

**MAYBANK INVESTMENT BANK BERHAD**  
**(Co. Reg. No.: 197301002412)**  
(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

<u>Group</u>	Note	31 December 2023 RM'000	31 December 2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds	14	1,042,175	1,098,279
Deposits and placements with a financial institution	15	639,711	434,806
Financial investments portfolio	16	1,343,454	1,482,735
Loans and advances	17	205,914	111,329
Derivative financial assets	21 (i)	146,430	153,273
Amount due from brokers and clients	18 (i)	618,663	423,555
Deposits and prepayments	18 (ii)	152,539	138,437
Other assets	18 (iii)	40,992	43,861
Tax recoverable		21,518	24,550
Property, plant and equipment		5,306	2,998
Right-of-use assets		7,991	5,715
Intangible assets		18,477	10,131
Deferred tax assets		25,107	16,622
<b>TOTAL ASSETS</b>		<b>4,268,277</b>	<b>3,946,291</b>
<b>LIABILITIES</b>			
Deposits and placements from a financial institution	19	1,426,768	1,494,146
Derivative financial liabilities	21 (i)	399,680	410,637
Amount due to brokers and clients	20 (i)	549,134	416,939
Deposits and other creditors	20 (ii)	1,119,312	804,438
Other liabilities	20 (iii)	127,335	173,050
Provision for zakat		347	693
Subordinated obligation		35,055	35,055
<b>TOTAL LIABILITIES</b>		<b>3,657,631</b>	<b>3,334,958</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital		222,785	222,785
Reserves		387,861	388,548
<b>TOTAL EQUITY</b>		<b>610,646</b>	<b>611,333</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>4,268,277</b>	<b>3,946,291</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	29	<b>2,412,897</b>	<b>2,386,502</b>

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

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

<u>Bank</u>	Note	31 December 2023 RM'000	31 December 2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds	14	1,008,931	1,065,971
Deposits and placements with a financial institution	15	639,691	434,786
Financial investments portfolio	16	1,343,454	1,482,735
Loans and advances	17	205,914	111,329
Derivative financial assets	21 (i)	146,430	153,273
Amount due from brokers and clients	18 (i)	618,663	423,555
Deposits and prepayments	18 (ii)	152,539	138,437
Other assets	18 (iii)	40,792	43,729
Tax recoverable		21,554	24,566
Investment in subsidiaries		197,267	197,267
Property, plant and equipment		5,306	2,998
Right-of-use assets		7,991	5,715
Intangible assets		18,477	10,131
Deferred tax assets		25,107	16,622
<b>TOTAL ASSETS</b>		<b>4,432,116</b>	<b>4,111,114</b>
<b>LIABILITIES</b>			
Deposits and placements from a financial institution	19	1,426,768	1,494,146
Derivative financial liabilities	21 (i)	399,680	410,637
Amount due to brokers and clients	20 (i)	549,134	416,939
Deposits and other creditors	20 (ii)	1,118,395	803,798
Other liabilities	20 (iii)	298,801	344,516
Provision for zakat		347	693
Subordinated obligation		35,055	35,055
<b>TOTAL LIABILITIES</b>		<b>3,828,180</b>	<b>3,505,784</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital		222,785	222,785
Reserves		381,151	382,545
<b>TOTAL EQUITY</b>		<b>603,936</b>	<b>605,330</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>4,432,116</b>	<b>4,111,114</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	29	<b>2,412,897</b>	<b>2,386,502</b>

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

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023**

<u>Group</u>	Notes	Unaudited		Audited	
		31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Interest income	22	19,885	8,466	56,014	25,913
Interest expense	23	(22,039)	(14,083)	(66,668)	(40,490)
Net interest expense		(2,154)	(5,617)	(10,654)	(14,577)
Income from Islamic Banking Scheme operations	31	24,164	8,939	60,826	42,870
Non-interest income	24	102,592	96,031	353,752	381,487
Direct costs	25	(8,032)	(7,848)	(32,048)	(34,238)
Net income		116,570	91,505	371,876	375,542
Overhead expenses	26	(102,305)	(72,377)	(317,215)	(298,376)
Operating profit		14,265	19,128	54,661	77,166
(Allowance for)/writeback of impairment on loans and advances, other assets and amount due from brokers and clients, net	27	(62)	1,011	1,000	337
<b>Profit before taxation and zakat</b>		<b>14,203</b>	<b>20,139</b>	<b>55,661</b>	<b>77,503</b>
Taxation and zakat		(3,052)	(6,367)	(10,660)	(20,415)
<b>Profit for the year attributable to equity holder of the Bank</b>		<b>11,151</b>	<b>13,772</b>	<b>45,001</b>	<b>57,088</b>
<b>Basic and diluted earnings per share (sen), attributable to equity holder of the Bank</b>		<b>22</b>	<b>27</b>	<b>90</b>	<b>114</b>
<b>Other comprehensive income:</b>					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain on revaluation of financial asset at fair value through other comprehensive income		-	-	88	69
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Net gain/(loss) on foreign exchange translation		1	11	223	(166)
<b>Other comprehensive income/(loss) for the year net of tax</b>		<b>1</b>	<b>11</b>	<b>311</b>	<b>(97)</b>
<b>Total comprehensive income for the year attributable to equity holder of the Bank</b>		<b>11,152</b>	<b>13,783</b>	<b>45,312</b>	<b>56,991</b>

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

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023**

<u>Bank</u>	Notes	Unaudited		Audited	
		Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Interest income	22	19,685	8,298	55,238	25,387
Interest expense	23	(22,039)	(14,083)	(66,668)	(40,490)
Net interest expense		(2,354)	(5,785)	(11,430)	(15,103)
Income from Islamic Banking Scheme operations	31	24,164	8,939	60,826	42,870
Non-interest income	24	102,592	96,031	353,752	381,487
Direct costs	25	(8,032)	(7,848)	(32,048)	(34,238)
Net income		116,370	91,337	371,100	375,016
Overhead expenses	26	(102,274)	(72,349)	(317,096)	(298,259)
Operating profit		14,096	18,988	54,004	76,757
(Allowance for)/writeback of impairment on loans and advances, other assets and amount due from brokers and clients, net	27	(62)	1,011	1,000	337
<b>Profit before taxation and zakat</b>		<b>14,034</b>	<b>19,999</b>	<b>55,004</b>	<b>77,094</b>
Taxation and zakat		(3,007)	(6,330)	(10,487)	(20,302)
<b>Profit for the year attributable to equity holder of the Bank</b>		<b>11,027</b>	<b>13,669</b>	<b>44,517</b>	<b>56,792</b>
<b>Other comprehensive income:</b>					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain on revaluation of financial asset at fair value through other comprehensive income		-	-	88	69
<b>Other comprehensive income for the year net of tax</b>		<b>-</b>	<b>-</b>	<b>88</b>	<b>69</b>
<b>Total comprehensive income for the year, attributable to equity holder of the Bank</b>		<b>11,027</b>	<b>13,669</b>	<b>44,605</b>	<b>56,861</b>

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**MAYBANK INVESTMENT BANK BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

<u>Group</u>	←-----Non-distributable----->				Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value through other comprehensive income reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000
<b>At 1 January 2023</b>	222,785	11,372	1,053	(407)	376,530	611,333
Profit for the year	-	-	-	-	45,001	45,001
Other comprehensive income	-	-	88	223	-	311
Total comprehensive income for the year	-	-	88	223	45,001	45,312
Transfer to regulatory reserve	-	2,685	-	-	(2,685)	-
Dividend	-	-	-	-	(45,999)	(45,999)
<b>At 31 December 2023</b>	<b>222,785</b>	<b>14,057</b>	<b>1,141</b>	<b>(184)</b>	<b>372,847</b>	<b>610,646</b>
<b>At 1 January 2022</b>	222,785	14,046	984	(241)	509,375	746,949
Profit for the year	-	-	-	-	57,088	57,088
Other comprehensive income/(loss)	-	-	69	(166)	-	(97)
Total comprehensive income/(loss) for the year	-	-	69	(166)	57,088	56,991
Transfer from regulatory reserve	-	(2,674)	-	-	2,674	-
Dividend	-	-	-	-	(192,607)	(192,607)
<b>At 31 December 2022</b>	<b>222,785</b>	<b>11,372</b>	<b>1,053</b>	<b>(407)</b>	<b>376,530</b>	<b>611,333</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	<-----Non-distributable----->			Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value through other comprehensive income reserve RM'000	Retained earnings RM'000	Total RM'000
<b>Bank</b>					
<b>At 1 January 2023</b>	222,785	11,372	1,053	370,120	605,330
Profit for the year	-	-	-	44,517	44,517
Other comprehensive income	-	-	88	-	88
Total comprehensive income for the year	-	-	88	44,517	44,605
Transfer to regulatory reserve	-	2,685	-	(2,685)	-
Dividend	-	-	-	(45,999)	(45,999)
<b>At 31 December 2023</b>	<b>222,785</b>	<b>14,057</b>	<b>1,141</b>	<b>365,953</b>	<b>603,936</b>
<b>At 1 January 2022</b>	222,785	14,046	984	503,261	741,076
Profit for the year	-	-	-	56,792	56,792
Other comprehensive income	-	-	69	-	69
Total comprehensive income for the year	-	-	69	56,792	56,861
Transfer from regulatory reserve	-	(2,674)	-	2,674	-
Dividend	-	-	-	(192,607)	(192,607)
<b>At 31 December 2022</b>	<b>222,785</b>	<b>11,372</b>	<b>1,053</b>	<b>370,120</b>	<b>605,330</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	Group		Bank	
		31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>Cash flows from operating activities</b>					
Profit before taxation and zakat		55,661	77,503	55,004	77,094
Adjustments for:					
Depreciation of property, plant and equipment	26	1,399	1,772	1,399	1,772
Depreciation of right-of-use assets	26	8,388	8,348	8,388	8,348
Amortisation of computer software	26	2,177	2,543	2,177	2,543
Finance cost on lease liabilities	26	363	286	363	286
Writeback of loans and advances, net	27	(2)	(8)	(2)	(8)
(Writeback of)/allowance for impairment on other assets, net	27	(882)	230	(882)	230
(Writeback of)/allowance for impairment on amount due from brokers and clients	27	33	(129)	33	(129)
Loss on foreign exchange revaluation		2,536	10,948	2,536	10,948
Gain from sale of property plant and equipment		(238)	-	(238)	-
Gross dividends	24	(29,886)	(49,962)	(29,886)	(49,962)
Realised loss from sale of financial assets at fair value through profit or loss, net	24	23,867	158,150	23,867	158,150
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss, net	24	26,115	(56,121)	26,115	(56,121)
Realised loss/(gain) from sale of derivative financial instruments, net	24	72,498	(88,599)	72,498	(88,599)
Unrealised gain on revaluation of derivative financial instruments, net	24	(160,637)	(92,502)	(160,637)	(92,502)
Operating loss before working capital changes		1,392	(27,541)	735	(27,950)
Change in cash and short-term funds with original maturity more than three months		(90,299)	10,835	(90,299)	10,835
Change in deposits and placements with original maturity more than three months		(204,984)	138,748	(204,984)	138,748
Change in financial investments portfolio and derivative financial instruments		173,412	338,412	173,412	338,412
Change in loans and advances		(94,583)	(47,124)	(94,583)	(47,124)
Change in amount due from brokers and clients		(195,108)	(116,540)	(195,108)	(116,540)
Change in deposits and prepayments		(14,102)	10,283	(14,102)	10,283
Change in other assets		(6,946)	20,489	(6,878)	20,569
Change in deposits and placements from a financial institution		(67,378)	103,524	(67,378)	103,524
Change in amount due to brokers and clients		132,195	164,993	132,195	164,993
Change in deposits and other creditors		314,874	(254,674)	314,597	(254,782)
Change in other liabilities		(39,112)	(65,359)	(39,112)	(65,183)
Cash (used in)/generated from operations		(90,639)	276,046	(91,505)	275,785
Taxation and zakat paid, net		(16,459)	(13,177)	(16,306)	(13,079)
Net cash (used in)/generated from operating activities		(107,098)	262,869	(107,811)	262,706
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(3,737)	(857)	(3,737)	(857)
Purchase of computer software		(10,523)	(4,001)	(10,523)	(4,001)
Proceeds from disposal of property, plant and equipment		268	-	268	-
Net dividends received		29,886	49,962	29,886	49,962
Net cash generated from investing activities		15,894	45,104	15,894	45,104

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D.)**

	Note	Group		Bank	
		31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>Cash flows from financing activities</b>					
Interest payment of subordinated obligation		(1,110)	(1,110)	(1,110)	(1,110)
Dividend paid		(45,999)	(192,607)	(45,999)	(192,607)
Repayment of lease liabilities		(8,392)	(8,703)	(8,392)	(8,703)
Net cash used in financing activities		<u>(55,501)</u>	<u>(202,420)</u>	<u>(55,501)</u>	<u>(202,420)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(146,705)</b>	<b>105,553</b>	<b>(147,418)</b>	<b>105,390</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,069,073</b>	<b>963,686</b>	<b>1,036,745</b>	<b>931,355</b>
<b>Effects of foreign exchange rate changes</b>		<b>223</b>	<b>(166)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>		<b><u>922,591</u></b>	<b><u>1,069,073</u></b>	<b><u>889,327</u></b>	<b><u>1,036,745</u></b>
Cash and cash equivalents comprise:					
Cash and short-term funds	14	1,042,175	1,098,279	1,008,931	1,065,971
Deposits and placements with a financial institution	15	639,711	434,806	639,691	434,786
		<u>1,681,886</u>	<u>1,533,085</u>	<u>1,648,622</u>	<u>1,500,757</u>
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		(759,295)	(464,012)	(759,295)	(464,012)
		<u>922,591</u>	<u>1,069,073</u>	<u>889,327</u>	<u>1,036,745</u>

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**MAYBANK INVESTMENT BANK BERHAD**  
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**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) Interim Financial Reporting**

**1. Basis of Preparation**

The audited condensed interim financial statements of the Group and of 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 profit or loss, financial investments at fair value through other comprehensive income and derivative financial instruments.

The audited condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

The audited condensed interim financial statements do not include all the information and disclosure required in the audited financial statements, and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. These explanatory notes attached to the audited 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 Group and of the Bank since the year ended 31 December 2022.

The audited condensed interim financial statements include those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to capital market and stockbroking activities under the principles of Shariah.

The significant accounting policies and methods of computation applied by the Group and by the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2022 except for adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2023:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 - <i>Presentation of Financial Statements</i> - <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 101 - <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108 - <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> - <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 Income Taxes - <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 Income Taxes - <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

Adoption of the above standards and annual improvements to standards, where applicable do not have any significant financial impact on the financial statements of the Group and of the Bank in the period of initial application.

**2. Significant Accounting Policies**

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2022 were prepared in accordance with MFRS, International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 2016 in Malaysia. The significant accounting policies adopted in preparing these audited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2022 except for the adoption of the new MFRS, amendments to MFRS and annual improvements to MFRS which are effective for annual periods beginning on or after 1 January 2023 as disclosed in Note 1.

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**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) Interim Financial Reporting (Cont’d.)**

**3. Significant Accounting Estimates and Judgements**

The preparation of audited 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 audited condensed interim financial statements, the significant judgements made by management in applying the Group’s and the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements for the financial year ended 31 December 2022.

**4. Auditors’ Report on Annual Financial Statements**

The auditors’ report on the audited financial statements for the financial year ended 31 December 2022 was not qualified.

**5. Seasonal or Cyclical Factors**

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the fourth quarter ended 31 December 2023.

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

During the fourth quarter ended 31 December 2023, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

**7. Changes in Estimates**

There were no material changes in estimates during the fourth quarter ended 31 December 2023.

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

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Group and the Bank during the fourth quarter ended 31 December 2023.

**9. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the fourth quarter ended 31 December 2023.

**10. Dividend**

(i) Dividend Paid

On 24 February 2023, the Board of Directors declared a single-tier second interim dividend in respect of the financial year ended 31 December 2022 of approximately RM0.34 on 50,116,000 ordinary shares, amounting to a net dividend of RM17,241,000. The dividend was paid on 31 March 2023.

On 7 August 2023, the Board of Directors declared a single-tier first interim dividend in respect of the financial year ended 31 December 2023 of approximately RM0.57 on 50,116,000 ordinary shares, amounting to a net dividend of RM28,758,000. The dividend was paid on 26 September 2023.

(ii) Dividend Declared

On 27 February 2024, the Board of Directors declared a single-tier second interim dividend in respect of the financial year ended 31 December 2023 of approximately RM0.31 on 50,116,000 ordinary shares, amounting to a net dividend of RM15,758,000.

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**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) Interim Financial Reporting (Cont’d.)**

**11. Significant and Subsequent Event**

There were no significant and subsequent events after the fourth quarter ended 31 December 2023.

**12. Performance Review**

For the financial year ended 31 December 2023, the Group's operating profit decreased by 29.2% or RM22.5 million to RM54.7 million from RM77.2 million last year due to lower income and higher operating expense.

Net income decreased by 1.0% from RM375.5 million to RM371.9 million during the year. Non-interest income decreased by RM27.7 million to RM353.8 million mainly contributed by the lower investment income during the year. In contrary, income from Islamic Banking Scheme operations increased by RM18.0 million to RM60.8 million due to higher Islamic fee income during the year.

Overhead expenses increased by 6.3% or RM18.8 million from RM298.4 million to RM317.2 million. This was mainly contributed by the higher personnel expenses, establishment costs and marketing costs compared to the previous year.

The Group profit before taxation and zakat decreased by 28.2% or RM21.8 million from RM77.5 million to RM55.7 million. Profit for the year decreased by 21.2% or RM12.1 million to RM45.0 million.

**13. Business Outlook**

Global GDP growth is expected to moderate in 2024 reflecting a softer outlook for major economies such as the US and China. However, ASEAN growth is set to be firmer in 2024 supported by resilient domestic demand and sustained tourism, as well as the recovery in technology-related manufacturing products and exports following the improved global electronics demand since late 2023.

Malaysia's economy is estimated to grow at a faster pace in 2024 driven by a rebound in export of goods and services amid sustained consumer spending and investment growth. Bank Negara Malaysia is expected to maintain the Overnight Policy Rate at 3.00% in 2024 given the upside risk to inflation from potential subsidy rationalisation and an anticipated services tax rate hike.

Malaysian equities outlook is cautiously optimistic for 2024, amid stable political outlook and delivery of macro blueprints cum targets that were announced. For equities, the tail-end of global monetary policy tightening is a tailwind, while stable domestic interest rate policy outlook, economic transformation, and rising FDI momentum are the key catalysts. Better corporate earnings growth is expected in 2024 with improved earnings in most sectors.

Investment banking and advisory deal activity is seen as optimistic with the recently announced New Industrial Master Plan 2030 and the National Energy Transition Roadmap, which is expected to spur growth and catalyse more opportunities. Liquidity in the debt capital market space remains constructive, supported by favourable demand and supply dynamics, and a more stable interest rate outlook on the back of inflation being more contained and optimism around the global interest rate environment. On the merger & acquisition side, the improved clarity around political stability and government policy with the conclusion of the state elections and announcement on subsidy rationalisation is expected to provide a conducive environment for investment decisions in Malaysia.

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**14. Cash and short-term funds**

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with financial institutions	301,148	368,087	294,939	362,810
Deposit and placements maturing within one month	741,027	730,192	713,992	703,161
<b>Total cash and short-term funds</b>	<b>1,042,175</b>	<b>1,098,279</b>	<b>1,008,931</b>	<b>1,065,971</b>

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM529,344,000 (2022: RM535,741,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with Financial Reporting Standards Implementation Committee (FRSIC) Consensus 18 Monies Held-in-Trust by Participating Organisation at Bursa Malaysia Securities Berhad.

**15. Deposits and placements with a financial institution**

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Licensed bank	639,711	434,806	639,691	434,786

**16. Financial investments portfolio**

		31 December 2023	31 December 2022
		RM'000	RM'000
Financial assets at fair value through profit or loss	(i)	1,342,113	1,481,482
Financial assets at fair value through other comprehensive income	(ii)	1,341	1,253
<b>Total financial investments portfolio</b>		<b>1,343,454</b>	<b>1,482,735</b>

**(i) Financial assets at fair value through profit or loss**

	Group and Bank	
	31 December 2023	31 December 2022
	RM'000	RM'000
<b>At fair value</b>		
<b>Quoted financial assets:</b>		
Shares in Malaysia	625,946	936,567
Shares outside Malaysia	716,167	544,915
	<b>1,342,113</b>	<b>1,481,482</b>

**(ii) Financial assets at fair value through other comprehensive income**

	Group and Bank	
	31 December 2023	31 December 2022
	RM'000	RM'000
<b>At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment loss</b>		
<b>Unquoted financial assets:</b>		
Shares in Malaysia	1,341	1,253

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**17. Loans and advances**

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Term loans:		
- Other term loan	144,529	51,128
Amount due from brokers and clients:		
- Margin accounts	14,483	13,246
Staff loans	46,911	47,138
Gross loans and advances at amortised cost	<u>205,923</u>	<u>111,512</u>
Less: Allowances for impaired loans and advances:		
- Stage 1 - 12 Months Expected Credit Loss ("ECL")	(9)	(11)
- Stage 3 - Lifetime ECL credit impaired	-	(172)
<b>Net loans and advances</b>	<b><u>205,914</u></b>	<b><u>111,329</u></b>

**(i) Loans and advances analysed by type of customer are as follows:**

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Domestic business enterprises:		
- Others	144,529	59,252
Individuals	61,394	52,260
<b>Gross loans and advances</b>	<b><u>205,923</u></b>	<b><u>111,512</u></b>

**(ii) Loans and advances analysed by interest rate sensitivity are as follows:**

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Fixed rate:		
- Housing loans	35,945	35,757
- Hire purchase receivables	10,948	11,356
- Other fixed rate loans	18	25
Variable rate:		
- Base lending rate (BLR) plus	14,483	13,246
- Cost plus	144,529	51,128
<b>Gross loans and advances</b>	<b><u>205,923</u></b>	<b><u>111,512</u></b>

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17. Loans and advances (Cont'd.)

(iii) Loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Purchase of securities	14,483	13,246
Purchase of transport vehicles	10,948	11,356
Purchase of residential landed property	35,945	35,757
Personal use	18	25
Others	144,529	51,128
<b>Gross loans and advances</b>	<b>205,923</b>	<b>111,512</b>

(iv) The maturity structure of loans and advances are as follows:

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Within one year	160,334	65,842
More than one year to three years	4,122	5,868
More than three years to five years	7,671	6,418
More than five years	33,796	33,384
<b>Gross loans and advances</b>	<b>205,923</b>	<b>111,512</b>

(v) Movements in impaired loans and advances are as follows:

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
At 1 January	955	673
Impaired during the year	499	297
Reclassified as non-impaired	(296)	-
Amount recovered	(39)	(15)
Amount written off	(172)	-
Gross impaired loans and advances	947	955
Less: - Stage 3 - Lifetime ECL credit impaired	-	(172)
<b>Net impaired loans and advances</b>	<b>947</b>	<b>783</b>
Net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	<b>0.46%</b>	<b>0.70%</b>

(vi) Impaired loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Purchase of transport vehicles	-	172
Purchase of residential landed property	947	783
<b>Gross impaired loans and advances</b>	<b>947</b>	<b>955</b>

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17. Loans and advances (Cont'd.)

(vii) Movements in the allowance for impairment losses are as follows:

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2023	11	-	172	183
Amount written-back, net (Note 27)	(2)	-	-	(2)
Amount written-off	-	-	(172)	(172)
<b>At 31 December 2023</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>9</b>
At 1 January 2022	19	-	172	191
Amount written-back, net (Note 27)	(8)	-	-	(8)
<b>At 31 December 2022</b>	<b>11</b>	<b>-</b>	<b>172</b>	<b>183</b>

18. (i) Amount due from brokers and clients are as follows:

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Amount due from brokers and clients		
- Non-margin accounts (Note (a))	619,338	424,284
Less: Allowance for impairment losses	(675)	(729)
	<b>618,663</b>	<b>423,555</b>

Note (a) Amount due from brokers and clients relates to outstanding purchase contracts entered into on behalf of clients, contra losses, other fees and charges.

(ii) Deposits and prepayments

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Deposits with Maybank Securities Singapore	90,805	85,442
Deposits with Bursa Malaysia Derivative Berhad	40,703	30,794
Other deposits and prepayments	21,031	22,201
	<b>152,539</b>	<b>138,437</b>

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(iii) **Other assets**

	Group		Bank	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Fee income receivables	17,098	28,927	17,098	28,927
Amount due from holding company	9,381	3,083	9,381	3,083
Other debtors	23,534	22,236	23,334	22,104
	<u>50,013</u>	<u>54,246</u>	<u>49,813</u>	<u>54,114</u>
Less: Allowance for impairment losses	(9,021)	(10,385)	(9,021)	(10,385)
	<u>40,992</u>	<u>43,861</u>	<u>40,792</u>	<u>43,729</u>

**19. Deposits and placements from a financial institution**

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Licensed bank	<u>1,426,768</u>	1,494,146

**20. (i) Amount due to brokers and clients**

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
Amount due to brokers and clients (Note (a))	<u>549,134</u>	416,939

Note (a) Amount due to brokers and clients represents net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gains, other fees and charges.

**(ii) Deposits and other creditors**

	Group		Bank	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Deposits and collaterals pledged for derivative and securities borrowing and lending transactions	806,272	697,291	806,272	697,291
Payables on client trading accounts	133,128	15,723	133,128	15,724
Other deposits and creditors	179,912	91,424	178,995	90,783
	<u>1,119,312</u>	<u>804,438</u>	<u>1,118,395</u>	<u>803,798</u>



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(iii) **Other Liabilities**

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Provisions and accruals	88,595	71,813	88,587	71,805
Lease liabilities	8,075	5,882	8,075	5,882
Amount due to:				
- Holding company	22,157	86,712	22,157	86,712
- Related companies	8,508	8,643	8,508	8,643
- Subsidiaries	-	-	171,474	171,474
	<b>127,335</b>	<b>173,050</b>	<b>298,801</b>	<b>344,516</b>

**21. Derivative financial instruments**

(i) **Derivative financial assets/liabilities**

	Group and Bank 31 December 2023		
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<b>Hedging derivatives</b>			
<b>Equity-related derivatives:</b>			
Equity options:			
- Less than one year	1,397,956	126,708	276,410
- One to three years	373,691	2,058	84,910
Equity swaps:			
- Less than one year	417,429	17,123	37,406
- One to three years	15,071	-	954
	<b>2,204,147</b>	<b>145,889</b>	<b>399,680</b>
<b>Commodity-related derivatives:</b>			
Commodity swaps:			
- Less than one year	14,020	541	-
	<b>2,218,167</b>	<b>146,430</b>	<b>399,680</b>

	Group and Bank 31 December 2022		
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<b>Hedging derivatives</b>			
<b>Equity-related derivatives:</b>			
Equity options:			
- Less than one year	1,422,521	134,264	245,259
- One to three years	131,276	2,355	83,340
Equity swaps:			
- Less than one year	553,041	16,654	82,038
	<b>2,106,838</b>	<b>153,273</b>	<b>410,637</b>

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21. Derivative financial instruments (cont'd.)

(ii) The Group and the Bank have recognised the fair value changes on the derivative financial instruments as follows (Note 24):

	Group and Bank			
	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<b>Equity-related derivatives:</b>				
Index futures	-	8	(16)	16
Equity options	53,598	(111,143)	113,469	144,291
Equity swaps	(58,328)	(97,019)	47,585	(51,805)
<b>Commodity-related derivatives:</b>				
Commodity futures	(449)	-	(401)	-
Commodity swaps	(48)	-	-	-
	<u>(5,227)</u>	<u>(208,154)</u>	<u>160,637</u>	<u>92,502</u>

22. Interest income

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Loans and advances	5,417	810	10,265	1,664
Money at call and deposits and placements with financial institutions	12,060	6,129	39,247	20,344
Others	2,408	1,527	6,502	3,905
<b>Total interest income</b>	<u>19,885</u>	<u>8,466</u>	<u>56,014</u>	<u>25,913</u>

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Loans and advances	5,417	810	10,265	1,664
Money at call and deposits and placements with financial institutions	11,860	5,961	38,471	19,818
Others	2,408	1,527	6,502	3,905
<b>Total interest income</b>	<u>19,685</u>	<u>8,298</u>	<u>55,238</u>	<u>25,387</u>

Included in interest income was interest on impaired assets amounting to approximately RM226,000 (2022: RM298,000) for the Group and the Bank.

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**23. Interest expense**

<u>Group and Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from a financial institution	15,934	9,347	47,628	25,168
Derivative financial instruments	5,825	4,456	17,930	14,212
Subordinated obligation	280	280	1,110	1,110
<b>Total interest expense</b>	<b>22,039</b>	<b>14,083</b>	<b>66,668</b>	<b>40,490</b>

**24. Non-interest income**

<u>Group and Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<b>Fee and commission income that are provided over time:</b>				
Agency fees	1,204	2,789	2,119	6,676
Corporate advisory fees	16,584	4,836	26,480	17,255
	<b>17,788</b>	<b>7,625</b>	<b>28,599</b>	<b>23,931</b>
<b>Fee and commission income at a point in time:</b>				
Arranger and upfront fees	6,605	5,327	17,690	24,788
Brokerage income	30,201	24,518	117,526	115,702
Placement and related fees	5,745	5,189	16,425	13,427
Underwriting commission	-	275	18,791	3,168
Others	21,619	8,043	32,273	15,281
	<b>64,170</b>	<b>43,352</b>	<b>202,705</b>	<b>172,366</b>
<b>Investment income:</b>				
Realised loss from sale of financial assets at fair value through profit or loss, net	(37,646)	(44,181)	(23,867)	(158,150)
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	46,397	149,343	(26,115)	56,121
Realised (loss)/gain from sale of derivative financial instruments, net	(17,454)	106,952	(72,498)	88,599
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 21 (ii))	(5,227)	(208,154)	160,637	92,502
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	3,343	9,124	20,651	26,909
- Quoted outside Malaysia	3,003	9,379	9,235	23,053
	<b>(7,584)</b>	<b>22,463</b>	<b>68,043</b>	<b>129,034</b>
<b>Other income:</b>				
Foreign exchange gain/(loss), net	14,043	6,611	(2,536)	(10,948)
Other operating income	10,979	14,625	48,859	61,882
Others	3,196	1,355	8,082	5,222
	<b>28,218</b>	<b>22,591</b>	<b>54,405</b>	<b>56,156</b>
<b>Total non-interest income</b>	<b>102,592</b>	<b>96,031</b>	<b>353,752</b>	<b>381,487</b>

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25. Direct costs

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Group and Bank</b>	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	2,891	4,392	12,934	19,507
Trade-related charges	5,141	3,456	19,114	14,731
	<b>8,032</b>	<b>7,848</b>	<b>32,048</b>	<b>34,238</b>

26. Overhead expenses

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Group</b>	RM'000	RM'000	RM'000	RM'000
<b>Personnel expenses</b>				
- Salaries, allowances and bonuses	74,288	42,847	200,624	181,204
- Pension costs - defined contribution plan	7,470	5,633	24,210	22,253
- Employees' Share Scheme expenses	(1,474)	3,812	9,520	12,608
- Other staff-related expenses	3,028	3,049	12,654	13,350
	<b>83,312</b>	<b>55,341</b>	<b>247,008</b>	<b>229,415</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	353	341	1,399	1,772
- Amortisation of computer software	641	622	2,177	2,543
- Rental	221	345	1,188	1,205
- Finance cost on lease liabilities	87	51	363	286
- Depreciation of right-of-use assets	2,100	2,087	8,388	8,348
- Repairs and maintenance of property, plant and equipment	4,080	3,053	15,371	14,598
- Information technology expenses	11,305	11,282	40,075	40,297
- Others (Note (i))	(4,725)	(6,800)	(19,235)	(20,564)
	<b>14,062</b>	<b>10,981</b>	<b>49,726</b>	<b>48,485</b>
<b>Marketing costs</b>				
- Advertisement and publicity	1,020	606	3,344	1,788
- Others	1,636	1,389	4,972	3,050
	<b>2,656</b>	<b>1,995</b>	<b>8,316</b>	<b>4,838</b>
<b>Administration and general expenses</b>				
- Fee and brokerage	961	2,184	4,580	6,571
- Administrative expenses	104	846	3,623	4,707
- General expenses	1,210	1,030	3,962	4,360
	<b>2,275</b>	<b>4,060</b>	<b>12,165</b>	<b>15,638</b>
<b>Total overhead expenses</b>	<b>102,305</b>	<b>72,377</b>	<b>317,215</b>	<b>298,376</b>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM19,905,000 (2022: RM21,209,000)

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26. **Overhead expenses (Cont'd.)**

<b>Bank</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel expenses</b>				
- Salaries, allowances and bonuses	74,288	42,847	200,624	181,204
- Pension costs - defined contribution plan	7,470	5,633	24,210	22,253
- Employees' Share Scheme expenses	(1,474)	3,812	9,520	12,608
- Other staff related expenses	3,028	3,049	12,654	13,350
	<b>83,312</b>	<b>55,341</b>	<b>247,008</b>	<b>229,415</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	353	341	1,399	1,772
- Amortisation of computer software	641	622	2,177	2,543
- Rental	221	345	1,188	1,205
- Finance cost on lease liabilities	87	51	363	286
- Depreciation of right-of-use assets	2,100	2,087	8,388	8,348
- Repairs and maintenance of property, plant and equipment	4,080	3,053	15,371	14,598
- Information technology expenses	11,305	11,282	40,075	40,297
- Others (Note (i))	(4,725)	(6,800)	(19,235)	(20,564)
	<b>14,062</b>	<b>10,981</b>	<b>49,726</b>	<b>48,485</b>
<b>Marketing costs</b>				
- Advertisement and publicity	1,020	606	3,344	1,788
- Others	1,636	1,389	4,972	3,050
	<b>2,656</b>	<b>1,995</b>	<b>8,316</b>	<b>4,838</b>
<b>Administration and general expenses</b>				
- Fee and brokerage	944	2,232	4,517	6,571
- Administrative expenses	90	770	3,567	4,590
- General expenses	1,210	1,030	3,962	4,360
	<b>2,244</b>	<b>4,032</b>	<b>12,046</b>	<b>15,521</b>
<b>Total overhead expenses</b>	<b>102,274</b>	<b>72,349</b>	<b>317,096</b>	<b>298,259</b>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM19,905,000 (2022: RM21,209,000)

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**27. (Allowance for)/writeback of impairment on loans and advances, other assets and amount due from brokers and clients, net**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Writeback of impairment on loans and advances:				
loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	1	8	2	8
Bad debts recovered	36	23	149	430
(Allowance for)/Writeback of impairment on other assets, net	(77)	771	882	(230)
(Allowance for)/Writeback of impairment on amount due from brokers and clients	(22)	209	(33)	129
<b>Total</b>	<b>(62)</b>	<b>1,011</b>	<b>1,000</b>	<b>337</b>

**28. Capital adequacy**

(l) Capital Adequacy Framework

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank.

The computation of capital adequacy ratios are based on Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 2 February 2020 and 3 May 2019 respectively.

The Group and the Bank adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The minimum regulatory capital adequacy requirements for Common Equity Tier 1 ("CET1"), Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total risk-weighted assets respectively.

The capital adequacy ratios of the Group and of the Bank are as follows:

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	%	%	%	%
<b><u>Before deducting proposed dividend</u></b>				
CET1 capital ratio	24.024	27.260	22.753	25.990
Tier 1 capital ratio	24.024	27.260	22.753	25.990
Total capital ratio	<b>26.158</b>	29.468	<b>24.901</b>	28.219
<b><u>After deducting proposed dividend</u></b>				
CET1 capital ratio	23.338	26.439	22.064	25.161
Tier 1 capital ratio	23.338	26.439	22.064	25.161
Total capital ratio	<b>25.472</b>	28.647	<b>24.211</b>	27.390

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**28. Capital adequacy (Cont'd.)**

(l) Capital Adequacy Framework (Cont'd.)

The components of capital of the Group and of the Bank are as follows (Cont'd.):

<b><u>Before deducting proposed dividend</u></b>	<b>Group RM'000</b>	<b>Bank RM'000</b>
Paid-up share capital	222,785	222,785
Other reserves	387,861	381,151
<b>CET1 capital before regulatory adjustments</b>	<b>610,646</b>	<b>603,936</b>
Less: Deferred tax assets	(25,107)	(25,107)
Intangible assets	(18,477)	(18,477)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(628)	(628)
Regulatory reserve	(14,057)	(14,057)
Investment in subsidiaries and a joint venture <sup>1</sup>	-	(25,793)
<b>CET1 capital/Tier 1 capital</b>	<b>552,377</b>	<b>519,874</b>
<b>Tier 2 capital</b>		
Subordinated obligation	35,000	35,000
General provisions	14,066	14,066
<b>Tier 2 capital</b>	<b>49,066</b>	<b>49,066</b>
<b>Total capital</b>	<b>601,443</b>	<b>568,940</b>
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b><u>At 31 December 2022</u></b>		
Paid-up share capital	222,785	222,785
Other reserves	388,548	382,545
<b>CET1 capital before regulatory adjustments</b>	<b>611,333</b>	<b>605,330</b>
Less: Deferred tax assets	(16,622)	(16,622)
Intangible assets	(10,131)	(10,131)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(579)	(579)
Regulatory reserve	(11,372)	(11,372)
Investment in subsidiaries and a joint venture <sup>1</sup>	-	(25,793)
<b>CET1 capital/Tier 1 capital</b>	<b>572,629</b>	<b>540,833</b>
<b>Tier 2 capital</b>		
Subordinated obligation	35,000	35,000
General provisions	11,383	11,383
<b>Tier 2 capital</b>	<b>46,383</b>	<b>46,383</b>
<b>Total capital</b>	<b>619,012</b>	<b>587,216</b>

<sup>1</sup> Excludes the cost of investment in a subsidiary, Maysec Sdn. Bhd. of RM171,474,000 as its business, assets and liabilities had been transferred to the Bank on 30 December 2006.

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**28. Capital adequacy (Cont'd.)**

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Group</u>	<b>Gross credit exposures</b>	<b>Net credit exposures</b>	<b>Risk- weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure Class</b>				
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	402,502	402,502	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,742,252	1,742,252	378,865	30,309
Corporates	184,128	69,451	69,451	5,556
Regulatory retail	71,217	69,326	68,793	5,503
Higher risk assets	1,341	1,341	2,012	161
Other assets	437,880	437,880	361,835	28,947
<b>Total on-balance sheet exposures</b>	<b>2,839,320</b>	<b>2,722,752</b>	<b>880,956</b>	<b>70,476</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures	194,730	194,730	639	51
<b>Total off-balance sheet exposures</b>	<b>194,730</b>	<b>194,730</b>	<b>639</b>	<b>51</b>
<b>Total on and off-balance sheet exposures</b>	<b>3,034,050</b>	<b>2,917,482</b>	<b>881,595</b>	<b>70,527</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	6,976	558
Equity position risk	-	-	107,514	8,601
Foreign currency risk	-	-	169,201	13,536
Commodity risk	-	-	5,564	445
Options risk	-	-	174,000	13,920
<b>Total</b>	<b>-</b>	<b>-</b>	<b>463,255</b>	<b>37,060</b>
<b>(iii) <u>Operational Risk</u></b>	<b>-</b>	<b>-</b>	<b>842,333</b>	<b>67,387</b>
<b>(iv) <u>Large exposure risk RWA for equity holdings</u></b>	<b>-</b>	<b>-</b>	<b>112,114</b>	<b>8,969</b>
<b>Total RWA and capital requirements</b>	<b>3,034,050</b>	<b>2,917,482</b>	<b>2,299,297</b>	<b>183,943</b>



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**28. Capital adequacy (Cont'd.)**

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows: (Cont'd.)

<u>Group</u>	<b>Gross credit exposures</b>	<b>Net credit exposures</b>	<b>Risk- weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2022 Exposure Class</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	592,658	592,658	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,396,989	1,396,989	309,115	24,729
Corporates	81,785	44,711	44,711	3,577
Regulatory retail	86,491	71,979	70,199	5,616
Higher risk assets	1,253	1,253	1,880	150
Other assets	331,438	331,438	267,574	21,406
<b>Total on-balance sheet exposures</b>	<b>2,490,614</b>	<b>2,439,028</b>	<b>693,479</b>	<b>55,478</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures	279,664	279,664	1,288	103
<b>Total off-balance sheet exposures</b>	<b>279,664</b>	<b>279,664</b>	<b>1,288</b>	<b>103</b>
<b>Total on and off-balance sheet exposures</b>	<b>2,770,278</b>	<b>2,718,692</b>	<b>694,767</b>	<b>55,581</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	7,540	603
Equity position risk	-	-	50,663	4,053
Foreign currency risk	-	-	172,030	13,763
Options risk	-	-	199,813	15,985
<b>Total</b>	<b>-</b>	<b>-</b>	<b>430,046</b>	<b>34,404</b>
<b>(iii) <u>Operational Risk</u></b>				
	-	-	975,803	78,064
<b>Total RWA and capital requirements</b>	<b>2,770,278</b>	<b>2,718,692</b>	<b>2,100,616</b>	<b>168,049</b>

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**28. Capital adequacy (Cont'd.)**

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows: (Cont'd.)

<u>Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
<b>31 December 2023</b>				
<b>Exposure Class</b>				
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	402,502	402,502	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,709,024	1,709,024	372,220	29,778
Corporates	184,128	69,451	69,451	5,556
Regulatory retail	71,217	69,326	68,793	5,503
Higher risk assets	1,341	1,341	2,012	161
Other assets	437,643	437,643	361,599	28,928
<b>Total on-balance sheet exposures</b>	<b>2,805,855</b>	<b>2,689,287</b>	<b>874,075</b>	<b>69,926</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures	194,730	194,730	639	51
<b>Total off-balance sheet exposures</b>	<b>194,730</b>	<b>194,730</b>	<b>639</b>	<b>51</b>
<b>Total on and off-balance sheet exposures</b>	<b>3,000,585</b>	<b>2,884,017</b>	<b>874,714</b>	<b>69,977</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	6,976	558
Equity position risk	-	-	107,514	8,601
Foreign currency risk	-	-	164,414	13,153
Commodity risk	-	-	5,563	445
Options risk	-	-	174,000	13,920
<b>Total</b>	<b>-</b>	<b>-</b>	<b>458,467</b>	<b>36,677</b>
<b>(iii) <u>Operational Risk</u></b>	<b>-</b>	<b>-</b>	<b>839,536</b>	<b>67,163</b>
<b>(iv) <u>Large exposure risk RWA for equity holdings</u></b>			<b>112,114</b>	<b>8,969</b>
<b>Total RWA and capital requirements</b>	<b>3,000,585</b>	<b>2,884,017</b>	<b>2,284,831</b>	<b>182,786</b>

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**28. Capital adequacy (Cont'd.)**

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows: (Cont'd.)

<u>Bank</u>	<b>Gross credit exposures</b>	<b>Net credit exposures</b>	<b>Risk- weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure Class</b>				
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	592,658	592,658	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,364,693	1,364,693	302,656	24,212
Corporates	81,785	44,711	44,711	3,577
Regulatory retail	86,491	71,979	70,199	5,616
Higher risk assets	1,253	1,253	1,880	150
Other assets	331,274	331,274	267,413	21,393
<b>Total on-balance sheet exposures</b>	<b>2,458,154</b>	<b>2,406,568</b>	<b>686,859</b>	<b>54,948</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures	279,664	279,664	1,288	103
<b>Total off-balance sheet exposures</b>	<b>279,664</b>	<b>279,664</b>	<b>1,288</b>	<b>103</b>
<b>Total on and off-balance sheet exposures</b>	<b>2,737,818</b>	<b>2,686,232</b>	<b>688,147</b>	<b>55,051</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	7,540	603
Equity position risk	-	-	50,663	4,053
Foreign currency risk	-	-	168,738	13,499
Options risk	-	-	199,813	15,985
<b>Total</b>	<b>-</b>	<b>-</b>	<b>426,754</b>	<b>34,140</b>
<b>(iii) <u>Operational Risk</u></b>				
	-	-	966,038	77,283
<b>Total RWA and capital requirements</b>	<b>2,737,818</b>	<b>2,686,232</b>	<b>2,080,939</b>	<b>166,474</b>

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**29. Commitments and contingencies**

Group and Bank	31 December 2023			31 December 2022		
	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
<b><u>Credit-related</u></b>						
Revocable commitments to extend credit:						
- Maturity not exceeding one year	193,452	-	-	277,089	-	-
- Maturity exceeding one year	1,278	639	639	2,575	1,288	1,288
	<b>194,730</b>	<b>639</b>	<b>639</b>	<b>279,664</b>	<b>1,288</b>	<b>1,288</b>
<b><u>Derivative financial instruments</u></b>						
Equity-related contracts:						
- Less than one year	1,815,385	-	-	1,975,562	-	-
- One year to less than five years	388,762	-	-	131,276	-	-
Commodity-related contracts:						
- Less than one year	14,020	-	-	-	-	-
	<b>2,218,167</b>	-	-	<b>2,106,838</b>	-	-
Total commitments and contingencies	<b>2,412,897</b>	<b>639</b>	<b>639</b>	<b>2,386,502</b>	<b>1,288</b>	<b>1,288</b>

\* The credit equivalent amount and the risk-weighted amount are derived at using the credit evaluation conversion factors and risk weights respectively as specified by BNM for regulatory capital adequacy purposes.

**30. Segment information**

Segment information is presented in respect of the Group's business segments.

The business segments are prepared based on internal management reports, which are used by senior management for decision-making and performance management. The amounts for each business segment are shown after the allocation of certain centralised cost, funding income and the applicable transfer pricing where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation. All inter-segment transactions are conducted at arm's length basis on normal commercial terms that are not more favourable than those generally available to the public.

Financial results and other information by business segments include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The Group's business segments are defined and categorised as follows:

- (i) Pillar 1 - Investment banking and advisory  
Investment banking and advisory focus on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services and debt restructuring advisory services.
- (ii) Pillar 2 - Investment Management  
Investment management primarily engage in the shares and futures broking services, derivative financial instruments, custodian and nominees services.

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**30. Segment information (Cont'd.)**

The following table provides analysis of the Group's financial results and other information by business segments:

<u>Group</u>	Pillar 1	Pillar 2	Total
<b>31 December 2023</b>	RM'000	RM'000	RM'000
Net interest income/(expense)	148	(10,802)	(10,654)
Income from Islamic Banking Scheme operations	51,355	9,471	60,826
Non-interest income	113,189	240,563	353,752
Direct costs	-	(32,048)	(32,048)
Net income	<u>164,692</u>	<u>207,184</u>	<u>371,876</u>
<b>Results</b>			
Segment results	164,692	207,184	371,876
Overhead expenses	(98,776)	(218,439)	(317,215)
Writeback of impairment on loans and advances and other assets, net	616	384	1,000
Profit/(loss) before taxation	<u>66,532</u>	<u>(10,871)</u>	<u>55,661</u>
Taxation and zakat			(10,660)
Profit for the year			<u>45,001</u>
<b>Other segment information</b>			
Depreciation of property, plant and equipment	287	1,112	1,399
Depreciation of right-of-use assets	3,083	5,305	8,388
Amortisation of computer software	20	2,157	2,177
	<u>3,390</u>	<u>8,574</u>	<u>11,964</u>
<b>Group</b>			
<b>31 December 2022</b>	RM'000	RM'000	RM'000
Net interest income/(expense)	996	(15,573)	(14,577)
Income from Islamic Banking Scheme operations	30,692	12,178	42,870
Non-interest income	76,336	305,151	381,487
Direct costs	-	(34,238)	(34,238)
Net income	<u>108,024</u>	<u>267,518</u>	<u>375,542</u>
<b>Results</b>			
Segment results	108,024	267,518	375,542
Overhead expenses	(95,899)	(202,477)	(298,376)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(235)	572	337
Profit before taxation	<u>11,890</u>	<u>65,613</u>	<u>77,503</u>
Taxation and zakat			(20,415)
Profit for the year			<u>57,088</u>
<b>Other segment information</b>			
Depreciation of property, plant and equipment	399	1,373	1,772
Depreciation of right-of-use assets	2,899	5,449	8,348
Amortisation of computer software	15	2,528	2,543
	<u>3,313</u>	<u>9,350</u>	<u>12,663</u>

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**31. The operations of Islamic Banking Scheme ("IBS")**

**Audited Statements of Financial Position as at 31 December 2023**

	Notes	Group and Bank	
		31 December 2023 RM'000	31 December 2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds	(a)	24,633	6,304
Other assets	(b)	87,709	578,951
<b>Total assets</b>		<b>112,342</b>	<b>585,255</b>
<b>LIABILITIES</b>			
Other liabilities	(c)	44,256	321,852
Provision for taxation and zakat	(d)	14,218	12,574
<b>Total liabilities</b>		<b>58,474</b>	<b>334,426</b>
<b>ISLAMIC BANKING CAPITAL FUND</b>			
Islamic banking fund		5,000	5,000
Retained earnings		48,868	245,829
		<b>53,868</b>	<b>250,829</b>
<b>Total liabilities and Islamic banking capital fund</b>		<b>112,342</b>	<b>585,255</b>

**Audited Statements of Comprehensive Income**

**For the Fourth Quarter and Financial Year Ended 31 December 2023**

Group and Bank	Notes	Unaudited		Audited	
		Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Income derived from investment of Islamic banking fund	(e)	24,164	8,939	60,826	42,870
Direct costs		(1,413)	(690)	(4,292)	(3,398)
<b>Net income attributable to the Group and to the Bank</b>		<b>22,751</b>	<b>8,249</b>	<b>56,534</b>	<b>39,472</b>
Overhead expenses	(f)	(18,708)	(6,824)	(48,863)	(32,091)
<b>Operating profit</b>		<b>4,043</b>	<b>1,425</b>	<b>7,671</b>	<b>7,381</b>
Writeback of/(allowance for) impairment on other assets, net		62	(60)	617	(375)
<b>Profit before taxation and zakat</b>		<b>4,105</b>	<b>1,365</b>	<b>8,288</b>	<b>7,006</b>
Taxation		(986)	(328)	(1,990)	(1,682)
Zakat		(47)	(263)	(349)	(695)
<b>Profit for the year representing total comprehensive income for the year, attributable to equity holder of the Bank</b>		<b>3,072</b>	<b>774</b>	<b>5,949</b>	<b>4,629</b>

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**31. The operations of Islamic Banking Scheme ("IBS") (Cont'd.)**

**Unaudited Statements of Changes in Equity**  
**For The Financial Year Ended 31 December 2023**

Group and Bank	Note	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
<b>At 1 January 2023</b>		5,000	245,829	250,829
Profit for the year		-	5,949	5,949
Total comprehensive income for the year		-	5,949	5,949
Transfer to conventional reserve	(g)	-	(202,910)	(202,910)
<b>At 31 December 2023</b>		<b>5,000</b>	<b>48,868</b>	<b>53,868</b>
<b>At 1 January 2022</b>		5,000	241,200	246,200
Profit for the year		-	4,629	4,629
Total comprehensive income for the year		-	4,629	4,629
<b>At 31 December 2022</b>		<b>5,000</b>	<b>245,829</b>	<b>250,829</b>

**Audited Statements of Cash Flows**  
**For The Financial Year Ended 31 December 2023**

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat, representing operating profit before working capital changes	8,288	7,006
Decrease/(increase) in receivables	491,242	(33,200)
(Decrease)/increase in payables	(277,596)	13,358
Taxation and zakat paid, net	(695)	(1,058)
Net cash generated from/(used in) operating activities	<b>221,239</b>	<b>(13,894)</b>
<b>Cash flow from financing activities</b>		
Transfer to conventional reserve	(202,910)	-
Net cash used in financing activities	<b>(202,910)</b>	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,329</b>	<b>(13,894)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>6,304</b>	<b>20,198</b>
<b>Cash and cash equivalents at end of the year</b>	<b>24,633</b>	<b>6,304</b>

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**31. The operations of Islamic Banking Scheme ("IBS") (Cont'd.)**

**(a) Cash and short-term funds**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances with financial institutions	<b>24,633</b>	<b>6,304</b>

**(b) Other assets**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Debtors	<b>87,709</b>	<b>578,951</b>

**(c) Other liabilities**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Provisions and accruals*	<b>44,256</b>	<b>321,852</b>

\* Include prohibited sources/means to charitable causes amounting to RM6,517 (2022: RM3,263).

**(d) Provision for taxation and zakat**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Taxation	<b>13,869</b>	<b>11,879</b>
Zakat	<b>349</b>	<b>695</b>
	<b>14,218</b>	<b>12,574</b>



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**31. The operations of Islamic Banking Scheme ("IBS") (Cont'd.)**

**(e) Income derived from investment of Islamic banking fund**

<b>Group and Bank</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>Fourth Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit income from money at call and deposits and placements with financial institutions	432	304	1,420	614
Realised gain from sale of financial assets at fair value through profit or loss, net	916	238	3,924	2,824
Fee and commission income from:				
- Arranger and upfront fees	15,620	3,318	33,751	18,998
- Brokerage income	2,970	1,851	9,471	8,876
- Corporate advisory fees	-	-	150	125
- Placement fees	(438)	450	1,509	775
- Underwriting commission	(72)	231	218	737
- Others	4,769	2,624	10,223	9,862
Foreign exchange (loss)/gain, net	(33)	(77)	160	59
<b>Total</b>	<b>24,164</b>	<b>8,939</b>	<b>60,826</b>	<b>42,870</b>

**(f) Overhead expenses**

<b>Group and Bank</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>Fourth Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses	13,830	4,987	34,654	22,851
Establishment costs (Note (i))	2,691	977	6,916	4,798
Marketing costs	488	188	1,167	480
Administration and general expenses	1,699	672	6,126	3,962
<b>Total</b>	<b>18,708</b>	<b>6,824</b>	<b>48,863</b>	<b>32,091</b>

Note (i): Included in establishment costs are service chargeback amounting to approximately RM2,794,000 (2022: RM2,083,000).

**(g) Transfer to conventional reserve**

The transfer is a reallocation of reserves from IBS to Conventional that includes current and previous years' retained earnings.

**(h) Capital adequacy**

**(I) The capital adequacy ratios of the Group and of the Bank are as follows:**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>%</b>	<b>%</b>
<b><u>Before deducting proposed dividend</u></b>		
CET1 capital ratio	35.596	87.025
Tier 1 capital ratio	35.596	87.025
Total capital ratio	<b>35.596</b>	<b>87.025</b>
<b><u>After deducting proposed dividend</u></b>		
CET1 capital ratio	34.155	87.025
Tier 1 capital ratio	34.155	87.025
Total capital ratio	<b>34.155</b>	<b>87.025</b>

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31. The operations of Islamic Banking Scheme ("IBS") (Cont'd.)

(h) Capital adequacy (Cont'd.)

(II) The components of capital of the Group and of the Bank are as follows:

	31 December 2023 RM'000	31 December 2022 RM'000
<b><u>Before deducting proposed dividend</u></b>		
<b>Tier 1 capital</b>		
Islamic banking fund	5,000	5,000
Retained earnings	48,868	245,829
<b>CET1 capital/Tier 1 capital/Total capital</b>	<b>53,868</b>	<b>250,829</b>

(III) The breakdown of RWA by exposures in each major risk category are as follows:

<b><u>Group and Bank</u></b>	<b>Gross credit exposures RM'000</b>	<b>Net credit exposures RM'000</b>	<b>Risk- weighted assets RM'000</b>	<b>Capital requirements RM'000</b>
<b>31 December 2023</b>				
<b>Exposure Class</b>				
(i) <b><u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	1,181	1,181	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	23,450	23,450	4,690	375
Other assets	87,711	87,711	49,761	3,981
<b>Total on-balance sheet exposures</b>	<b>112,342</b>	<b>112,342</b>	<b>54,451</b>	<b>4,356</b>
<b>Total on and off-balance sheet exposures *</b>	<b>112,342</b>	<b>112,342</b>	<b>54,451</b>	<b>4,356</b>
(ii) <b><u>Operational Risk</u></b>	-	-	96,879	7,750
<b>Total RWA and capital requirements</b>	<b>112,342</b>	<b>112,342</b>	<b>151,330</b>	<b>12,106</b>

<b><u>Group and Bank</u></b>	<b>Gross credit exposures RM'000</b>	<b>Net credit exposures RM'000</b>	<b>Risk- weighted assets RM'000</b>	<b>Capital requirements RM'000</b>
<b>31 December 2022</b>				
<b>Exposure Class</b>				
(i) <b><u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	1,042	1,042	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	5,263	5,263	1,053	84
Other assets	796,765	796,765	192,798	15,424
<b>Total on-balance sheet exposures</b>	<b>803,070</b>	<b>803,070</b>	<b>193,851</b>	<b>15,508</b>
<b>Total on and off-balance sheet exposures *</b>	<b>803,070</b>	<b>803,070</b>	<b>193,851</b>	<b>15,508</b>
(ii) <b><u>Market Risk</u></b>				
Foreign currency risk	-	-	1	-
(iii) <b><u>Operational Risk</u></b>	-	-	94,373	7,550
<b>Total RWA and capital requirements</b>	<b>803,070</b>	<b>803,070</b>	<b>288,225</b>	<b>23,058</b>

\* There are no off-balance sheet exposures in the current and previous financial years.

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**31. The operations of Islamic Banking Scheme ("IBS") (Cont'd.)**

**(i) Fair values of financial assets and liabilities**

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date, which are considered short-term in maturity, approximate their carrying amounts as shown in the statements of financial position.

**(j) Allocation of income**

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework of Rate of Return" issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institution in calculating and deriving the rate of return for the depositors.

**(k) Shariah committee**

The operation of IBS is governed by Section 28 and 29 of Islamic Financial Services Act, 2013 ("IFSA"), which stipulates that "a licensed institution shall at all times ensure that its aims and operations, business, affairs and activities are in compliance with Shariah and in accordance with the advice or ruling of the Shariah Advisory Council ("SAC"), specify standards on Shariah matters in respect of the carrying on of its business, affair or activity" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for The Islamic Financial Institutions" known as the Shariah Governance Framework ("SGF") (which supersedes the BNM/GPS 1), which stipulates that "every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's and the Bank's Shariah Committee are to advise on the overall Islamic Banking Scheme operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

The roles of the Shariah Committee in monitoring the Group's and the Bank's activities include:

- (i) To advise the Board on Shariah matters in its business operations;
- (ii) To endorse Shariah Compliance Manual;
- (iii) To endorse and validate relevant documentations;
- (iv) To assist related parties on Shariah matters for advice upon request;
- (v) To advise on matters to be referred to the SAC;
- (vi) To provide written Shariah opinion; and
- (vii) To assist the SAC on reference for advice.

The Group and the Bank presently have six Shariah members.

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**32. Fair value of financial instruments**

**Fair value hierarchy**

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

(a) Level 1: Quoted prices

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

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

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

(c) Level 3: Valuation techniques for which significant inputs are not based on observable market data

Refers to financial instruments where fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Group's and the Bank's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and advances priced primarily based on internal credit assessment.

The following table shows the Group's and 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 2023 and 31 December 2022.

<b><u>Group and Bank</u></b>	<b><u>Valuation techniques using</u></b>			<b>Total</b>
	<b>Quoted Market Price (Level 1) RM'000</b>	<b>Observable Inputs (Level 2) RM'000</b>	<b>Unobservable Inputs (Level 3) RM'000</b>	
<b>As at 31 December 2023</b>				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,342,113	-	-	1,342,113
Financial assets at fair value through other comprehensive income	-	-	1,341	1,341
Derivative financial assets	-	146,430	-	146,430
	<u>1,342,113</u>	<u>146,430</u>	<u>1,341</u>	<u>1,489,884</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	<u>16,736</u>	<u>382,944</u>	-	<u>399,680</u>
<b>As at 31 December 2022</b>				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,481,482	-	-	1,481,482
Financial assets at fair value through other comprehensive income	-	-	1,253	1,253
Derivative financial assets	-	153,273	-	153,273
	<u>1,481,482</u>	<u>153,273</u>	<u>1,253</u>	<u>1,636,008</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	<u>24,678</u>	<u>385,959</u>	-	<u>410,637</u>

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**32. Fair value of financial instruments (Cont'd.)**

**Valuation techniques**

The valuation techniques used for the financial and non-financial instruments that are not determined by reference to quoted prices (Level 1), are described below:

- (a) Financial investments at fair value through profit or loss and, financial investments at fair value through other comprehensive income.

The fair values of financial assets and financial investments are determined by reference to prices quoted by independent data providers and independent broker quotations. Fair value for unquoted equity securities held for socio economic reasons (classified as Level 3) are determined based on the net tangible assets of the companies.

- (b) Derivative financial instruments

The fair values of the Group's and of the Bank's derivative financial instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.

**33. Credit Exposures Arising from Credit Transactions with Connected Parties**

There are no credit exposures arising from credit transactions with connected parties based on requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties as at the end of the current and previous financial years.