There were no material changes in estimates during the financial year ended 31 December 2020.

**A8. Changes in Debt and Equity Securities**

(i) The following are the changes in debt and equity securities for the Bank during the financial year ended 31 December 2020:

(a) **Share Capital**

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

(b) **Term funding**

**Issuance/redemption of term funding by Maybank Islamic Berhad**

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

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**A8. Changes in Debt and Equity Securities (cont'd.)**

- (ii) The following are the changes in debt and equity securities for the Bank subsequent to the fourth quarter and 12 months financial year ended 31 December 2020 and have not been reflected in the financial statements for the fourth quarter and 12 months financial year ended 31 December 2020:

(a) **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) <sup>1</sup>	10 years

<sup>1</sup> This subordinated sukuk was fully redeemed on the First Call Date.

**A9. Dividends Paid/Declared**

- (a) During the Annual General Meeting held on 8 May 2020, a final single-tier dividend of RM4.32 per ordinary share on 338,910,000 ordinary shares, amounting to RM1,464,091,200 was approved by shareholder. The payment of dividend was completed on 10 June 2020.
- (b) At the forthcoming Annual General Meeting, a final tax-exempt (single-tier) dividend in respect of the current 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.

**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 December 2020 RM'000	31 December 2019 RM'000
Financial investments at fair value through profit or loss	(i)	-	383,194
Financial investments at fair value through other comprehensive income	(ii)	<b>18,453,139</b>	15,292,520
Financial investments at amortised cost	(iii)	<b>16,381,007</b>	9,671,676
		<b><u>34,834,146</u></b>	<b><u>25,347,390</u></b>

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

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

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

	31 December 2020 RM'000	31 December 2019 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	<b>13,473,916</b>	11,743,868
Negotiable Islamic Instruments of Deposits	-	1,198,172
Khazanah Sukuk	<b>29,032</b>	-
	<b><u>13,502,948</u></b>	<b><u>12,942,040</u></b>



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**A11. Financial investments portfolio (cont'd.)**

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

	31 December 2020 RM'000	31 December 2019 RM'000
<b>Unquoted securities:</b>		
<b>In Malaysia:</b>		
Corporate Sukuk	4,147,084	2,289,237
Government Sukuk	41,892	43,374
Equity	1,250	1,250
	<u>4,190,226</u>	<u>2,333,861</u>
<b>Outside Malaysia:</b>		
Islamic Corporate Sukuk	759,965	16,619
	<u>4,950,191</u>	<u>2,350,480</u>
<b>Total financial investments at FVOCI</b>	<u><b>18,453,139</b></u>	<u><b>15,292,520</b></u>

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>As at 31 December 2020</b>				<b>RM'000</b>
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>

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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.):

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

**(iii) Financial investments at amortised cost**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	4,588,339	1,843,057
Khazanah Sukuk	932,288	-
	<u>5,520,627</u>	<u>1,843,057</u>
<b>Unquoted securities:</b>		
<b>In Malaysia:</b>		
Corporate Sukuk	11,130,024	7,846,614
Allowances for impairment losses	(269,644)	(17,995)
<b>Total financial investments at amortised cost</b>	<u>16,381,007</u>	<u>9,671,676</u>

(a) As at 31 December 2020, the exposure of the financial investments at amortised cost funded by RPSIA was RM2,884.2 million (31 December 2019: RM2,206.7 million).

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**A11. Financial investments portfolio (cont'd.)**

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

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-month ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	
<b>As at 31 December 2020</b>				
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	<b>38,379</b>	<b>231,265</b>	<b>-</b>	<b>269,644</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2019</b>				
At 1 January 2019	6,025	9,354	-	15,379
Transferred to Stage 1	9,354	(9,354)	-	-
Net remeasurement of allowances	(12,129)	-	-	(12,129)
New financial assets purchased	15,500	-	-	15,500
Financial assets derecognised	(290)	-	-	(290)
Changes in models/risk parameters	(465)	-	-	(465)
At 31 December 2019	<b>17,995</b>	<b>-</b>	<b>-</b>	<b>17,995</b>

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**A12. Financing and advances**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Financing and advances:		
(A) Financing and advances at FVOCI	<b>2,741,267</b>	440,383
(B) Financing and advances at amortised cost	<b>289,662,732</b>	280,650,934
	<b>292,403,999</b>	281,091,317
Unearned income	<b>(85,698,158)</b>	(89,087,920)
Gross financing and advances	<b>206,705,841</b>	192,003,397
Allowances for ECL and impairment losses:		
- Stage 1 - 12-month ECL	<b>(574,213)</b>	(371,029)
- Stage 2 - Lifetime ECL not credit impaired	<b>(1,209,931)</b>	(616,576)
- Stage 3 - Lifetime ECL credit impaired	<b>(1,254,822)</b>	(1,252,818)
Net financing and advances	<b>203,666,875</b>	189,762,974

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**A12. Financing and advances (cont'd.)**

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

<b>As at 31 December 2020</b>	<b>Bai'<sup>1</sup></b> <b>RM'000</b>	<b>Murabahah</b> <b>RM'000</b>	<b>Musharakah</b> <b>RM'000</b>	<b>Al-Ijarah</b> <b>Thumma Al-</b> <b>Bai'</b> <b>("AITAB")<sup>2</sup></b> <b>RM'000</b>	<b>Ijarah<sup>3</sup></b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>financing and</b> <b>advances</b> <b>RM'000</b>
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
	<b>24,890,371</b>	<b>228,013,814</b>	<b>2,496,921</b>	<b>35,383,727</b>	<b>303,050</b>	<b>1,316,116</b>	<b>292,403,999</b>
Unearned income							<b>(85,698,158)</b>
Gross financing and advances <sup>4</sup>							<b>206,705,841</b>
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							(1,254,822)
Net financing and advances							<b>203,666,875</b>

<sup>1</sup> Bai' comprises of Bai'-Bithaman Ajil, Bai' Al-Inah and Bai'-Al-Dayn.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

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**A12. Financing and advances (cont'd.)**

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

<b>As at 31 December 2019</b>	<b>Bai'<sup>1</sup></b>	<b>Murabahah</b>	<b>Musharakah</b>	<b>Al-Ijarah Thumma Al- Bai'<sup>2</sup></b>	<b>Ijarah<sup>3</sup></b>	<b>Others</b>	<b>Total financing and advances</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>("AITAB")<sup>2</sup></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cashline	-	6,780,832	-	-	-	-	6,780,832
Term financing							
- House financing	14,680,463	70,986,581	1,975,592	-	-	616	87,643,252
- Syndicated financing	-	7,000,329	-	-	-	-	7,000,329
- Hire purchase receivables	-	4,195,944	-	36,895,190	-	-	41,091,134
- Lease receivables	-	-	-	-	195,334	-	195,334
- Other term financing	13,743,113	99,842,852	692,965	-	-	17,846	114,296,776
Trust receipts	-	140,437	-	-	-	-	140,437
Claims on customers under acceptance credits	-	5,275,548	-	-	-	-	5,275,548
Staff financing	445,245	1,889,985	8,753	175,080	636	42,796	2,562,495
Credit card receivables	-	-	-	-	-	1,269,625	1,269,625
Revolving credit	-	14,808,884	-	-	-	-	14,808,884
Share margin financing	-	19,594	-	-	-	-	19,594
Financing to:							
- Directors of the Bank	-	6,160	-	299	-	138	6,597
- Directors of related companies	-	480	-	-	-	-	480
	<u>28,868,821</u>	<u>210,947,626</u>	<u>2,677,310</u>	<u>37,070,569</u>	<u>195,970</u>	<u>1,331,021</u>	<u>281,091,317</u>
Unearned income							<u>(89,087,920)</u>
Gross financing and advances <sup>4</sup>							<u>192,003,397</u>
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(371,029)
- Stage 2 - Lifetime ECL not credit impaired							(616,576)
- Stage 3 - Lifetime ECL credit impaired							(1,252,818)
Net financing and advances							<u>189,762,974</u>

<sup>1</sup> Bai' comprises of Bai'-Bithaman Ajil, Bai' Al-Inah and Bai'-Al-Dayn.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

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**A12. Financing and advances (cont'd.)**

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

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Domestic non-banking financial institutions	<b>4,385,735</b>	4,193,842
Domestic business enterprises:		
- Small and medium enterprises	<b>26,319,703</b>	22,997,908
- Others	<b>30,637,837</b>	32,936,985
Government and statutory bodies	<b>16,144,388</b>	14,253,189
Individuals	<b>127,787,608</b>	116,114,222
Other domestic entities	<b>33,265</b>	25,025
Foreign entities	<b>1,397,305</b>	1,482,226
Gross financing and advances	<b><u>206,705,841</u></b>	<b><u>192,003,397</u></b>

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

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Fixed rate:		
- House financing	<b>1,506,079</b>	1,279,574
- Hire purchase receivables	<b>31,474,156</b>	32,344,163
- Other financing	<b>33,281,314</b>	23,203,040
Floating rate:		
- House financing	<b>53,987,854</b>	46,955,607
- Other financing	<b>86,456,438</b>	88,221,013
Gross financing and advances	<b><u>206,705,841</u></b>	<b><u>192,003,397</u></b>

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

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Purchase of securities	<b>24,118,381</b>	24,573,547
Purchase of transport vehicles	<b>40,840,421</b>	36,351,827
Purchase of landed properties:		
- Residential	<b>54,518,350</b>	47,209,422
- Non-residential	<b>14,667,103</b>	13,313,594
Purchase of fixed assets (excluding landed properties)	<b>148,492</b>	101,103
Personal use	<b>4,784,845</b>	3,995,649
Purchase of consumer durables	<b>346</b>	226
Constructions	<b>2,542,260</b>	3,005,311
Working capital	<b>63,783,960</b>	62,136,061
Credit/charge card	<b>1,301,683</b>	1,316,657
Gross financing and advances	<b><u>206,705,841</u></b>	<b><u>192,003,397</u></b>

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**A12. Financing and advances (cont'd.)**

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

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Within one year	<b>33,131,625</b>	33,800,893
One year to three years	<b>8,896,910</b>	7,675,303
Three years to five years	<b>15,229,505</b>	15,454,866
After five years	<b>149,447,801</b>	135,072,335
Gross financing and advances	<b><u>206,705,841</u></b>	<u>192,003,397</u>

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

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
At 1 January		
- as previously stated	<b>3,115,266</b>	2,450,984
Impaired during the financial year	<b>584,878</b>	996,099
Reclassified as non-impaired	<b>(485,955)</b>	(118,390)
Amount recovered	<b>(437,564)</b>	(92,496)
Amount written-off	<b>(317,043)</b>	(359,705)
Amount related to Restricted Investment Account	<b>(7,176)</b>	238,774
Gross impaired financing and advances at 31 December	<b><u>2,452,406</u></b>	<u>3,115,266</u>
Less: Stage 3 - Lifetime ECL credit impaired	<b><u>(1,254,822)</u></b>	<u>(1,252,818)</u>
Net impaired financing and advances at 31 December	<b><u>1,197,584</u></b>	<u>1,862,448</u>

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

Gross impaired financing and advances at 31 December	<b>1,776,012</b>	2,395,279
Less: Stage 3 - Lifetime ECL credit impaired	<b><u>(1,254,822)</u></b>	<u>(1,252,818)</u>
Net impaired financing and advances at 31 December	<b><u>521,190</u></b>	<u>1,142,461</u>

Gross financing and advances	<b>156,381,322</b>	153,974,211
Less: Allowances for financing and advances at amortised cost and at fair value through other comprehensive income	<b><u>(3,043,122)</u></b>	<u>(2,243,324)</u>
Net financing and advances	<b><u>153,338,200</u></b>	<u>151,730,887</u>

Ratio of net impaired financing and advances	<b><u>0.34%</u></b>	<u>0.75%</u>
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**A12. Financing and advances (cont'd.)**

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

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Purchase of securities	76,253	3,230
Purchase of transport vehicles	174,184	185,196
Purchase of landed properties:		
- Residential	381,806	307,530
- Non-residential	178,437	191,711
Purchase of fixed assets (exclude landed properties)	889	995
Personal use	49,336	53,901
Purchase of consumer durables	2	3
Constructions	50,111	256,497
Working capital	1,536,493	2,107,753
Credit/charge card	4,895	8,450
Gross credit impaired financing and advances	<b>2,452,406</b>	<b>3,115,266</b>

(viii) 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	
<b>As at 31 December 2020</b>				
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	<b>1,662</b>	<b>2,494</b>	<b>-</b>	<b>4,156</b>

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

**At amortised cost**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 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>

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

\* As at 31 December 2020, the gross exposure of the financing funded by RPSIA was RM26,483.7 million (31 December 2019: RM17,291.5 million). The expected credit losses relating to these financing amounting to RM446.6 million (31 December 2019: RM263.7 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 December 2020 was RM23,840.8 million (31 December 2019: RM20,737.7 million).

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**A13. Derivative financial instruments**

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of derivative's underlying asset, reference rate or index and is the basis upon which change in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the financial 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 December 2020			31 December 2019		
	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
<b><u>Trading derivatives</u></b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	7,302,204	16,665	(215,360)	5,676,819	14,924	(92,608)
- One year to three years	881,114	8,609	(8,609)	806,712	3,254	(3,254)
- More than three years	2,498,574	30,465	(30,465)	2,195,804	5,786	(5,786)
	<u>10,681,892</u>	<u>55,739</u>	<u>(254,434)</u>	<u>8,679,335</u>	<u>23,964</u>	<u>(101,648)</u>
Currency swaps:						
- Less than one year	<u>15,836,028</u>	<u>180,934</u>	<u>(260,507)</u>	<u>9,668,773</u>	<u>72,024</u>	<u>(26,213)</u>
Currency spot:						
- Less than one year	<u>426,413</u>	<u>11,262</u>	<u>(865)</u>	<u>199,992</u>	<u>78</u>	<u>(329)</u>
Currency options:						
- Less than one year	<u>1,161</u>	<u>10</u>	<u>(10)</u>	<u>730</u>	<u>1</u>	<u>(1)</u>

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**A13. Derivative financial instruments (cont'd.)**

	31 December 2020			31 December 2019		
	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
<b><u>Trading derivatives (cont'd.)</u></b>						
<b><u>Foreign exchange related contracts (cont'd.)</u></b>						
Cross currency profit rate swaps:						
- Less than one year	-	-	-	636,033	35,350	(35,180)
- One year to three years	2,092,853	31,242	(31,242)	2,094,722	7,652	(7,652)
- More than three years	415,320	2,135	(2,135)	48,050	139	(139)
	<b>2,508,173</b>	<b>33,377</b>	<b>(33,377)</b>	<b>2,778,805</b>	<b>43,141</b>	<b>(42,971)</b>
<b><u>Profit rate related contracts</u></b>						
Profit rate swaps:						
- Less than one year	80,340	456	(452)	100,000	77	(77)
- One year to three years	1,490,000	35,702	(35,702)	571,880	4,394	(4,386)
- More than three years	2,145,654	67,823	(70,955)	3,351,901	56,735	(46,049)
	<b>3,715,994</b>	<b>103,981</b>	<b>(107,109)</b>	<b>4,023,781</b>	<b>61,206</b>	<b>(50,512)</b>
<b>Total</b>	<b>33,169,661</b>	<b>385,303</b>	<b>(656,302)</b>	<b>25,351,416</b>	<b>200,414</b>	<b>(221,674)</b>

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**A14. Other assets**

	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)	1 January 2019 RM'000 (Restated)
Amount due from holding company	1,772,618	3,096,001	3,569,497
Handling fees	191,339	187,327	170,830
Prepayments and deposits	21,796	31,062	38,770
Tax recoverable	319,391	158,336	203,823
Margin account with holding company	98,420	45,690	-
Others debtors	401,360	223,256	49,676
	<b>2,804,924</b>	<b>3,741,672</b>	<b>4,032,596</b>

**A15. Deposits from customers**

(i) By type of deposits

	31 December 2020 RM'000	31 December 2019 RM'000
<b>Savings deposits</b>		
Qard	23,708,048	17,504,325
<b>Demand deposits</b>		
Qard	26,703,465	19,704,598
<b>Term deposits</b>		
Murabahah	114,498,944	123,236,922
Qard	357,789	593,295
	<b>114,856,733</b>	<b>123,830,217</b>
	<b>165,268,246</b>	<b>161,039,140</b>

(ii) By type of customers

	31 December 2020 RM'000	31 December 2019 RM'000
Business enterprises	55,608,362	58,847,094
Individuals	45,188,774	39,051,336
Government and statutory bodies	32,798,930	30,521,401
Others	31,672,180	32,619,309
	<b>165,268,246</b>	<b>161,039,140</b>

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**A16. Investment accounts of customers**

<b>Mudharabah</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Unrestricted Investment accounts	<b>23,840,796</b>	20,616,075
Restricted Investment accounts*	-	121,595
	<b><u>23,840,796</u></b>	<b><u>20,737,670</u></b>

\* 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:

	<b>Unrestricted investment accounts RM'000</b>	<b>Restricted investment accounts RM'000</b>	<b>Total investment accounts RM'000</b>
<b>As at 31 December 2020</b>			
Business enterprises	<b>13,328,580</b>	-	<b>13,328,580</b>
Individuals	<b>9,200,552</b>	-	<b>9,200,552</b>
Government and statutory bodies	<b>112,309</b>	-	<b>112,309</b>
Others	<b>1,199,355</b>	-	<b>1,199,355</b>
	<b><u>23,840,796</u></b>	<b><u>-</u></b>	<b><u>23,840,796</u></b>
<b>As at 31 December 2019</b>			
Business enterprises	10,538,830	121,595	10,660,425
Individuals	8,922,749	-	8,922,749
Government and statutory bodies	95,817	-	95,817
Others	1,058,679	-	1,058,679
	<b><u>20,616,075</u></b>	<b><u>121,595</u></b>	<b><u>20,737,670</u></b>

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

	<b>Unrestricted investment accounts RM'000</b>	<b>Restricted investment accounts RM'000</b>	<b>Total investment accounts RM'000</b>
<b>As at 31 December 2020</b>			
- without maturity	<b>18,243,257</b>	-	<b>18,243,257</b>
- with maturity	<b>5,597,539</b>	-	<b>5,597,539</b>
Within six months	<b>4,241,279</b>	-	<b>4,241,279</b>
Six months to one year	<b>1,342,789</b>	-	<b>1,342,789</b>
One year to three years	<b>9,158</b>	-	<b>9,158</b>
Three years to five years	<b>4,313</b>	-	<b>4,313</b>
	<b><u>23,840,796</u></b>	<b><u>-</u></b>	<b><u>23,840,796</u></b>

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

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

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

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

<b>As at 31 December 2020</b>	<b>Unrestricted investment accounts RM'000</b>	<b>Restricted investment accounts RM'000</b>	<b>Total investment accounts RM'000</b>
Retail financing	22,550,499	-	22,550,499
Non-retail financing	1,290,297	-	1,290,297
	<u>23,840,796</u>	<u>-</u>	<u>23,840,796</u>
<b>As at 31 December 2019</b>			
Retail financing	18,855,165	-	18,855,165
Non-retail financing	1,760,910	121,595	1,882,505
	<u>20,616,075</u>	<u>121,595</u>	<u>20,737,670</u>

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

	<b>Investment account holder ("IAH")</b>	
	<b>Average profit sharing ratio (%)</b>	<b>Average rate of return (%)</b>
<b>As at 31 December 2020</b>		
Unrestricted investment accounts	36.53	1.64
Restricted investment accounts	99.95	4.03
	<u>99.95</u>	<u>4.03</u>
<b>As at 31 December 2019</b>		
Unrestricted investment accounts	51.62	2.61
Restricted investment accounts	99.95	4.19
	<u>99.95</u>	<u>4.19</u>



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**A17. Deposits and placements of banks and other financial institutions**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<u>Mudharabah Fund</u>		
Licensed banks*	<b>28,997,440</b>	19,307,946
<u>Non-Mudharabah Fund</u>		
Licensed banks	<b>7,662,450</b>	16,381,929
Licensed Islamic banks	<b>549,213</b>	1,125,849
Licensed investment banks	<b>49,721</b>	199,691
Other financial institutions	<b>1,512,028</b>	1,812,141
	<b>9,773,412</b>	19,519,610
	<b>38,770,852</b>	38,827,556

\* Mudharabah deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the holding company amounting to RM28,997.4 million (31 December 2019: RM19,307.9 million). These placements are used to fund certain specific financing and advances and purchase of financial investments at amortised cost instruments.

**A18. Other liabilities**

	<b>Note</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Sundry creditors		<b>175,210</b>	67,616
Deposit on trade financing		<b>34,457</b>	35,092
Provisions and accruals		<b>25,654</b>	27,610
Provisions for commitments and contingencies		<b>47,918</b>	-
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	<b>36,341</b>	26,682
Lease liabilities		<b>9,896</b>	12,228
Structured deposits		<b>1,161</b>	1,737
Amount due to related company		<b>8,443</b>	-
		<b>339,080</b>	170,965

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**A18. Other liabilities (cont'd.)**

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>As at 31 December 2020</b>				<b>RM'000</b>
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>

	<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	
<b>As at 31 December 2019</b>				<b>RM'000</b>
At 1 January 2019	24,192	6,474	276	30,942
Transferred to Stage 1	130	(130)	-	-
Transferred to Stage 2	(302)	751	(449)	-
Transferred to Stage 3	-	(6)	6	-
Net remeasurement of allowances	(5,339)	(1,583)	2,579	(4,343)
New credit exposures originated or purchased	3,519	2,690	-	6,209
Credit exposures derecognised	(2,191)	(4,095)	(274)	(6,560)
Changes in models/risk parameters	4	455	-	459
Exchange differences	(10)	(15)	-	(25)
At 31 December 2019	<u>20,003</u>	<u>4,541</u>	<u>2,138</u>	<u>26,682</u>

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**A19. Sources and uses of charity funds**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Sources of charity funds</b>		
Shariah non-compliant/prohibited income	39	-*
<b>Total sources of charity funds during the year</b>	<b>39</b>	<b>-*</b>
<b>Uses of charity funds</b>		
Contribution to non-profit organisation	39	-*
<b>Total uses of charity funds during the year</b>	<b>39</b>	<b>-*</b>
<b>Undistributed charity funds at 31 December</b>	<b>-</b>	<b>-</b>

\* Denotes RM36.72

**A20. Term Funding**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Unsecured term funding:		
(a) Commercial Paper		
- Less than one year	7,945,896	7,888,771
(b) Medium Term Notes		
- More than one year	2,003,222	2,003,222
(c) Term funding		
- More than one year (note(a))	945,940	-
<b>Total term funding</b>	<b>10,895,058</b>	<b>9,891,993</b>

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**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
RM1,000 million subordinated sukuk due in 2026	1,017,454	1,017,708
RM1,000 million subordinated sukuk due in 2029	<b>1,010,849</b>	<b>1,010,603</b>
	<b><u>2,028,303</u></b>	<b><u>2,028,311</u></b>

**A22. Capital Securities**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
RM1,000 million 4.95% Additional Tier 1 Sukuk Wakalah	<b><u>1,002,441</u></b>	<b><u>1,002,170</u></b>

**A23. Income derived from investment of depositors' funds**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>Fourth Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Income derived from investment of:				
i) General investment deposits	<b>1,690,518</b>	1,800,123	<b>5,961,250</b>	7,334,262
ii) Other deposits	<b>409,648</b>	674,179	<b>2,616,440</b>	2,203,823
	<b><u>2,100,166</u></b>	<b><u>2,474,302</u></b>	<b><u>8,577,690</u></b>	<b><u>9,538,085</u></b>

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

**i) Income derived from investment of general investment deposits**

	Unaudited		Audited	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<b>Finance income and hibah</b>				
Financing and advances (Note A25 (note(a)))	1,311,235	1,424,031	4,568,090	5,804,548
Money at call and deposit with financial institutions	44,552	84,967	220,898	395,819
Financial assets purchased under resale agreements	3,815	-	3,821	-
Financial investments at fair value through other comprehensive income	124,744	97,326	410,070	373,320
Financial investments at amortised cost	120,374	83,116	398,368	315,222
Financial investments at fair value through profit or loss	151	635	2,756	10,382
	<u>1,604,871</u>	1,690,075	<u>5,604,003</u>	6,899,291
(Amortisation of premiums)/accretion of discounts, net	<u>(12,319)</u>	6,204	<u>(21,210)</u>	18,123
<b>Total finance income and hibah</b>	<u>1,592,552</u>	1,696,279	<u>5,582,793</u>	6,917,414
<b>Other operating income :</b>				
Fee income:				
- Processing fees	8,477	13,887	16,309	32,065
- Commissions	38,162	28,328	117,363	116,288
- Service charges and other fees	35,231	38,418	116,459	153,024
Gains on disposal of financial investment at fair value through other comprehensive income	7,015	21,361	67,158	54,550
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(413)	(345)	5,855	5,537
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	645	508	(447)	669
- Financial liabilities at fair value through profit or loss	-	(11)	-	516
- Derivatives	(3,675)	(1,395)	(10,082)	444
(Losses)/gains on foreign exchange:				
- Realised	(69,542)	11,634	(28,329)	45,171
- Unrealised	81,862	(8,849)	93,200	5,629
Realised gains on derivatives	204	308	971	2,955
<b>Total other operating income</b>	<u>97,966</u>	103,844	<u>378,457</u>	416,848
<b>Total</b>	<u>1,690,518</u>	1,800,123	<u>5,961,250</u>	7,334,262

Included in finance income are income on impaired assets amounting to RM42.2 million (31 December 2019: RM57.9 million).

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

**ii) Income derived from investment of other deposits**

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2020 RM'000	31 December 2019 RM'000	Cumulative 12 Months Ended 31 December 2020 RM'000	31 December 2019 RM'000
<b>Finance income and hibah</b>				
Financing and advances (Note A25 (note(a)))	322,073	533,389	2,004,970	1,744,170
Money at call and deposit with financial institutions	5,831	33,017	96,954	118,937
Financial assets purchased under resale agreements	1,674	-	1,677	-
Financial investments at fair value through other comprehensive income	32,548	35,892	179,983	112,177
Financial investments at amortised cost	31,201	30,564	174,847	94,719
Financial investments at fair value through profit or loss	(136)	426	1,210	3,120
	<u>393,191</u>	<u>633,288</u>	<u>2,459,641</u>	<u>2,073,123</u>
(Amortisation of premiums)/accretion of discounts, net	(4,715)	2,152	(9,309)	5,446
<b>Total finance income and hibah</b>	<u>388,476</u>	<u>635,440</u>	<u>2,450,332</u>	<u>2,078,569</u>
<b>Other operating income :</b>				
Fee income:				
- Processing fees	3,111	4,611	7,158	9,635
- Commissions	10,587	10,630	51,512	34,942
- Service charges and other fees	9,143	14,304	51,115	45,981
(Losses)/gains on disposal of financial investments at fair value through other comprehensive income	(1,601)	7,218	29,476	16,391
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(669)	38	2,570	1,664
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	368	156	(196)	201
- Financial liabilities at fair value through profit or loss	-	9	-	155
- Derivatives	(1,114)	(375)	(4,425)	133
(Losses)/gains on foreign exchange:				
- Realised	(33,730)	4,303	(12,434)	13,573
- Unrealised	35,047	(2,311)	40,906	1,691
Realised gains on derivatives	30	156	426	888
<b>Total other operating income</b>	<u>21,172</u>	<u>38,739</u>	<u>166,108</u>	<u>125,254</u>
<b>Total</b>	<u>409,648</u>	<u>674,179</u>	<u>2,616,440</u>	<u>2,203,823</u>

Included in finance income are income on impaired assets amounting to RM18.5 million (31 December 2019: RM17.4 million).

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**A24. Income derived from investment of investment account funds**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financing and advances (Note A25 (note(a)))	246,417	248,841	1,007,631	1,051,371
<b>Total finance income and hibah</b>	<b>246,417</b>	<b>248,841</b>	<b>1,007,631</b>	<b>1,051,371</b>
<b>Other operating income :</b>				
Fee income:				
- Commissions	54	74	377	282
- Service charges and other fees	8	23	54	76
<b>Total other operating income</b>	<b>62</b>	<b>97</b>	<b>431</b>	<b>358</b>
<b>Total</b>	<b>246,479</b>	<b>248,938</b>	<b>1,008,062</b>	<b>1,051,729</b>

**A25. Income derived from investment of shareholder's funds**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing and advances (note(a))	92,333	95,375	315,370	337,378
Money at call and deposit with financial institutions	3,173	5,833	15,250	23,006
Financial assets purchased under resale agreements	263	-	264	-
Financial investments at fair value through other comprehensive income	8,770	6,452	28,310	21,699
Financial investments at amortised cost	8,464	5,499	27,502	18,322
Financial investments at fair value through profit or loss	12	65	190	603
	<b>113,015</b>	<b>113,224</b>	<b>386,886</b>	<b>401,008</b>
(Amortisation of premiums)/accretion of discounts, net	<b>(855)</b>	<b>395</b>	<b>(1,464)</b>	<b>1,053</b>
<b>Total finance income and hibah</b>	<b>112,160</b>	<b>113,619</b>	<b>385,422</b>	<b>402,061</b>

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

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
<b>Other operating income :</b>				
Fee income:				
- Processing fees	590	860	1,126	1,864
- Commissions	2,678	1,900	8,102	6,759
- Service charges and other fees	2,477	2,563	8,040	8,894
Gains on disposal of financial investments at fair value through other comprehensive income	517	1,337	4,636	3,171
(Losses)/gains on disposal of financial investments at fair value through profit or loss	(25)	(3)	404	322
Unrealised gains/(losses) on revaluation of:				
- Financial investments at fair value through profit or loss	44	30	(31)	39
- Financial liabilities at fair value through profit or loss	-	1	-	30
- Derivatives	(257)	(76)	(696)	26
(Losses)/gains on foreign exchange:				
- Realised	(4,778)	772	(1,956)	2,625
- Unrealised	5,658	(473)	6,434	327
Realised gains on derivatives	14	26	67	172
<b>Total other operating income</b>	<b>6,918</b>	<b>6,937</b>	<b>26,126</b>	<b>24,229</b>
<b>Total</b>	<b>119,078</b>	<b>120,556</b>	<b>411,548</b>	<b>426,290</b>

Included in finance income are income on impaired assets amounting to RM2.9 million (31 December 2019: RM3.4 million).

Note(a): Included the net effects under government support measures to assist customers adversely impacted by COVID-19 amounting to RM240,920,000 for the Bank.

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

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	10,515	(57,505)	51,185	(343,333)
- Stage 2 - Lifetime ECL not credit impaired, net	377,173	(105,195)	682,235	(181,241)
- Stage 3 - Lifetime ECL credit impaired, net	37,037	(77,822)	271,712	316,056
Impaired financing and advances written-off	5,703	5,116	13,934	21,940
Impaired financing and advances recovered	(37,842)	(18,717)	(90,322)	(96,161)
Allowances for/(writeback of) impairment losses on other debts	117	(314)	134	(127)
	<b>392,703</b>	<b>(254,437)</b>	<b>928,878</b>	<b>(282,866)</b>



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

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	(3,544)	321	1,331	1,338
- Stage 2 - Lifetime ECL not credit impaired, net	-	-	272	-
	<u>(3,544)</u>	<u>321</u>	<u>1,603</u>	<u>1,338</u>
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	17,981	(1,327)	22,263	2,616
- Stage 2 - Lifetime ECL not credit impaired, net	225,908	-	229,386	-
	<u>243,889</u>	<u>(1,327)</u>	<u>251,649</u>	<u>2,616</u>
	<u>240,345</u>	<u>(1,006)</u>	<u>253,252</u>	<u>3,954</u>

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

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements with financial institutions				
- Stage 1 - 12-month ECL, net	-	1	-	-
	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	1,362	-	1,452	-
	<u>1,362</u>	<u>-</u>	<u>1,452</u>	<u>-</u>
	<u>1,362</u>	<u>1</u>	<u>1,452</u>	<u>-</u>

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**A29. Profit distributed to depositors**

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2020 RM'000	31 December 2019 RM'000 (Restated)	Cumulative 12 Months Ended 31 December 2020 RM'000	31 December 2019 RM'000 (Restated)
Deposits from customers				
- Non-mudharabah fund	<b>636,007</b>	1,114,718	<b>3,251,412</b>	4,419,295
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	<b>225,805</b>	178,028	<b>922,947</b>	686,555
- Non-mudharabah fund	<b>22,057</b>	96,947	<b>186,975</b>	458,611
	<b>247,862</b>	274,975	<b>1,109,922</b>	1,145,166
Financial liabilities at fair value through profit or loss				
- Non-mudharabah fund	-	-	-	4,298
Structured deposits				
- Non-mudharabah fund	<b>5</b>	10	<b>156</b>	10
	<b>883,874</b>	1,389,703	<b>4,361,490</b>	5,568,769

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**A30. Overhead expenses**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel expenses	<b>10,563</b>	10,483	<b>49,763</b>	46,683
- Salaries, allowances and bonuses	<b>7,642</b>	6,070	<b>35,771</b>	32,832
- Pension costs - defined contribution plan	<b>1,176</b>	945	<b>5,710</b>	5,175
- Share/options granted under ESGP	<b>680</b>	460	<b>2,066</b>	1,239
- Other staff related expenses	<b>1,065</b>	3,008	<b>6,216</b>	7,437
Establishment costs	<b>3,131</b>	2,217	<b>9,047</b>	6,707
- Depreciation of right-of-use assets	<b>804</b>	773	<b>3,129</b>	2,145
- Depreciation of property, plant and equipment	<b>124</b>	164	<b>505</b>	164
- Rental of premises	<b>-</b>	-	<b>-</b>	715
- Repairs, servicing and maintenance	<b>14</b>	6	<b>65</b>	222
- Information technology expenses	<b>2,091</b>	1,167	<b>4,947</b>	3,217
- Finance cost on lease liabilities	<b>95</b>	103	<b>398</b>	240
- Others	<b>3</b>	4	<b>3</b>	4
Marketing costs	<b>6,800</b>	6,715	<b>12,627</b>	16,333
- Advertisement and publicity	<b>4,786</b>	3,922	<b>5,261</b>	6,149
- Others	<b>2,014</b>	2,793	<b>7,366</b>	10,184
Administration and general expenses	<b>362,563</b>	321,471	<b>1,524,300</b>	1,384,070
- Fees and brokerage	<b>23,244</b>	12,399	<b>63,230</b>	58,812
- Administrative expenses	<b>4,034</b>	3,609	<b>12,491</b>	13,654
- General expenses	<b>(8,577)</b>	2,390	<b>60,818</b>	13,507
- Shared service cost paid/payable to Maybank and related company	<b>343,862</b>	303,073	<b>1,387,761</b>	1,298,097
<b>Total</b>	<b>383,057</b>	340,886	<b>1,595,737</b>	1,453,793

**A31. Finance costs**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Subordinated sukuk	<b>23,063</b>	23,062	<b>91,751</b>	98,260
Capital securities	<b>12,477</b>	12,477	<b>49,636</b>	49,500
Term funding	<b>77,015</b>	85,822	<b>340,936</b>	268,862
	<b>112,555</b>	121,361	<b>482,323</b>	416,622

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**A32. Taxation and zakat**

The analysis of the taxation and zakat expense for the fourth quarter and 12 months financial year ended 31 December 2020 are as follows:

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Malaysian income tax	188,317	277,040	230,590	792,062
Foreign income tax	-	-	27	75
	<b>188,317</b>	277,040	<b>230,617</b>	792,137
Over provision in prior year:				
Malaysian income tax	<b>(22,557)</b>	(1)	<b>(22,557)</b>	(42,576)
Deferred tax				
- Relating to origination and reversal of temporary differences	<b>(88,796)</b>	251	<b>270,826</b>	(1,915)
Tax expense for the financial period/year	<b>76,964</b>	277,290	<b>478,886</b>	747,646
Zakat	<b>(7,424)</b>	24,580	<b>13,248</b>	30,351
	<b>69,540</b>	301,870	<b>492,134</b>	777,997

**A33. Credit exposure arising from credit transactions with connected parties**

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

	31 December 2020	31 December 2019
Outstanding credit exposure with connected parties (RM'000)	<b>7,655,809</b>	4,552,249
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>3.45%</b>	2.00%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	-	-

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

**A34. Subsequent events to the balance sheet**

There were no material events subsequent to the balance sheet date, other than as disclosed in Note A8(ii).

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**A35. Commitments and contingencies**

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

The risk-weighted exposures of the Bank as at the reporting dates are as follows:

	31 December 2020			31 December 2019		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<b><u>Contingent liabilities</u></b>						
Direct credit substitutes	2,832,337	2,786,746	2,258,338	1,881,752	1,842,448	1,409,369
Certain transaction-related contingent items	2,533,185	1,246,136	778,165	3,381,084	1,669,027	1,166,710
Short-term self-liquidating trade-related contingencies	162,041	34,164	15,170	252,361	50,472	21,087
	<b>5,527,563</b>	<b>4,067,046</b>	<b>3,051,673</b>	5,515,197	3,561,947	2,597,166
<b><u>Commitments</u></b>						
Irrevocable commitments to extend credit:						
- maturity within one year	27,288,508	1,388,834	261,485	23,199,822	872,079	135,683
- maturity exceeding one year	10,452,802	17,979,661	7,763,819	9,856,695	11,998,105	4,523,695
	<b>37,741,310</b>	<b>19,368,495</b>	<b>8,025,304</b>	33,056,517	12,870,184	4,659,378
Miscellaneous commitments and contingencies	86,280	-	-	53,198	-	-
Total credit-related commitments and contingencies	<b>43,355,153</b>	<b>23,435,541</b>	<b>11,076,977</b>	38,624,912	16,432,131	7,256,544

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**A35. 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 December 2020			31 December 2019		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- less than one year	23,565,806	152,805	58,958	16,182,347	218,387	131,094
- one year to less than five years	3,571,063	158,246	123,372	3,258,181	44,984	22,946
- more than five years	2,316,798	185,877	145,433	1,887,107	102,275	53,482
Profit rate related contracts:						
- less than one year	80,340	80	24	100,000	127	53
- one year to less than five years	3,335,654	146,381	119,953	3,563,781	68,230	95,954
- more than five years	300,000	34,064	15,797	360,000	-	-
Total treasury-related commitments and contingencies	<b>33,169,661</b>	<b>677,453</b>	<b>463,537</b>	<b>25,351,416</b>	<b>434,003</b>	<b>303,529</b>
<b>Total commitments and contingencies</b>	<b>76,524,814</b>	<b>24,112,994</b>	<b>11,540,514</b>	<b>63,976,328</b>	<b>16,866,134</b>	<b>7,560,073</b>

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

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**A36. Capital Adequacy**

**(a) Capital Adequacy Framework**

- (i) Bank Negara Malaysia ("BNM") had on 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:

<b>Common Equity Tier I (CET1) Ratio</b>	<b>Tier 1 Capital Ratio</b>	<b>Total Capital Ratio</b>
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 2020 (2019: 4.5%, 6.0% and 8.0% of total RWA).

**(c) The capital adequacy ratios of the Bank as at the following dates, are as follows:**

	<b>31 December 2020</b>	<b>31 December 2019 (Restated)</b>	<b>1 January 2019 (Restated)</b>
<b>Capital ratios</b>			
CET1 capital ratio	<b>13.773%</b>	13.799%	16.039%
Tier 1 capital ratio	<b>15.030%</b>	15.206%	17.656%
Total capital ratio	<b>18.063%</b>	18.545%	22.221%

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**A36. Capital Adequacy (cont'd.)**

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

	<b>31 December 2020 RM '000</b>	<b>31 December 2019 RM'000 (Restated)</b>	<b>1 January 2019 RM'000 (Restated)</b>
<b>CET1 capital</b>			
Share capital	7,929,444	7,197,398	7,197,398
Retained profits	2,756,457	2,457,477	2,760,303
Other reserves	1,234,078	1,181,830	303,622
<b>CET1 capital before regulatory adjustments</b>	<b>11,919,979</b>	<b>10,836,705</b>	<b>10,261,323</b>
Less: Regulatory adjustment applied in CET1 capital	<b>(960,375)</b>	<b>(1,033,520)</b>	<b>(342,549)</b>
Deferred tax assets	-	-	(24,077)
Gain of financial instruments classified as 'fair value through other comprehensive income'	<b>(365,901)</b>	<b>(187,023)</b>	<b>(4,956)</b>
Regulatory reserve	<b>(594,474)</b>	<b>(846,497)</b>	<b>(313,516)</b>
<b>Total CET1 Capital</b>	<b>10,959,604</b>	<b>9,803,185</b>	<b>9,918,774</b>
<b>Additional Tier 1 Capital</b>			
Capital securities	<b>1,000,000</b>	1,000,000	1,000,000
<b>Total Tier 1 capital</b>	<b>11,959,604</b>	<b>10,803,185</b>	<b>10,918,774</b>
<b>Tier 2 capital</b>			
Subordinated sukuk	<b>2,000,000</b>	2,000,000	2,500,000
General provision <sup>1</sup>	<b>11,523</b>	17,675	23,310
Surplus of eligible provision over expected loss	<b>401,538</b>	354,063	299,696
<b>Total Tier 2 capital</b>	<b>2,413,061</b>	<b>2,371,738</b>	<b>2,823,006</b>
<b>Total Capital</b>	<b>14,372,665</b>	<b>13,174,923</b>	<b>13,741,780</b>

<sup>1</sup> 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:**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000 (Restated)</b>	<b>1 January 2019 RM'000 (Restated)</b>
Standardised Approach exposure	<b>2,970,081</b>	3,069,539	5,647,539
Internal Ratings-Based Approach exposure after scaling factor	<b>80,460,704</b>	69,483,314	60,816,283
<b>Total RWA for credit risk</b>	<b>83,430,785</b>	<b>72,552,853</b>	<b>66,463,822</b>
Total RWA for credit risk absorbed by the holding company and Investment Account Holders ("IAH") <sup>^</sup>	<b>(13,537,755)</b>	<b>(10,472,880)</b>	<b>(13,113,007)</b>
Total RWA for market risk	<b>1,177,963</b>	963,780	1,152,312
Total RWA for operational risk	<b>8,499,254</b>	8,000,097	7,338,969
<b>Total RWA</b>	<b>79,570,247</b>	<b>71,043,850</b>	<b>61,842,096</b>

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



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**A37. Fair value measurements of financial instruments**

**(a) Valuation principles**

For disclosure purposes, the level in the hierarchy within which the instruments are classified in its entirety is based on the lowest level input that is significant to the position's fair value measurements:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

(b) Level 2: Valuation techniques for which all significant inputs are, or are based on, observable market data

Refers to inputs other than quoted prices included those within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government 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.

*Financial liabilities at fair value through profit or loss*

The fair value of financial liabilities designated at fair value through profit or loss are derived using discounted cash flows.

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

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

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:				
<b>Financial investments at fair value through other comprehensive income</b>	-	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
<b>Financing and advances at fair value through other comprehensive income</b>	-	-	2,741,267	2,741,267
<b>Derivative assets</b>	-	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:				
<b>Derivative liabilities</b>	-	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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**A37. Fair value of financial instruments (cont'd.)**

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

As at 31 December 2019	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
<b>Financial investments at fair value through profit and loss</b>	-	383,194	-	383,194
<i>Money market instruments</i>	-	383,194	-	383,194
<b>Financial investments at fair value through other comprehensive income</b>	-	15,291,270	1,250	15,292,520
<i>Money market instruments</i>	-	12,942,040	-	12,942,040
<i>Unquoted securities</i>	-	2,349,230	1,250	2,350,480
<b>Financing and advances at fair value through other comprehensive income</b>	-	-	440,383	440,383
<b>Derivative assets</b>	-	200,414	-	200,414
<i>Foreign exchange related contracts</i>	-	139,209	-	139,209
<i>Profit rate related contracts</i>	-	61,205	-	61,205
	-	15,874,878	441,633	16,316,511
Financial liabilities measured at fair value:				
<b>Derivative liabilities</b>	-	221,674	-	221,674
<i>Foreign exchange related contracts</i>	-	171,161	-	171,161
<i>Profit rate related contracts</i>	-	50,513	-	50,513
	-	221,674	-	221,674

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

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

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

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

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

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

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

There were no transfers between Level 1 and Level 2 for the Bank during the 12 months financial year ended 31 December 2020.

**Movements in Level 3 financial instruments measured at fair value**

There were no transfers into or out of Level 3 for the Bank during the 12 months financial year ended 31 December 2020.

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**A38. Restatement of comparatives**

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

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

(i) Statement of financial position

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

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

(ii) Income statement

	<b>For the Cumulative 12 Months Ended 31 December 2019</b>		
	<b>As previously stated RM'000</b>	<b>Restatement RM'000</b>	<b>As restated RM'000</b>
Profit distributed to depositors	(5,557,966)	(10,803)	(5,568,769)
Total net income	5,170,234	(10,803)	5,159,431
Profit before taxation and zakat	3,299,819	(10,803)	3,289,016
Taxation	(750,239)	2,593	(747,646)
Profit for the year	2,519,229	(8,210)	2,511,019

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**A38. Restatement of comparatives (cont'd.)**

(ii) Income statement (cont'd.)

	<b>For the Fourth Quarter Ended 31 December 2019</b>		
	<b>As previously stated RM'000</b>	<b>Restatement RM'000</b>	<b>As restated RM'000</b>
Profit distributed to depositors	(1,387,382)	(2,321)	(1,389,703)
Total net income	1,585,098	(2,321)	1,582,777
Profit before taxation and zakat	1,122,851	(2,321)	1,120,530
Taxation	(277,847)	557	(277,290)
Profit for the period	820,424	(1,764)	818,660

(iii) Statement of cash flows

	<b>For the financial year ended 31 December 2019</b>		
	<b>As previously stated RM'000</b>	<b>Restatement RM'000</b>	<b>As restated RM'000</b>
<b>Cash flows from operating activities</b>			
Profit before taxation and zakat	3,299,819	(10,803)	3,289,016
Operating profit before working capital changes	3,359,992	(10,803)	3,349,189
Change in other assets	274,394	10,803	285,197

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**A38. Restatement of comparatives (cont'd.)**

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

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



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**Part B: Review of Performance & Current Year Prospects**

**B1. Performance Review**

The Bank posted profit before tax and zakat of RM2,003.2 million for the financial year ended 31 December 2020, a decrease of RM1,285.8 million or 39.1% compared to the previous corresponding year.

The impairment on financing and advances recorded a net charge of RM928.9 million during the year under review compared to a net writeback of RM282.9 million in the corresponding year.

Total income reduced by RM1,018.8 million or 9.2% to RM9,997.3 million from previous corresponding year, comprising of income derived from investment of depositors' funds, income derived from investment account funds and income derived from investment of shareholder's funds of RM8,577.7 million, RM1,008.1 million and RM411.5 million respectively.

The Bank's gross financing and advances increased by RM14.7 billion to RM206.7 billion as compared to RM192.0 billion recorded in previous financial year. As at 31 December 2020, total customer funding increased by 4.0% contributed by customer deposits which grew by 2.6%, recorded at RM165.3 billion against RM161.0 billion in last financial year. Investment accounts of customers increased by RM3.1 billion to close at RM23.8 billion compared to RM20.7 billion in the last financial year.

The Bank's capital position continued to be strong and well above regulatory requirements as reflected by its Common Equity Tier I, Tier I Capital Ratio and Total Capital Ratio of 13.773%, 15.030% and 18.063% respectively.

**B2. Prospects**

Malaysia's economic recovery is expected to be gradual and uneven due to the pandemic containment measures that include the re-imposition of the Conditional Movement Control Order ("CMCO") since 14 October 2020 and declaration of emergency. Monetary, fiscal and economic stimulus will continue with an emphasis on targeted support and intervention for individuals and businesses. The expansionary fiscal policy via Budget 2021's record spending of RM322.5 billion includes targeted financial support and fiscal reliefs aimed at the vulnerable segments of the population and the businesses impacted by the pandemic. Moreover, the anticipated vaccine roll-out scheduled to begin on 26 February 2021 will contribute towards the safe gradual reopening of the economy.

Malaysian banks will also continue to offer targeted repayment plans to the unemployed due to COVID-19 till 30 June 2021, which were made available following the expiry of the automatic deferment of financing repayments. Moreover, Bank Negara Malaysia ("BNM") has extended the flexibility for Malaysian Banking Institutions to meet Statutory Reserve Requirements ("SRR") to ensure sufficient liquidity to support financial intermediation activity. BNM is projected to maintain Overnight Policy Rate ("OPR") at a record low of 1.75% throughout 2021 amid benign return of inflation from deflation in 2020.

The Bank continues to have a cautionary outlook on FY2021 due to potentially lower income from softer financing growth, net profit margin compression and the accounting Day-One modification loss. The Bank aims to moderate the expected lower income by focusing on its strategic cost management programme to limit the increase in overheads. The Bank will also seek to offset the impact on Net Profit Margins by growing current and savings deposits which will carry lower cost. Concurrently, the Bank is focused on strengthening its income streams through innovative consumer centric financial products and solutions across its operations in Malaysia, Indonesia, Singapore and Dubai.

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