

MAYBANK ISLAMIC BERHAD
(787435-M)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENT
UNAUDITED INCOME STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2009

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Income derived from investment of depositors' funds	A19	448,290	363,512	872,076	732,289
Income derived from investment of shareholder's funds	A20	29,575	41,804	65,511	72,899
Allowance for losses on financing and advances	A21	(49,147)	(43,515)	(220,280)	(76,934)
Profit equalisation reserve		(12,805)	12,715	28,528	14,011
Other expenses directly attributable to depositors & shareholders' fund		(2,619)	(6,931)	(4,500)	(10,240)
Total distributable income		413,294	367,585	741,335	732,025
Income attributable to the depositors	A22	(145,307)	(167,438)	(302,180)	(331,131)
Total net income		267,987	200,147	439,155	400,894
Overhead expenses	A23	(102,607)	(80,714)	(202,875)	(151,002)
Profit before taxation and zakat		165,380	119,433	236,280	249,892
Taxation	A24	(41,667)	(26,695)	(49,092)	(58,993)
Zakat	A24	(1,718)	(2,986)	(3,915)	(6,247)
Profit for the period attributable to equity holder of the Bank		121,995	89,752	183,273	184,652
Earnings per share attributable to equity holder of the Bank					
- Basic/diluted (sen)		165.86	184.09	165.86	184.09

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2009

	Note	31 December 2009 RM'000	Restated 30 June 2009 RM'000
ASSETS			
Cash and short-term funds	A11	3,042,020	4,125,960
Deposits and placements with banks and other financial institutions	A12	100,096	421
Securities portfolio	A13	4,475,192	4,102,498
Financing and advances	A14	29,871,128	25,339,016
Derivative assets		18,537	23,641
Other assets	A15	180,635	170,760
Statutory deposits with Bank Negara Malaysia		80,500	206,000
Deferred tax assets		84,502	58,304
TOTAL ASSETS		37,852,610	34,026,600
LIABILITIES			
Deposits from customers	A16	27,941,146	24,289,832
Deposits and placements of banks and other financial institutions	A17	3,223,646	2,947,095
Deposits and placements of holding company		3,224,185	3,206,071
Bills and acceptances payable		9,765	2,931
Derivative liabilities		18,055	27,138
Other liabilities	A18	659,563	970,184
Provision for taxation and zakat		30,756	24,888
TOTAL LIABILITIES		35,107,116	31,468,139

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CONDENSED FINANCIAL STATEMENT
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2009

	Note	31 December 2009 RM'000	Restated 30 June 2009 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		110,500	110,500
Reserves		2,634,994	2,447,961
TOTAL SHAREHOLDER'S EQUITY		2,745,494	2,558,461
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		37,852,610	34,026,600
COMMITMENTS AND CONTINGENCIES	A26	13,660,651	15,234,088
<u>CAPITAL ADEQUACY</u>	A27		
Core capital ratio		8.82%	9.85%
Risk-weighted capital ratio		10.52%	11.56%

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK ISLAMIC BERHAD

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CONDENSED FINANCIAL STATEMENT

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2009

	<=====Non Distributable=====>						
	Share capital RM'000	Share premium RM'000	Equity contribution from the holding company RM'000	Statutory reserve RM'000	Unrealised holding reserve/ (deficit) RM'000	Distributable retained profits RM'000	Total equity RM'000
At 1 July 2009	110,500	1,988,500	1,697	147,338	(15,621)	326,047	2,558,461
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	3,760	-	3,760
Net gain not recognised in the income statement	-	-	-	-	3,760	-	3,760
Net profit for the period	-	-	-	-	-	183,273	183,273
Total recognised income for the period	-	-	-	-	3,760	183,273	187,033
Transfer to statutory reserve	-	-	-	15,320	-	(15,320)	-
At 31 December 2009	110,500	1,988,500	1,697	162,658	(11,861)	494,000	2,745,494

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MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2009

	<=====Non Distributable=====>					
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Unrealised holding reserve/ (deficit) RM'000	Distributable retained profits RM'000	Total equity RM'000
At 1 July 2008	100,000	1,500,000	57,983	(31,126)	57,983	1,684,840
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	74,868	-	74,868
Net gain not recognised in the income statement	-	-	-	74,868	-	74,868
Net profit for the period	-	-	-	-	184,652	184,652
Total recognised income for the period	-	-	-	74,868	184,652	259,520
Transfer to statutory reserve	-	-	92,326	-	(92,326)	-
Issue of ordinary shares	4,000	196,000	-	-	-	200,000
At 31 December 2008	104,000	1,696,000	150,309	43,742	150,309	2,144,360

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2009

	31 December 2009 RM'000	31 December 2008 RM'000
Profit before taxation and zakat	236,280	249,892
Adjustments for non-cash items		
Allowances for losses/(written back) on financing and advances	236,696	(89,829)
Amortisation of premium less accretion of discount	(4,232)	(13,856)
Profit equalisation reserves	(28,528)	(14,012)
Operating profit before working capital changes	440,216	132,195
Changes in working capital:-		
Net changes in operating assets	(5,121,539)	(1,672,601)
Net changes in operating liabilities	3,670,720	3,892,092
Tax expense and zakat paid	(73,337)	(45,116)
Net cash (used in)/generated from operations	(1,083,940)	2,306,570
Net cash generated from investing activities	-	200,000
	-	200,000
Net change in cash and cash equivalents	(1,083,940)	2,506,570
Cash and cash equivalents at beginning of period	4,125,960	2,282,360
Cash and cash equivalents at end of period	3,042,020	4,788,930
Cash and cash equivalents comprise :		
Cash and short-term funds	3,042,020	4,788,930

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements)

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Explanatory Notes

PART A – Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) and Revised Guidelines on Financial Reporting for Licensed Islamic Banks (BNM/GP8-*i*) Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited condensed interim financial statements for the second financial quarter ended 31 December 2009 of 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; securities held-for-trading and available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Bank Negara Malaysia Guidelines (BNM/GP8-*i*) and the principles of Shariah. The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009. The explanatory notes attached 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 year ended 30 June 2009.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the audited financial statements for the year ended 30 June 2009.

The following new Financial Reporting Standards (“FRSs”), amendments to FRS and IC Interpretations have been issued but are not yet effective and have not been adopted by the Bank:

FRS, Amendments to FRS and Interpretations

- (i) FRS 1 First-time Adoption of Financial Reporting Standards
- (ii) FRS 4 Insurance Contracts
- (iii) FRS 7 Financial Instruments-Disclosures
- (iv) FRS 101 Presentation of Financial Statements
- (v) FRS 123 Borrowing Costs
- (vi) FRS 139 Financial Instruments – Recognition and Measurement
- (vii) Amendments to FRS 110 Events After the Balance Sheet Date
- (viii) Amendments to FRS 118 Revenue
- (ix) Amendments to FRS 119 Employee Benefits
- (x) Amendments to FRS 123 Borrowing Costs
- (xi) Amendments to FRS 132 Financial Instruments Presentation
- (xii) Amendments to FRS 134 Interim Financial Reporting
- (xiii) Amendments to FRS 136 Impairment of Assets
- (xiv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures
- (xv) TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
- (xvi) SOP i-1 Financial Reporting from an Islamic Perspective.
- (xvii) IC Interpretation 9: Reassessment of Embedded Derivatives
- (xviii) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xix) IC Interpretation 13: Customer Loyalty Programmes
- (xx) IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above FRSs, amendments to FRSs, IC Interpretations and Technical Release will take effect from financial period beginning on or after 1 January 2010.

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A1. Basis of Preparation (Contd.)

FRS 123, Amendments to FRS 1, IC Interpretation 10,13 and 14 are not expected to have significant impact on the financial statements of the Bank.

The allowance for doubtful financing of the Bank is computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements. Specific allowances are made for doubtful financing which have been individually reviewed and specifically identified as bad and doubtful. Additional allowances are made for long outstanding non-performing financings aged more than five years. In addition, general allowance is made based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels, if maintained.

A2. Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity, are as follows:

(i) Fair Value Estimation of Securities held-for-trading (Note A13(iii)) and available-for-sale (Note A13(i)) and Derivative Financial Instruments

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flows method.

(ii) Deferred Tax and Income Taxes (Note A24)

The Bank is subject to income taxes in Malaysia and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of taxation law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income taxation and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(iii) Allowances for Losses on Financing and Advances (Note A21)

The Bank reviews the doubtful financing and advances at each reporting date to assess whether allowances for impairment should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful financings when determining the level of allowance required.

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A2. Significant Accounting Estimates and Judgments (Contd.)

(iii) Allowances for Losses on Financing and Advances (Note A21) (Contd.)

The Bank has adopted certain criteria in the identification of doubtful financings, which include classifying financings as non-performing when repayments are in arrears for more than three (3) months. Specific allowances for doubtful financings are provided after taking into consideration of the values assigned to collateral. The values assigned to collateral are estimated based on market value and/or forced sales value, as appropriate and conforms with Bank Negara Malaysia guidelines. In addition to the specific allowances made, the Bank also make general allowances against exposure not specifically identified based on a certain percentage of total risk-weighted assets for credit risk. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

A3. Auditors' Report on Proceeding Annual Financial Statements

The auditors' report on the audited financial statements for the year ended 30 June 2009 was not qualified.

A4. Seasonal or Cyclical Factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the second financial quarter ended 31 December 2009.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the second financial quarter ended 31 December 2009.

A6. Changes in Estimates

There were no material changes in estimates of amount reported in prior financial year that have a material effect in the second financial quarter ended 31 December 2009.

A7. Issuance and Repayment of Debt and Securities

There was no issuance nor repayment of debt and equity securities during the second financial quarter ended 31 December 2009.

A8. Dividends

The Directors do not recommend the payment of any dividend in respect of the second financial quarter ended 31 December 2009 and no dividends were paid in the current financial period.

A9. Subsequent Events to the Balance Sheet

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

A10. Related Party Transaction

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. Cash and Short Term Funds

	31 December 2009 RM'000	30 June 2009 RM'000
Money at call and interbank placements with remaining maturity not exceeding one month	3,042,020	4,125,960
	3,042,020	4,125,960

A12. Deposits and Placements with Banks and other Financial Institutions

	31 December 2009 RM'000	30 June 2009 RM'000
Bank Negara Malaysia	96	421
Other financial institutions	100,000	-
	100,096	421

A13. Securities Portfolio

	Note	31 December 2009 RM'000	30 June 2009 RM'000
Securities available-for-sale ("AFS")	(i)	4,255,414	3,937,078
Securities held-to-maturity ("HTM")	(ii)	150,507	135,474
Securities held-for-trading ("HFT")	(iii)	69,271	29,946
		4,475,192	4,102,498

(i) Securities AFS

	31 December 2009 RM'000	30 June 2009 RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	2,640,139	2,717,524
Negotiable Islamic instruments of deposits	313,729	243,401
Bankers' acceptances and Islamic accepted bills	346,687	46,119
Khazanah bonds	247,024	353,069
	3,547,579	3,360,113
Unquoted Securities :		
Private and Islamic debt securities in Malaysia	707,835	576,965
	707,835	576,965
Total securities AFS	4,255,414	3,937,078

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A13. Securities Portfolio (contd.)

(ii) Securities HTM

	31 December	30 June
	2009	2009
	RM'000	RM'000
At amortised cost less impairment losses		
Money market instruments:-		
Malaysian Government Investment Issues	150,507	135,474
	<u>150,507</u>	<u>135,474</u>
Total securities HTM	<u>150,507</u>	<u>135,474</u>

(iii) Securities HFT

	31 December	30 June
	2009	2009
	RM'000	RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	45,174	29,946
Bank Negara Malaysia Monetary Notes	24,097	-
	<u>69,271</u>	<u>29,946</u>
Total securities HFT	<u>69,271</u>	<u>29,946</u>

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A14. Financing and Advances

i) By type

	31 December 2009 RM'000	Restated 30 June 2009 RM'000
Cashline	2,281,949	2,032,608
Term financing		
- Housing financing	5,319,308	4,967,816
- Syndicated financing	75,092	-
- Hire purchase receivables	14,078,070	12,658,514
- Other financing	17,566,758	13,491,187
Bills receivable	1,306	47,931
Trust receipts	120,817	137,853
Claims on customers under acceptance credits	2,768,374	3,374,953
Staff financing	365,571	308,966
Credit/charge cards	131,200	82,596
Revolving credit	1,455,000	263,100
	<u>44,163,445</u>	<u>37,365,524</u>
Unearned income	<u>(13,097,892)</u>	<u>(11,028,542)</u>
Gross financing and advances	<u>31,065,553</u>	<u>26,336,982</u>
Allowances for bad and doubtful financing:		
- specific	(681,077)	(561,520)
- general	(513,348)	(436,446)
Net financing and advances	<u>29,871,128</u>	<u>25,339,016</u>

ii) By Shariah concepts

	31 December 2009 RM'000	Restated 30 June 2009 RM'000
Bai' Bithaman Ajil	11,554,549	9,373,223
Al-Ijarah Thumma Al-Bai (AITAB)	11,654,493	10,581,933
Murabahah	6,871,859	5,940,606
Musarakah Mutanaqisah	771,077	325,692
Bai Al-Dayn	5,956	28,507
Al-Ijarah Muntahiyah Bi Tamleek	75,092	-
Other concepts	132,527	87,021
Gross financing and advances	<u>31,065,553</u>	<u>26,336,982</u>

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A14. Financing and Advances (contd.)

iii) By type of customers

	31 December 2009 RM'000	Restated 30 June 2009 RM'000
Domestic non-banking institutions	2,681,490	1,792,589
Domestic business enterprises		
- Small and medium enterprises	3,429,580	3,553,629
- Others	5,399,002	3,919,823
Government and statutory bodies	27,604	69,465
Individuals	19,400,562	16,886,525
Other domestic entities	13,400	12,263
Foreign entities in Malaysia	113,915	102,688
Gross financing and advances	<u>31,065,553</u>	<u>26,336,982</u>

(iv) By profit rate sensitivity

	31 December 2009 RM'000	Restated 30 June 2009 RM'000
Fixed rate		
- Housing financing	3,516,135	3,458,004
- Hire purchase receivables	11,654,751	10,581,881
- Other financing	4,488,915	3,425,624
Floating rate		
- Housing financing	4,363,970	916,436
- Other financing	7,041,782	7,955,037
Gross financing and advances	<u>31,065,553</u>	<u>26,336,982</u>

(v) By economic purpose

	31 December 2009		Restated 30 June 2009	
	RM'000	RM'000	RM'000	RM'000
Purchase of securities		2,177,184		1,324,293
Purchase of transport vehicles	12,462,482		10,921,969	
- less: Islamic hire purchase receivables sold to Cagamas	<u>(752,739)</u>	11,709,743	<u>(268,304)</u>	10,653,665
Purchase of landed properties				
- residential	5,410,934		5,364,137	
- non-residential	712,798		659,299	
- less: Islamic housing financing sold to Cagamas	<u>-</u>	6,123,732	<u>(315,069)</u>	5,708,367
Personal use		615,789		434,302
Consumer durables		1,175		856
Construction		755,324		872,845
Working capital		9,530,331		7,230,993
Credit/charge cards		131,200		82,596
Others		21,075		29,065
Gross financing and advances		<u>31,065,553</u>		<u>26,336,982</u>

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A14. Financing and Advances (contd.)

(vi) Non-performing financing and advances ("NPF") by economic purpose

	31 December 2009		30 June 2009	
	RM'000	RM'000	RM'000	RM'000
Purchase of securities		6,425		7,038
Purchase of transport vehicles		43,680		31,793
Purchase of landed properties				
- residential	435,898		474,157	
- non-residential	36,315	472,213	37,578	511,735
Personal use		34,498		37,807
Credit/charge cards		1,770		535
Consumer durables		4		4
Construction		95,877		97,321
Working capital		470,408		359,479
Gross NPF		<u>1,124,875</u>		<u>1,045,712</u>

(vii) Movement in NPF are as follows:

	31 December	Restated
	2009	30 June
	RM'000	RM'000
At beginning of period	1,045,712	1,106,390
Non-performing during the period	331,673	425,269
Reclassified as performing during the period	(150,930)	(267,311)
Recovered	(67,910)	(116,344)
Amount written off	(40,065)	(107,801)
Expenses debited to customers' accounts	6,395	5,509
At end of period	<u>1,124,875</u>	<u>1,045,712</u>
Less: Specific allowance	(681,077)	(561,520)
Net NPF	<u>443,798</u>	<u>484,192</u>
Gross financing and advances	31,065,553	26,336,982
Less: Specific allowance	(681,077)	(561,520)
Net financing and advances	<u>30,384,476</u>	<u>25,775,462</u>
NPF as % of gross financing and advances less specific allowances	<u>1.46%</u>	<u>1.88%</u>

(viii) Movement in the allowance for bad and doubtful financing accounts are as follows:

	31 December	30 June
	2009	2009
	RM'000	RM'000
<u>Specific Allowance</u>		
At beginning of period	561,520	549,632
Allowance made during the period	199,430	193,410
Amount written back in respect of recoveries	(39,808)	(73,721)
Amount written off	(40,065)	(107,801)
At end of the period	<u>681,077</u>	<u>561,520</u>

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A14. Financing and Advances (contd.)

(viii) Movement in the allowance for bad and doubtful financing accounts are as follows (contd.):

	31 December 2009 RM'000	30 June 2009 RM'000
<u>General Allowance</u>		
At beginning of period	436,446	333,981
Allowance made during the period	76,902	102,465
At end of the period	513,348	436,446
As a % of total financing and advances less specific allowance	1.69%	1.69%

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A15. Other Assets

	31 December 2009 RM'000	Restated 30 June 2009 RM'000
Income receivables	76,583	77,436
Handling fees	102,435	87,982
Prepayments and deposits	78	1,831
Others	1,539	3,511
	180,635	170,760

A16. Deposits from Customers

i) By type of deposit

	31 December 2009 RM'000	30 June 2009 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	2,566,133	2,451,217
Savings deposits	187,477	163,642
General investment deposits	11,553,541	10,138,519
Negotiable instruments of deposits	1,244,961	1,881,710
	15,552,112	14,635,088
 <u>Non-Mudharabah Fund</u>		
Demand deposits	4,289,246	3,819,313
Savings deposits	4,798,127	4,414,806
Fixed return investment deposits	2,665,933	872,700
Structured deposits *	635,728	547,925
	12,389,034	9,654,744
	27,941,146	24,289,832

* Structured deposits represent Ringgit Malaysia time deposits with embedded foreign exchange option and commodity-linked time deposits.

ii) By type of customer

	31 December 2009 RM'000	30 June 2009 RM'000
Business enterprises	9,189,527	7,470,202
Individuals	8,429,210	7,510,435
Government and statutory bodies	5,383,038	4,303,043
Others	4,939,371	5,006,152
	27,941,146	24,289,832

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A17. Deposits and Placement of Banks and Other Financial Institutions

	31 December 2009 RM'000	30 June 2009 RM'000
<u>Mudharabah Fund</u>		
Licensed banks	2,808,831	2,541,592
Licensed investment banks	62,900	-
Other financial institutions	153,589	207,118
	3,025,320	2,748,710
<u>Non-Mudharabah Fund</u>		
Licensed banks	783	7,417
Other financial institutions	197,543	190,968
	198,326	198,385
	3,223,646	2,947,095

A18. Other Liabilities

	Note	31 December 2009 RM'000	30 June 2009 RM'000
Profit payable		78,901	60,803
Profit equalisation reserve ("PER")	(i)	12,805	41,333
Sundry creditors		24,642	26,485
Deposit on trade financing		35,838	14,145
Provisions and accruals		10,458	17,418
Amount due to holding company		470,405	797,700
Others		26,514	12,300
		659,563	970,184

(i) PER

	31 December 2009 RM'000	30 June 2009 RM'000
At beginning of period	41,333	61,768
Provided during the period	14,699	36,141
Write back during the period	(43,227)	(56,576)
At end of period*	12,805	41,333

* PER at the end of the second financial quarter of which the shareholder's portion is RM 894,718 (June 2009: RM 3,289,328)

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A19. Income derived from Investment of Depositors' Funds

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Income derived from investment of:				
i) General investment deposits	249,676	81,455	443,807	181,908
ii) Other deposits	198,614	282,057	428,269	550,381
	448,290	363,512	872,076	732,289

i) Income derived from investment of general investment deposits

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Financing and advances	206,777	67,058	364,744	147,403
Money at call and deposit with financial institutions	6,536	6,900	13,051	14,914
Securities AFS	19,101	4,769	34,042	9,789
Securities HTM	711	22	1,251	39
Securities HFT	342	-	495	-
	233,467	78,749	413,583	172,145
Amortisation of premium less accretion of discounts	532	1,382	2,003	3,130
Total finance income and hibah	233,999	80,131	415,586	175,275
Other operating income :				
Fee income				
- Processing fees	162	575	980	1,796
- Commissions	6,273	2,001	10,781	4,932
- Service charges	5,482	1,489	9,875	2,995
Unrealised gains/(losses) on revaluation of derivatives	887	(1,843)	976	(1,903)
Gains/(losses) on sale of securities AFS	725	(59)	738	(97)
Gains on sale of securities HFT	200	-	350	-
Unrealised losses on revaluation of securities HFT	(41)	-	(4)	-
Unrealised gains/(losses) on foreign exchange translations	1,989	(839)	4,525	(1,090)
	249,676	81,455	443,807	181,908

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A19. Income derived from Investment of Depositors' Funds (contd)

ii) Income derived from investment of other deposits

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Financing and advances	165,101	231,362	351,975	445,978
Money at call and deposit with financial institutions	4,887	23,717	12,594	45,124
Securities AFS	15,175	16,210	32,850	29,617
Securities HTM	568	75	1,207	119
Securities HFT	297	-	478	-
	186,028	271,364	399,104	520,838
Amortisation of premium less accretion of discounts	193	4,800	1,933	9,471
Total finance income and hibah	186,221	276,164	401,037	530,309
Other operating income :				
Fee income				
- Processing fees	-	2,172	967	5,433
- Commissions	5,049	7,095	10,381	14,923
- Service charges	4,332	5,039	9,529	9,062
Unrealised gains/(losses) on revaluation of derivatives	837	(5,595)	942	(5,756)
Gains/(losses) on sale of securities AFS	697	(191)	712	(292)
Gains on sale of securities HFT	160	-	338	-
Unrealised losses on revaluation of securities HFT	(49)	-	(4)	-
Unrealised gains/(losses) on foreign exchange translations	1,367	(2,627)	4,367	(3,298)
	198,614	282,057	428,269	550,381

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A20. Income derived from Investment of Shareholder's Funds

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Financing and advances	24,599	34,198	53,841	59,070
Money at call and deposit with financial institutions	720	3,496	1,926	5,977
Securities AFS	2,259	2,369	5,025	3,923
Securities HTM	85	11	185	16
Securities HFT	45	-	73	-
	27,708	40,074	61,050	68,986
Amortisation of premium less accretion of discounts	24	713	296	1,254
Total finance income and hibah	27,732	40,787	61,346	70,240
Other operating income :				
Fee income				
- Processing fees	-	342	152	720
- Commissions	749	1,070	1,583	1,977
- Service charges	645	734	1,458	1,200
Unrealised gains/(losses) on revaluation of derivatives	128	(743)	144	(762)
Gains/(losses) on sale of securities AFS	107	(27)	109	(39)
Gains on sale of securities HFT	24	-	52	-
Unrealised losses on revaluation of securities HFT	(8)	-	(1)	-
Unrealised gains/(losses) on foreign exchange translations	198	(359)	668	(437)
	29,575	41,804	65,511	72,899

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A21. Allowance for Losses on Financing and Advances

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful financing:				
Specific allowance				
- made in the period	106,070	50,320	199,430	103,649
- written back	(24,339)	(7,300)	(39,808)	(37,016)
General allowance				
- made in the period	50,991	13,503	174,831	31,514
- written back	(75,823)	(3,860)	(97,929)	(8,353)
Bad debts and financing				
- written off	9	11	172	35
- recovered	(7,761)	(9,159)	(16,416)	(12,895)
	49,147	43,515	220,280	76,934

A22. Income attributable to Depositors

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	69,443	57,944	139,359	123,452
- Non-Mudharabah	16,787	20,044	48,514	48,818
	86,230	77,988	187,873	172,270
Deposits and placements of banks and other financial institutions				
- Mudharabah	58,324	88,705	112,832	157,164
- Non-Mudharabah	753	745	1,475	1,697
	59,077	89,450	114,307	158,861
	145,307	167,438	302,180	331,131

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A23. Overhead Expenses

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Personnel expenses	2,114	1,727	4,363	3,297
- Salaries, allowances and bonuses	1,605	1,274	3,206	2,477
- Pension costs	245	193	482	452
- Others	264	260	675	368
Establishment costs	538	365	1,072	598
- Rental of premises	142	-	285	-
- Repairs, servicing and maintenance	7	-	8	-
- Information technology expenses	389	365	779	598
Marketing costs	4,568	3,307	9,774	5,075
- Advertisement and publicity	4,565	3,307	9,767	5,074
- Others	3	-	7	1
Administration and general expenses	95,387	75,315	187,666	142,032
- Fees and brokerage	2,951	2,092	6,060	4,242
- Administrative expenses	2,955	545	3,793	910
- General expenses	2,086	-	4,279	-
- Shared service cost paid/payable to Maybank	87,395	72,678	173,534	136,880
	102,607	80,714	202,875	151,002

A24. Taxation and Zakat

The analysis of the taxation and zakat expense for the second financial quarter ended 31 December 2009 are as follows:

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Malaysian income tax	41,531	32,347	76,543	70,989
Deferred tax expense in relation to origination and reversal of temporary differences	136	(5,652)	(27,451)	(11,996)
Tax expense for the period	41,667	26,695	49,092	58,993
Zakat expense	1,718	2,986	3,915	6,247
	43,385	29,681	53,007	65,240

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A25. Credit exposure arising from credit transactions with connected parties

	31 December 2009
Outstanding credit exposure with connected parties (RM'000)	<u>154,610</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.5%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>-</u>

The credit exposure above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008, and applied prospectively.

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A26. Commitments and Contingencies

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

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

	As at 31 December 2009			As at 30 June 2009		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	197,168	197,168	162,385	190,877	190,877	150,107
Certain transaction-related contingent items	610,503	305,252	268,979	575,052	287,526	252,382
Short-term self-liquidating trade-related contingencies	126,750	25,350	18,663	138,077	27,615	22,778
Housing and hire purchase financing sold to Cagamas Berhad	752,739	752,739	75,274	583,373	583,373	425,839
Irrevocable commitments to extend credit:						
- maturity within one year	10,459,134	-	-	12,392,187	-	-
- maturity more than one year	426,302	213,151	196,526	362,205	181,103	164,291
Profit rate related contracts:						
- one year to less than five years	1,064,350	43,138	8,628	983,800	22,349	4,470
Miscellaneous	23,705	-	-	8,517	-	-
	13,660,651	1,536,798	730,455	15,234,088	1,292,843	1,019,867

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

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A27. Capital Adequacy

The capital adequacy ratios of the Bank are as follows:

	31 December 2009 RM'000	30 June 2009 RM'000
Core capital ratio	8.82%	9.85%
Risk-weighted capital ratio ("RWCR")	10.52%	11.56%

Components of Tier I and Tier II capital:

Tier I capital

Paid-up share capital	110,500	110,500
Share premium	1,988,500	1,988,500
Other reserves	658,355	475,082
Less: Deferred tax assets	(84,502)	(58,304)
Total Tier I capital	2,672,853	2,515,778

Tier II capital

General allowance for bad and doubtful financing	513,348	436,446
Total Tier II capital	513,348	436,446
Total capital	3,186,201	2,952,224
Capital base	3,186,201	2,952,224

The breakdown of risk-weighted assets (excluding deferred tax) in various categories of risk-weights are as follows:

	31 December 2009		30 June 2009	
	Principal RM'000	Risk-Weighted RM'000	Notional RM'000	Risk-Weighted RM'000
0%	6,124,999	-	7,005,243	-
10%	907,739	90,774	325,000	32,500
20%	1,027,841	205,568	863,001	172,600
50%	5,009,340	2,504,670	4,927,914	2,463,957
100%	26,748,335	26,748,335	22,576,426	22,576,426
Total risk-weighted asset for credit risk		29,549,347		25,245,483
Total risk-weighted asset for market risk		725,920		287,203
Total risk-weighted assets for credit and market risks		30,275,267		25,532,686

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A28. Profit Rate Risk

As at 31 December 2009	← Non trading book →						Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000				
ASSETS										
Cash and short-term funds	50,000	-	-	-	-	2,992,020	-	3,042,020	2.16	
Deposits and placements with banks and other financial institutions	-	100,000	-	-	-	96	-	100,096	2.20	
Securities HFT	-	-	-	-	-	-	69,271	69,271	3.21	
Securities AFS	141,687	775,193	251,693	1,477,839	1,609,002	-	-	4,255,414	3.46	
Securities HTM	-	-	-	60,067	90,440	-	-	150,507	3.63	
Financing and advances										
- performing	2,774,665	1,395,339	784,505	5,076,156	19,910,013	-	-	29,940,678	5.38	
- non-performing*	-	-	-	-	-	(69,550)	-	(69,550)	-	
Derivative assets	-	-	-	-	-	-	18,537	18,537	-	
Other non-profit sensitive balances	-	-	-	-	-	345,637	-	345,637	-	
TOTAL ASSETS	2,966,352	2,270,532	1,036,198	6,614,062	21,609,455	3,268,203	87,808	37,852,610		

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A28. Profit Rate Risk (Contd.)

As at 31 December 2009	← Non trading book →						Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000				
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from customers	7,946,589	4,796,463	6,931,375	8,156,651	110,068	-	-	27,941,146	1.57	
Deposits and placements of banks and other financial institutions	1,302,866	1,327,379	4,092	187,434	5,000	396,875	-	3,223,646	1.87	
Deposits and placements of holding company	-	-	-	3,224,185	-	-	-	3,224,185	3.63	
Bills and acceptances payable	318	-	-	-	-	9,447	-	9,765	3.30	
Derivatives liabilities	-	-	-	-	-	-	18,055	18,055	-	
Other non-profit sensitive balances	-	-	-	-	-	690,319	-	690,319	-	
Total Liabilities	9,249,773	6,123,842	6,935,467	11,568,270	115,068	1,096,641	18,055	35,107,116		
Shareholder's equity	-	-	-	-	-	2,745,494	-	2,745,494		
Total Liabilities and Shareholder's Equity	9,249,773	6,123,842	6,935,467	11,568,270	115,068	3,842,135	18,055	37,852,610		
On-balance sheet profit rate sensitivity gap	(6,283,421)	(3,853,310)	(5,899,269)	(4,954,208)	21,494,387	(573,932)	69,753	-		
Total profit rate sensitivity gap	(6,283,421)	(3,853,310)	(5,899,269)	(4,954,208)	21,494,387	(573,932)	69,753	-		
Cumulative profit rate sensitivity gap	(6,283,421)	(10,136,731)	(16,036,000)	(20,990,208)	504,179	(69,753)	-	-		

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPF.

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A28. Profit Rate Risk (Contd.)

As at 30 June 2009	← Non trading book →						Non- profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	-				
ASSETS										
Cash and short-term funds	725,370	-	-	-	-	3,400,590	-	4,125,960	1.97	
Deposits and placements with banks and other financial institutions	-	-	-	-	-	421	-	421	-	
Securities HFT	-	-	-	29,946	-	-	-	29,946	3.94	
Securities AFS	150,278	388,816	754,343	1,415,250	1,228,391	-	-	3,937,078	3.34	
Securities HTM	-	-	-	60,087	75,387	-	-	135,474	3.78	
Financing and advances										
- performing	1,831,032	1,462,900	529,549	4,054,585	17,413,204	-	-	25,291,270	5.47	
- non-performing*	-	-	-	-	-	47,746	-	47,746	-	
Derivative assets	-	-	-	-	-	-	23,641	23,641	-	
Other non-profit sensitive balances	-	-	-	-	-	435,064	-	435,064	-	
TOTAL ASSETS	2,706,680	1,851,716	1,283,892	5,559,868	18,716,982	3,883,821	23,641	34,026,600		

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A28. Profit Rate Risk (Contd.)

As at 30 June 2009	Non trading book						Trading books RM'000	Total RM'000	Effective profit rate %	
	←	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				Non- profit sensitive RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from customers		7,881,873	3,489,445	5,118,242	7,693,792	106,480	-	-	24,289,832	1.57
Deposits and placements of banks and other financial institutions		610,057	1,055,000	853,910	172,146	12,160	243,822	-	2,947,095	2.01
Deposits and placements of holding company		-	-	-	3,206,071	-	-	-	3,206,071	3.63
Bills and acceptances payable		259	-	-	-	-	2,672	-	2,931	3.30
Derivatives liabilities		-	-	-	-	-	-	27,138	27,138	-
Other non-profit sensitive balances		-	-	-	-	-	995,072	-	995,072	-
Total Liabilities		8,492,189	4,544,445	5,972,152	11,072,009	118,640	1,241,566	27,138	31,468,139	
Shareholder's equity		-	-	-	-	-	2,558,461	-	2,558,461	
Total Liabilities and Shareholder's Equity		8,492,189	4,544,445	5,972,152	11,072,009	118,640	3,800,027	27,138	34,026,600	
On-balance sheet profit rate sensitivity gap		(5,785,509)	(2,692,729)	(4,688,260)	(5,512,141)	18,598,342	83,794	(3,497)	-	
Total profit rate sensitivity gap		(5,785,509)	(2,692,729)	(4,688,260)	(5,512,141)	18,598,342	83,794	(3,497)	-	
Cumulative profit rate sensitivity gap		(5,785,509)	(8,478,238)	(13,166,498)	(18,678,639)	(80,297)	3,497	-		

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPF.

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A29. Comparatives

Restatement of comparatives:

	Previously stated RM'000	Increase (decrease) RM'000	Restated RM'000
Balance Sheet:			
Financing and advances*	25,302,763	36,253	25,339,016
Other assets*	207,013	(36,253)	170,760

* Being reclassification to comply with current year's presentation.

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PART B – Review of Performance & Current Year Prospects

B1. Performance Review of The Second Quarter of the Financial Year 2009/10

During the period under review, the Bank has shown commendable performance as reflected from robust expansion in financing asset and customer deposits as well as higher top-line revenue, despite registering lower profits following non-performing of two major corporate accounts.

The Bank's top line revenue for the six-month period ended 31 December 2009 increased in consonant with expansion in earning assets of financing and investment securities as compared to the corresponding period last financial year. Income derived from investment of depositors' funds grew significantly by RM139.8 million or 19% to RM872.1 million over that of previous year's corresponding period of RM732.3 million. In contrast, income from shareholders' funds dropped to RM65.5 million, lower by RM7.4 million or 11%. Contributing to the growth in top line revenue by income classifications for the period were income from financing of RM716.7 million (82%), followed by income from investment in securities portfolio of RM70.3 million (8%), other income and amortisation of premium of RM59.4 million (7%) as well as income from deposit placement with financial institutions of RM25.6 million (3%).

The Bank made allowances for losses in financing of RM220.3 million in the half year reporting period, an increase of RM143.3 million or 186% from the same period last year. A net of RM159.6 million new specific allowances were made for newly classified and also existing non-performing financing ("NPF") accounts which have deteriorated further during the review period. This includes two major corporate accounts which are unlikely recoverable. In line with the Bank's prudent credit asset management, a total of RM76.9 million general allowances were also provided for the period.

To date, the Bank had written back a total of RM28.5 million from profit equalisation reserve ("PER") account to income statement in order to support the Bank's dividend payment obligations to depositors and inter-bank lenders in line with the adoption of BNM's Framework of Rate of Return ("ROR") – GP2-i.

Hence, the Bank's total distributable income for the six-month period increased to RM741.3 million, higher by RM9.3 million or 1% over that of the corresponding period.

Despite robust growth in the Bank's customer deposits during the review period, the presently low interest rates scenario following three times cut in BNM's overnight policy rate (OPR) between the month of November 2008 and February 2009 has provided positive impact to the Bank's funding cost. In the period under review, the Bank's income attributable to depositors (including inter-bank lenders) stood at RM302.2 million, a reduction of RM28.9 million or 9% compared to that of the previous corresponding period. This comprised dividends paid on placements of Mudharabah and non-Mudharabah customer deposits of RM252.2 million (83%) and dividends on deposits and placements by banks and other financial institutions of RM49.9 million (17%).

Overhead expenses however increased by RM51.9 million or 34% to RM202.9 million over that of corresponding period last year in consonant with robust expansion in the Bank's business activities. The increase in overhead was mainly attributable to shared services expenses provided by holding company as well as direct expenses incurred mostly at head office level to support the running of the Bank's business operations.

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B1. Performance Review of The Second Quarter of the Financial Year 2009/10 (Contd.)

As a result, the Bank profit before taxation and zakat decreased from RM249.9 million in that of the corresponding period to RM236.3 million, a reduction of RM13.6 million or 5%. Net of effective corporate tax applied for the six-month period as well as 2.5% zakat, the Bank registered a lower net profit after tax and zakat of RM183.3 million for the half year period ended 31 December 2009, down by RM1.4 million or 1% against that of the corresponding period.

The Bank's financing assets comprised consumer financing portfolio of 67% while business financing made up the remaining 33% as at December 2009. Gross financing stood at RM31.1 billion, a significant growth of RM4.8 billion or 18% from 30 June 2009. Asset quality improved further with net NPF ratio stood at 1% against 2% registered in the previous financial period ended 30 June 2009.

Total customer deposits settled at RM27.9 billion, an increase by RM3.7 billion or 15% compared to the previous period ended 30 June 2009. Mudharabah fund accounted for 56% of total customer deposits, while the remaining 44% were non-Mudharabah fund.

The Bank's market share of financing and customer deposits were in the region of 24% and 20% respectively based on the industry's position as at November 2009.

As a separate entity, the Bank is adequately capitalised above the minimum requirements set by Bank Negara Malaysia with its core capital ratio and RWCR stood at 8.82% and 10.52% respectively as at 31 December 2009.

B2. Variation of Current Quarter Results Against Preceding quarter

The Bank posted profit before taxation and zakat of RM165.4 million for the second quarter ended 31 December 2009, an increase of RM94.5 million or 133% as compared to preceding quarter.

Income derived from investment of depositors and shareholders fund rose by RM18.2 million or 4% against the preceding quarter ended 30 September 2009. Allowances for losses on financing and advances decreased substantially by RM122.0 million or 71% due to higher provisions made in the first quarter mainly for two major corporate accounts totalling RM102 million.

With excess income available for distribution to depositors and the need to cater for future dividend distribution, the Bank has allocated RM12.8 million into PER account against a RM41.3 million write-back in the preceding quarter.

The Bank's total income paid to depositors of RM145.3 million declined by RM11.5 million or 7% against quarter ended 30 September 2009.

Overhead expenses for the second quarter expanded by RM2.3 million or 2% to RM102.6 million over that of preceding quarter mainly due to increase in activities to support growth in Bank's business operations

MAYBANK ISLAMIC BERHAD
(787435-M)
(Incorporated in Malaysia)

B3. Current Year Prospects

Malaysia recorded a steady recovery from recession in 2009 and is expected to record positive GDP growth in 2010 on the back of pickup in consumer spending and upturn in exports and industrial output. However, risk of uncertain global economic recovery remains a concern.

The ongoing implementation of economic stimulus packages will continue to aid the economic recovery in 2010. The domestic banking industry in general is expected to remain resilient as it has been able to weather the effect of global economic slowdown. With Malaysia's economic resuming growth in 2010, it is foreseen that Islamic finance will continue to play its important role.

The OPR is expected to remain unchanged at the current level at least until June 2010 as BNM's uncertainty over the prospect of advanced economies remains.

The Bank is positive to registering improvement in all key performance indicators in the next six months, and is on track to meet the overall key budget targets set for FY 2009/10 ending 30 June 2010.

B4. Profit Forecast or Profit Guarantee

The Bank does not make any profit forecast or issued any profit guarantee.