

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

CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

<u>Group</u>	Note	31 December 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	14	919,242	1,405,734
Deposits and placements with a financial institution	15	658,039	519,130
Financial investments portfolio	16	1,378,634	1,311,143
Loans and advances	17	64,197	151,741
Derivative financial assets	21 (i)	233,046	126,917
Other assets	18	520,796	981,455
Tax recoverable		19,927	17,146
Statutory deposit with Bank Negara Malaysia		-	105
Investment in a joint venture		-	223
Property, plant and equipment		3,913	5,066
Right-of-use assets		13,453	7,931
Intangible assets		8,673	9,192
Deferred tax assets		28,846	28,356
TOTAL ASSETS		3,848,766	4,564,139
LIABILITIES			
Deposits and placements from a financial institution	19	1,390,622	1,880,201
Derivative financial liabilities	21 (i)	127,038	276,712
Other liabilities	20	1,548,046	1,776,770
Provision for zakat		1,056	1,421
Subordinated obligation		35,055	35,055
TOTAL LIABILITIES		3,101,817	3,970,159
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		524,164	371,195
TOTAL EQUITY		746,949	593,980
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,848,766	4,564,139
COMMITMENTS AND CONTINGENCIES	29	2,978,845	3,116,237

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Bank	Note	31 December 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	14	886,931	1,373,724
Deposits and placements with a financial institution	15	658,019	519,110
Financial investments portfolio	16	1,378,634	1,311,143
Loans and advances	17	64,197	151,741
Derivative financial assets	21 (i)	233,046	126,917
Other assets	18	520,744	981,416
Tax recoverable		19,928	17,153
Statutory deposit with Bank Negara Malaysia		-	105
Investment in subsidiaries		197,267	197,267
Property, plant and equipment		3,913	5,066
Right-of-use assets		13,453	7,931
Intangible assets		8,673	9,192
Deferred tax assets		28,846	28,356
TOTAL ASSETS		4,013,651	4,729,121
LIABILITIES			
Deposits and placements from a financial institution	19	1,390,622	1,880,201
Derivative financial liabilities	21 (i)	127,038	276,712
Other liabilities	20	1,718,804	1,947,727
Provision for zakat		1,056	1,421
Subordinated obligation		35,055	35,055
TOTAL LIABILITIES		3,272,575	4,141,116
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		518,291	365,220
TOTAL EQUITY		741,076	588,005
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,013,651	4,729,121
COMMITMENTS AND CONTINGENCIES	29	2,978,845	3,116,237

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021

<u>Group</u>	Notes	Unaudited		Audited	
		Fourth Quarter Ended		Cumulative 12 Months Ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	22	5,278	8,726	22,108	43,416
Interest expense	23	(6,979)	(8,806)	(28,776)	(41,085)
Net interest (expense)/income		(1,701)	(80)	(6,668)	2,331
Income from Islamic Banking Scheme operations	31	20,304	11,054	51,327	56,575
Non-interest income	24	167,185	213,751	586,988	594,946
Direct costs	25	(9,552)	(34,335)	(74,848)	(89,502)
Net income		176,236	190,390	556,799	564,350
Overhead expenses	26	(90,434)	(79,374)	(298,184)	(292,959)
Operating profit		85,802	111,016	258,615	271,391
Writeback of impairment on loans and advances and other assets, net	27	2,553	570	1,656	358
		88,355	111,586	260,271	271,749
Share of results of a joint venture		-	(178)	(242)	(896)
Profit before taxation and zakat		88,355	111,408	260,029	270,853
Taxation and zakat		(21,956)	(29,887)	(59,569)	(69,661)
Profit for the period/year, attributable to equity holder of the Bank		66,399	81,521	200,460	201,192
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		132	163	400	401
Other comprehensive income:					
<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		-	-	14	54
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Net (loss)/gain on foreign exchange translation		(15)	(176)	(85)	142
Other comprehensive (loss)/income for the period/year, net of tax		(15)	(176)	(71)	196
Total comprehensive income for the period/year, attributable to equity holder of the Bank		66,384	81,345	200,389	201,388

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021

<u>Bank</u>	Notes	Unaudited		Audited	
		Fourth Quarter Ended		Cumulative 12 Months Ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	22	5,168	8,616	21,669	42,836
Interest expense	23	(6,979)	(8,806)	(28,776)	(41,085)
Net interest (expense)/income		(1,811)	(190)	(7,107)	1,751
Income from Islamic Banking Scheme operations	31	20,304	11,054	51,327	56,575
Non-interest income	24	167,185	213,751	586,988	600,917
Direct costs	25	(9,552)	(34,335)	(74,848)	(89,502)
Net income		176,126	190,280	556,360	569,741
Overhead expenses	26	(90,404)	(79,344)	(298,062)	(292,828)
Operating profit		85,722	110,936	258,298	276,913
Impairment on investment in a subsidiary		-	-	-	(5,250)
Writeback of impairment on loans and advances and other assets, net	27	2,553	570	1,656	358
Profit before taxation and zakat		88,275	111,506	259,954	272,021
Taxation and zakat		(21,932)	(29,864)	(59,477)	(69,537)
Profit for the period/year, attributable to equity holder of the Bank		66,343	81,642	200,477	202,484
Other comprehensive income:					
<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		-	-	14	54
Other comprehensive income for the period/year, net of tax		-	-	14	54
Total comprehensive income for the period/year, attributable to equity holder of the Bank		66,343	81,642	200,491	202,538

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

<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
At 1 January 2021	222,785	25,481	970	(156)	344,900	593,980
Profit for the year	-	-	-	-	200,460	200,460
Other comprehensive income/(loss)	-	-	14	(85)	-	(71)
Total comprehensive income/(loss) for the year	-	-	14	(85)	200,460	200,389
Transfer from regulatory reserve	-	(11,435)	-	-	11,435	-
Dividend	-	-	-	-	(47,420)	(47,420)
At 31 December 2021	222,785	14,046	984	(241)	509,375	746,949
At 1 January 2020	222,785	30,388	916	(298)	379,801	633,592
Profit for the year	-	-	-	-	201,192	201,192
Other comprehensive income	-	-	54	142	-	196
Total comprehensive income for the year	-	-	54	142	201,192	201,388
Transfer from regulatory reserve	-	(4,907)	-	-	4,907	-
Dividend	-	-	-	-	(241,000)	(241,000)
At 31 December 2020	222,785	25,481	970	(156)	344,900	593,980

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<-----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
Bank					
At 1 January 2021	222,785	25,481	970	338,769	588,005
Profit for the year	-	-	-	200,477	200,477
Other comprehensive income	-	-	14	-	14
Total comprehensive income for the year	-	-	14	200,477	200,491
Transfer from regulatory reserve	-	(11,435)	-	11,435	-
Dividend	-	-	-	(47,420)	(47,420)
At 31 December 2021	222,785	14,046	984	503,261	741,076
At 1 January 2020	222,785	30,388	916	372,378	626,467
Profit for the year	-	-	-	202,484	202,484
Other comprehensive income	-	-	54	-	54
Total comprehensive income for the year	-	-	54	202,484	202,538
Transfer from regulatory reserve	-	(4,907)	-	4,907	-
Dividend	-	-	-	(241,000)	(241,000)
At 31 December 2020	222,785	25,481	970	338,769	588,005

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Bank	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Cash flows from operating activities					
Profit before taxation and zakat		260,029	270,853	259,954	272,021
Adjustments for:					
Share of results of a joint venture		242	896	-	-
Depreciation of property, plant and equipment	26	2,032	2,437	2,032	2,437
Depreciation of right-of-use assets	26	8,358	8,286	8,358	8,286
Amortisation of computer software	26	3,229	3,741	3,229	3,741
Finance cost on lease liabilities	26	493	621	493	621
(Writeback of)/allowance for impairment on loans and advances and other assets, net		(1,522)	31	(1,522)	31
Impairment on investment in a subsidiary		-	-	-	5,250
Gross dividends	24	(48,395)	(22,277)	(48,395)	(28,248)
Realised loss from sale of financial assets at fair value through profit or loss, net	24	26,072	18,384	26,072	18,384
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss, net	24	30,150	(64,677)	30,150	(64,677)
Realised loss from sale of derivative financial instruments, net	24	96,549	60,876	96,549	60,876
Unrealised gain on revaluation of derivative financial instruments, net	24	(249,773)	(179,334)	(249,773)	(179,334)
Operating profit before working capital changes		127,464	99,837	127,147	99,388
Change in cash and short-term funds with original maturity more than three months		72,569	(117,646)	72,569	(117,646)
Change in deposits and placements with original maturity more than three months		(53,606)	132,463	(53,606)	132,463
Change in financial investments portfolio and derivative financial instruments		(226,278)	(315,022)	(226,278)	(315,022)
Change in loans and advances		87,545	195,087	87,545	195,087
Change in other assets		448,405	(492,900)	448,418	(492,944)
Change in deposits and placements from a financial institution		(489,579)	686,316	(489,579)	686,316
Change in other liabilities		(219,319)	564,762	(219,518)	564,884
Cash (used in)/generated from operations		(252,799)	752,897	(253,302)	752,526
Taxation and zakat paid, net		(63,205)	(78,519)	(63,107)	(79,113)
Net cash (used in)/generated from operating activities		(316,004)	674,378	(316,409)	673,413
Cash flows from investing activities					
Purchase of property, plant and equipment		(879)	(947)	(879)	(947)
Purchase of computer software		(2,710)	(1,092)	(2,710)	(1,092)
Proceeds from disposal of a subsidiary		-	-	-	742
Net dividends received		48,395	22,277	48,395	28,248
Net cash generated from investing activities		44,806	20,238	44,806	26,951
Cash flows from financing activities					
Subordinated obligation		(1,110)	35,000	(1,110)	35,000
Dividends paid		(47,420)	(241,000)	(47,420)	(241,000)
Repayment of lease liabilities		(8,788)	(8,793)	(8,788)	(8,793)
Net cash used in financing activities		(57,318)	(214,793)	(57,318)	(214,793)

(These condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D.)

	Note	Group		Bank	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Net (decrease)/increase in cash and cash equivalents		(328,516)	479,823	(328,921)	485,571
Cash and cash equivalents at the beginning of the year		1,292,306	812,313	1,260,276	774,705
Effects of foreign exchange rate changes		(104)	170	-	-
Cash and cash equivalents at the end of the year		963,686	1,292,306	931,355	1,260,276
Cash and cash equivalents comprise:					
Cash and short-term funds	14	919,242	1,405,734	886,931	1,373,724
Deposits and placements with a financial institution	15	658,039	519,130	658,019	519,110
		1,577,281	1,924,864	1,544,950	1,892,834
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		(613,595)	(632,558)	(613,595)	(632,558)
		963,686	1,292,306	931,355	1,260,276

(These condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these financial statements)

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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 2020. 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 2020.

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 2020 except for adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2021:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 - <i>Interest Benchmark Reform Phase 2</i>	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 3 Business Combination - <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - <i>Onerous Contracts-Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 - <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Adoption of the above standards and annual improvements to standards 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 2020 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 2020 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 2021 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 2020.

4. Auditors’ Report on Annual Financial Statements

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

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

During the financial year ended 31 December 2021, 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 financial year ended 31 December 2021.

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 financial year ended 31 December 2021.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2021.

10. Dividend

In respect of the financial year ended 31 December 2021, a single-tier interim dividend of approximately RM0.95 on 50,116,000 ordinary shares, amounting to a net dividend payable of RM47,420,000, was declared on 25 August 2021 and paid on 24 September 2021.

The Board of Directors have declared a single-tier second interim dividend of approximately RM3.05 on 50,116,000 ordinary shares, amounting to a net dividend payable of RM153,056,000.

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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 financial year ended 31 December 2021.

12. Performance Review

For the financial year ended 31 December 2021, the Group's operating profit decreased by 4.7% or RM12.8 million to RM258.6 million from RM271.4 million last year due to lower income.

Net income decreased by 1.3% from RM564.4 million to RM556.8 million during the year. Both non-interest income and income from Islamic Banking Scheme operations decreased by RM8.0 million and RM5.2 million respectively due to lower fee income during the year. Net interest expense increased by RM9.0 million mainly due to lower interest income from loans and advances, and deposits and placements with financial institutions.

Overhead expenses increased by 1.8% or RM5.2 million from RM293.0 million to RM298.2 million. This was mainly contributed by higher personnel and establishment costs compared to the previous year.

The Group profit before taxation and zakat decreased by 4.0% or RM10.9 million from RM270.9 million to RM260.0 million. Profit for the year decreased by 0.4% or RM0.7 million to RM200.5 million.

13. Business Outlook

Global economies rebounded in 2021 arising from the impact of significant monetary and fiscal support, coupled with the gradual reopening of economic activity facilitated by COVID-19 mass vaccinations, following the pandemic-induced recession in 2020. The trajectory of recovery was uneven between countries due to diverging pace of vaccination rollouts, as well as a resurgence in infections from the emergence of new variants, resulting in re-introduction of restriction and containment measures. In addition, inflationary pressures rose due to a surge in commodity prices and supply chain bottlenecks from supply-demand imbalances.

Global recovery in 2022 is expected to remain uneven despite the progress in vaccination coverage enabling broader and sustained economic opening amidst the emergence of newer variants. Persisting inflationary pressure is expected to lead to the normalisation of monetary policies, albeit at varying speeds, whereas fiscal policies are seen to remain expansionary this year.

In Malaysia, economic recovery is expected to be firmer and broad-based on sustained economic reopening (2022E: +6.0%) after an uneven and underwhelming recovery in 2021 of +3.1%. Domestic economic growth is expected to have better traction and gain stronger momentum in 2022, enabled by the mass immunisation and transition to the endemic phase of COVID-19. The Government's plan to open the country's international borders by 2Q 2022 will likely have multiplier effects across various industries which broadens growth. The Overnight Policy Rate is anticipated to remain at a record low of 1.75% throughout most of 2022, before a rate hike is expected in 4Q 2022. Fiscal policy in 2022 remains expansionary with the budget deficit at 6.0% of GDP (2021: 6.5% of GDP).

While 2022 has an equities-supportive backdrop from sustained economic recovery, continued fiscal and monetary support, and strong commodity prices, the domestic market will need time to 'recuperate' from Budget 2022 measures. Following the imputation of the Prosperity Tax, the KLCI is expected to see year-on-year earnings contraction in 2022.

Investment Banking deal activity remains positive with an expected recovery in 2022. The Equity Capital Market is expected to remain active in the near future, assuming equity markets continue its uptrend. Debt Capital Market remains positive, although it is projected to be more volatile than 2021 as the Federal Reserve System begins to taper quantitative easing to address inflation. Merger & Acquisition and Leverage Finance are expected to improve in view of expansion opportunities and lower cost of leverage.

For the Malaysian fixed income market, gross Private Debt Securities supply is forecasted at RM120.0 billion for 2022, underpinned by improved growth prospects, ongoing/new infrastructure spending and green/sustainability-labelled bonds. Corporates are expected to continue to source for funding on the still relatively low interest-rate environment as the economy gradually improves.

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

	Group		Bank	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with financial institutions	218,051	475,899	211,258	469,407
Deposit and placements maturing within one month	701,191	929,835	675,673	904,317
Total cash and short-term funds	919,242	1,405,734	886,931	1,373,724

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM526,630,000 (2020: RM667,317,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with 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 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Licensed bank	658,039	519,130	658,019	519,110

16. **Financial investments portfolio**

		Group and Bank	
		31 December 2021	31 December 2020
		RM'000	RM'000
Financial assets at fair value through profit or loss	(i)	1,377,450	1,309,973
Financial assets at fair value through other comprehensive income	(ii)	1,184	1,170
Total financial investments portfolio		1,378,634	1,311,143

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

	Group and Bank	
	31 December 2021	31 December 2020
	RM'000	RM'000
At fair value		
Quoted financial assets:		
Shares in Malaysia	877,166	932,674
Shares outside Malaysia	500,284	328,425
	1,377,450	1,261,099
Unquoted financial assets:		
Loan stock in Malaysia	-	48,874
	1,377,450	1,309,973

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

	Group and Bank	
	31 December 2021	31 December 2020
	RM'000	RM'000
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment loss		
Unquoted financial assets:		
Shares in Malaysia	1,184	1,170

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17. Loans and advances

	Group and Bank	
	31 December 2021	31 December 2020
	RM'000	RM'000
Amount due from brokers and clients		
- Margin accounts	19,706	107,291
Staff loans	44,682	44,642
Gross loans and advances at amortised cost	<u>64,388</u>	<u>151,933</u>
Less: Allowances for impaired loans and advances:		
- Stage 1 - 12 Months ECL	(19)	(20)
- Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net loans and advances	<u>64,197</u>	<u>151,741</u>

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

	Group and Bank	
	31 December 2021	31 December 2020
	RM'000	RM'000
Domestic business enterprises		
- Small and medium enterprises	-	10,578
- Others	9,781	16,826
Individuals	54,607	124,351
Foreign entities	-	178
Gross loans and advances	<u>64,388</u>	<u>151,933</u>

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

	Group and Bank	
	31 December 2021	31 December 2020
	RM'000	RM'000
Fixed rate		
- Housing loans	32,831	30,828
- Hire purchase receivables	11,795	13,611
- Other fixed rate loans	56	203
Variable rate		
- Base lending rate (BLR) plus	19,706	107,291
Gross loans and advances	<u>64,388</u>	<u>151,933</u>

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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 2021 RM'000	31 December 2020 RM'000
Purchase of securities	19,706	107,291
Purchase of transport vehicles	11,795	13,611
Purchase of residential landed property	32,831	30,828
Personal use	56	203
Gross loans and advances	64,388	151,933

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

	Group and Bank	
	31 December 2021 RM'000	31 December 2020 RM'000
Within one year	20,719	108,185
More than one year to three years	5,282	2,964
More than three years to five years	7,928	9,970
More than five years	30,459	30,814
Gross loans and advances	64,388	151,933

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

	Group and Bank	
	31 December 2021 RM'000	31 December 2020 RM'000
At 1 January	832	1,326
Impaired during the year	1	387
Reclassified as non-impaired	-	(444)
Amount recovered	(160)	(391)
Amount written-off	-	(46)
Gross impaired loans and advances	673	832
Less: - Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net impaired loans and advances	501	660
Net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	0.78%	0.43%

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

	Group and Bank	
	31 December 2021 RM'000	31 December 2020 RM'000
Purchase of transport vehicles	172	172
Purchase of residential landed property	501	660
Gross impaired loans and advances	673	832

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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 2021	20	-	172	192
Amount written-back, net (Note 27)	(1)	-	-	(1)
At 31 December 2021	19	-	172	191
At 1 January 2020	185	-	265	450
Amount written-back, net (Note 27)	(165)	-	(47)	(212)
Amount written-off	-	-	(46)	(46)
At 31 December 2020	20	-	172	192

18. Other assets

	Group		Bank	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	308,589	791,283	308,589	791,283
Amount due from ultimate holding company	-	2,801	-	2,801
Other debtors, deposits and prepayments	223,313	200,009	223,261	199,970
	531,902	994,093	531,850	994,054
Less: Allowance for impairment losses	(11,106)	(12,638)	(11,106)	(12,638)
	520,796	981,455	520,744	981,416

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

19. Deposits and placements from a financial institution

	Group and Bank	
	31 December 2021 RM'000	31 December 2020 RM'000
Licensed bank	1,390,622	1,880,201

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20. Other liabilities

	Group		Bank	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Provisions and accruals	109,480	117,677	109,296	117,669
Amount due to brokers and clients (a)	251,946	534,617	251,946	534,617
Provision for contingent liability	4,500	4,500	4,500	4,500
Deposits and other creditors	1,059,112	1,071,876	1,058,580	1,071,367
Lease liabilities	13,758	8,173	13,758	8,173
Amount due to:				
- Holding company	90,966	37,457	90,966	37,457
- Related companies	18,284	2,470	18,284	2,470
- Subsidiaries	-	-	171,474	171,474
	1,548,046	1,776,770	1,718,804	1,947,727

(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 and losses, other fees and charges.

21. Derivative financial instruments

(i) Derivative financial assets/liabilities

	Group and Bank 31 December 2021		
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Hedging derivatives			
Equity-related derivatives:			
Equity options			
- Less than one year	1,865,830	198,340	85,748
- One to three years	127,560	9,016	2,021
Equity swaps			
- Less than one year	467,265	25,690	39,269
	2,460,655	233,046	127,038
Group and Bank 31 December 2020			
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Equity-related derivatives:			
Equity options			
- Less than one year	1,505,932	106,907	184,756
- One to three years	115,553	583	6,430
Equity swaps			
- Less than one year	348,392	19,427	85,379
- One to three years	3,045	-	147
	1,972,922	126,917	276,712

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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 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Equity-related derivatives:				
Index futures	-	160	-	(31)
Equity options	(2,073)	(10,956)	197,253	207,527
Equity swaps	28,427	(47,206)	52,520	(28,162)
	26,354	(58,002)	249,773	179,334

22. Interest income

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
	Group			
Loans and advances	417	2,175	2,156	15,700
Money at call and deposits and placements with financial institutions	4,514	5,856	17,460	25,111
Others	347	695	2,492	2,605
Total interest income	5,278	8,726	22,108	43,416

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
	Bank			
Loans and advances	417	2,175	2,156	15,700
Money at call and deposits and placements with financial institutions	4,404	5,746	17,021	24,531
Others	347	695	2,492	2,605
Total interest income	5,168	8,616	21,669	42,836

Included in interest income was interest on impaired assets amounting to approximately RM339,000 (2020: RM616,000) for the Group and the Bank.

23. Interest expense

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
	Group and Bank			
Deposits and placements from a financial institution	2,869	5,671	15,605	24,218
Derivative financial instruments	3,830	3,080	12,061	16,812
Subordinated obligation	280	55	1,110	55
Total interest expense	6,979	8,806	28,776	41,085

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24. Non-interest income

<u>Group</u>	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2021 RM'000	31 December 2020 RM'000	Cumulative 12 Months Ended 31 December 2021 RM'000	31 December 2020 RM'000
Fee and commission income:				
Arranger and upfront fees	34,769	24,613	68,134	40,360
Brokerage income	39,141	85,923	228,730	285,112
Corporate advisory fees	15,357	9,782	29,571	13,107
Placement and related fees	6,096	5,368	18,608	5,618
Underwriting commission	200	907	2,980	2,323
Others	8,189	55,417	24,278	63,319
	103,752	182,010	372,301	409,839
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(34,363)	21,494	(26,072)	(18,384)
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	33,230	147,201	(30,150)	64,677
Realised gain/(loss) from sale of derivative financial instruments, net	8,556	(89,140)	(96,549)	(60,876)
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 21 (ii))	26,354	(58,002)	249,773	179,334
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	9,947	6,418	37,656	17,409
- Quoted outside Malaysia	784	1,066	10,739	4,868
	44,508	29,037	145,397	187,028
Other income:				
Foreign exchange gain/(loss), net	2,709	1,193	3,982	(6,386)
Other operating income	14,067	-	58,720	-
Others	2,149	1,511	6,588	4,465
	18,925	2,704	69,290	(1,921)
Total non-interest income	167,185	213,751	586,988	594,946

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24. **Non-interest income (Cont'd)**

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2021	31 December 2020	Cumulative 12 Months Ended 31 December 2021	31 December 2020
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Arranger and upfront fees	34,769	24,613	68,134	40,360
Brokerage income	39,141	85,923	228,730	285,112
Corporate advisory fees	15,357	9,782	29,571	13,107
Placement and related fees	6,096	5,368	18,608	5,618
Underwriting commission	200	907	2,980	2,323
Others	8,189	55,417	24,278	63,319
	103,752	182,010	372,301	409,839
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(34,363)	21,494	(26,072)	(18,384)
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	33,230	147,201	(30,150)	64,677
Realised gain/(loss) from sale of derivative financial instruments, net	8,556	(89,140)	(96,549)	(60,876)
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 21 (ii))	26,354	(58,002)	249,773	179,334
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	9,947	6,418	37,656	17,409
- Quoted outside Malaysia	784	1,066	10,739	4,868
Gross dividend from a subsidiary	-	-	-	5,971
	44,508	29,037	145,397	192,999
Other income:				
Foreign exchange gain/(loss), net	2,709	1,193	3,982	(6,386)
Other operating income	14,067	-	58,720	-
Others	2,149	1,511	6,588	4,465
	18,925	2,704	69,290	(1,921)
Total non-interest income	167,185	213,751	586,988	600,917

25. **Direct costs**

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2021	31 December 2020	Cumulative 12 Months Ended 31 December 2021	31 December 2020
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	6,260	28,144	53,649	67,184
Trade-related charges	3,292	6,191	21,199	22,318
	9,552	34,335	74,848	89,502

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26. Overhead expenses

<u>Group</u>	Unaudited		Audited	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	58,945	48,899	200,487	195,200
- Pension costs - defined contribution plan	5,279	5,201	21,195	20,918
- Employees' Share Scheme expenses	3,615	3,322	14,386	10,878
- Other staff-related expenses	3,338	2,518	10,407	9,945
	<u>71,177</u>	<u>59,940</u>	<u>246,475</u>	<u>236,941</u>
Establishment costs				
- Depreciation of property, plant and equipment	480	557	2,032	2,437
- Amortisation of computer software	824	856	3,229	3,741
- Rental	286	176	1,120	1,241
- Finance cost on lease liabilities	108	97	493	621
- Depreciation of right-of-use assets	2,119	2,086	8,358	8,286
- Repairs and maintenance of property, plant and equipment	3,077	3,061	13,031	12,851
- Information technology expenses	10,524	7,001	33,022	23,951
- Others (Note (i))	(2,019)	(8,530)	(27,927)	(29,680)
	<u>15,399</u>	<u>5,304</u>	<u>33,358</u>	<u>23,448</u>
Marketing costs				
- Advertisement and publicity	986	141	1,767	1,447
- Others	322	280	610	1,812
	<u>1,308</u>	<u>421</u>	<u>2,377</u>	<u>3,259</u>
Administration and general expenses				
- Fee and brokerage	934	2,139	3,267	10,072
- Administrative expenses	670	9,946	8,352	15,022
- General expenses	946	1,624	4,355	4,217
	<u>2,550</u>	<u>13,709</u>	<u>15,974</u>	<u>29,311</u>
Total overhead expenses	<u>90,434</u>	<u>79,374</u>	<u>298,184</u>	<u>292,959</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM28,550,000 (2020: RM30,000,000).

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

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	58,945	48,899	200,487	195,200
- Pension costs - defined contribution plan	5,279	5,201	21,195	20,918
- Employees' Share Scheme expenses	3,615	3,322	14,386	10,878
- Other staff related expenses	3,338	2,518	10,407	9,945
	<u>71,177</u>	<u>59,940</u>	<u>246,475</u>	<u>236,941</u>
Establishment costs				
- Depreciation of property, plant and equipment	480	557	2,032	2,437
- Amortisation of computer software	824	856	3,229	3,741
- Rental	286	176	1,120	1,241
- Finance cost on lease liabilities	108	97	493	621
- Depreciation of right-of-use assets	2,119	2,086	8,358	8,286
- Repairs and maintenance of property, plant and equipment	3,077	3,061	13,031	12,851
- Information technology expenses	10,524	7,001	33,022	23,951
- Others (Note (i))	(2,019)	(8,530)	(27,927)	(29,680)
	<u>15,399</u>	<u>5,304</u>	<u>33,358</u>	<u>23,448</u>
Marketing costs				
- Advertisement and publicity	986	141	1,767	1,447
- Others	322	280	610	1,812
	<u>1,308</u>	<u>421</u>	<u>2,377</u>	<u>3,259</u>
Administration and general expenses				
- Fee and brokerage	919	2,121	3,203	10,001
- Administrative expenses	655	9,937	8,294	14,965
- General expenses	946	1,621	4,355	4,214
	<u>2,520</u>	<u>13,679</u>	<u>15,852</u>	<u>29,180</u>
Total overhead expenses	<u>90,404</u>	<u>79,344</u>	<u>298,062</u>	<u>292,828</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM28,550,000 (2020: RM30,000,000).

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27. Writeback of impairment on loans and advances and other assets, net

Group and Bank	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2021 RM'000	31 December 2020 RM'000	Cumulative 12 Months Ended 31 December 2021 RM'000	31 December 2020 RM'000
Writeback of impairment on loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	-	3	1	165
- Stage 3 - Lifetime ECL credit impaired (Note 17 (vii))	-	-	-	47
Bad debts recovered	44	77	134	389
Writeback of/(allowance for) impairment on other assets, net	2,509	490	1,521	(243)
Total	2,553	570	1,656	358

28. Capital adequacy

(i) 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 %
<u>At 31 December 2021</u>		
CET1 capital ratio	26.457	25.454
Tier 1 capital ratio	26.457	25.454
Total capital ratio	28.325	27.337
<u>At 31 December 2020</u>		
CET1 capital ratio	20.560	19.503
Tier 1 capital ratio	20.560	19.503
Total capital ratio	22.906	21.869

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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):

<u>At 31 December 2021</u>	Group RM'000	Bank RM'000
Paid-up share capital	222,785	222,785
Other reserves	524,164	518,291
CET1 capital before regulatory adjustments	746,949	741,076
Less: Deferred tax assets	(28,846)	(28,846)
Intangible assets	(8,673)	(8,673)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(541)	(541)
Regulatory reserve	(14,046)	(14,046)
Investment in subsidiaries and a joint venture ¹	-	(25,793)
CET1 capital/Tier 1 capital	694,843	663,177
Tier 2 capital		
Subordinated obligation	35,000	35,000
General provisions	14,065	14,065
Tier 2 capital	49,065	49,065
Total capital	743,908	712,242
	Group	Bank
	RM'000	RM'000
<u>At 31 December 2020</u>		
Paid-up share capital	222,785	222,785
Other reserves	371,195	365,220
CET1 capital before regulatory adjustments	593,980	588,005
Less: Deferred tax assets	(28,356)	(28,356)
Intangible assets	(9,192)	(9,192)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(534)	(534)
Regulatory reserve	(25,481)	(25,481)
Investment in subsidiaries and a joint venture ¹	(223)	(25,793)
CET1 capital/Tier 1 capital	530,194	498,649
Tier 2 capital		
Subordinated obligation	35,000	35,000
General provisions	25,501	25,501
Tier 2 capital	60,501	60,501
Total capital	590,695	559,150

¹ 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>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	573,106	573,106	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,508,689	1,508,689	347,976	27,838
Corporates	16,518	16,518	16,518	1,321
Regulatory retail	59,183	52,637	52,227	4,178
Higher risk assets	1,184	1,184	1,776	142
Other assets	337,791	337,625	272,191	21,775
Total on-balance sheet exposures	2,496,471	2,489,759	690,688	55,254
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	518,190	518,190	1,830	146
Total off-balance sheet exposures	518,190	518,190	1,830	146
Total on and off-balance sheet exposures	3,014,661	3,007,949	692,518	55,400
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	4,401	352
Equity position risk	-	-	79,250	6,340
Foreign currency risk	-	-	317,761	25,421
Options risk	-	-	554,913	44,393
Total	-	-	956,325	76,506
(iii) <u>Operational Risk</u>				
	-	-	977,452	78,196
Total RWA and capital requirements	3,014,661	3,007,949	2,626,295	210,102

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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>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2020				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	835,084	835,084	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,714,954	1,714,954	388,551	31,084
Corporates	33,246	13,858	13,858	1,109
Regulatory retail	131,924	72,263	71,931	5,754
Higher risk assets	50,044	50,044	75,066	6,005
Other assets	375,015	373,685	318,242	25,459
Total on-balance sheet exposures	3,140,267	3,059,888	867,648	69,411
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total on and off-balance sheet exposures	4,283,582	4,203,203	869,357	69,548
(ii) <u>Market Risk</u>				
Equity position risk	-	-	67,999	5,440
Foreign currency risk	-	-	277,582	22,206
Options risk	-	-	527,775	42,222
Total	-	-	873,356	69,868
(iii) <u>Operational Risk</u>				
	-	-	836,086	66,887
Total RWA and capital requirements	4,283,582	4,203,203	2,578,799	206,303

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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
31 December 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	573,106	573,106	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,476,377	1,476,377	341,514	27,321
Corporates	16,518	16,518	16,518	1,321
Regulatory retail	59,183	52,637	52,227	4,178
Higher risk assets	1,184	1,184	1,776	142
Other assets	337,721	337,555	272,123	21,770
Total on-balance sheet exposures	2,464,089	2,457,377	684,158	54,732
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	518,190	518,190	1,830	146
Total off-balance sheet exposures	518,190	518,190	1,830	146
Total on and off-balance sheet exposures	2,982,279	2,975,567	685,988	54,878
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	4,401	352
Equity position risk	-	-	79,250	6,340
Foreign currency risk	-	-	312,915	25,033
Options risk	-	-	554,913	44,393
Total	-	-	951,479	76,118
(iii) <u>Operational Risk</u>				
	-	-	967,911	77,433
Total RWA and capital requirements	2,982,279	2,975,567	2,605,378	208,429

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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	Net credit exposures	Risk- weighted assets	Capital requirements
31 December 2020				
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	835,084	835,084	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,682,944	1,682,944	382,149	30,572
Corporates	33,246	13,858	13,858	1,109
Regulatory retail	131,924	72,263	71,931	5,754
Higher risk assets	50,044	50,044	75,066	6,005
Other assets	374,956	373,626	318,185	25,455
Total on-balance sheet exposures	3,108,198	3,027,819	861,189	68,895
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total on and off-balance sheet exposures	4,251,513	4,171,134	862,898	69,032
(ii) <u>Market Risk</u>				
Equity position risk	-	-	67,999	5,440
Foreign currency risk	-	-	272,568	21,805
Options risk	-	-	527,775	42,222
Total	-	-	868,342	69,467
(iii) <u>Operational Risk</u>				
	-	-	825,546	66,044
Total RWA and capital requirements	4,251,513	4,171,134	2,556,786	204,543

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29. Commitments and contingencies

Group and Bank	31 December 2021			31 December 2020		
	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
<u>Credit-related</u>						
Revocable commitments to extend credit:						
- Maturity not exceeding one year	514,531	-	-	1,139,898	-	-
- Maturity exceeding one year	3,659	1,830	1,830	3,417	1,709	1,709
	518,190	1,830	1,830	1,143,315	1,709	1,709
<u>Derivative financial instruments</u>						
Equity-related contracts						
- Less than one year	2,333,095	-	-	1,854,324	-	-
- One year to less than five years	127,560	-	-	118,598	-	-
	2,460,655	-	-	1,972,922	-	-
Total commitments and contingencies	2,978,845	1,830	1,830	3,116,237	1,709	1,709

* 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.

Contingent liabilities

The Group and the Bank are defending all of the claims under litigation, through their solicitors, the outcomes of which are subject matter for the Courts to eventually determine.

Case 1

On 5 November 2012, four (4) holders of a bond ("Bondholders") issued by a company filed a claim against the Bank and five (5) other defendants to recover their losses arising from the limited recovery made by the Bondholders following the default of the company's bonds. The claims by the Bondholders, inter alia, include the sum of RM156.3 million or any other sum that the Court deems fit.

Following an order in terms of a joinder application by two (2) applicants to be added as 5th and 6th plaintiffs to the suit, the quantum of the claim increased from RM156.3 million to RM177.3 million to reflect the 5th and 6th plaintiffs' respective claims. On 17 September 2014, a 7th plaintiff was added and joined to the suit with no change to the quantum claimed of RM177.3 million.

On 4 September 2015, the trial of the matter concluded. On 17 February 2016 and 24 February 2016, parties attended Court for oral submissions.

On 24 July 2017, the High Court found in favour of the Bondholders for the sum of RM177,248,747.31 against the Defendants in the following proportion:

- (a) 1st, 2nd and 3rd Defendants – 100% liable;
- (b) The Bank (4th Defendant) – 50% liable;
- (c) The 5th Defendant – 30% liable; and
- (d) The 6th Defendant – 20% liable.

On 5 October 2017, upon hearing further clarification and submissions on the judgment sum, applicable interest and costs, the High Court held:

- (a) The Judgment against the Defendants is for the sum of RM177,248,747.31;
- (b) The total damages that the Bondholders can recover from the Defendants shall not exceed the aggregate sum of RM177,248,747.31;
- (c) Interest shall be calculated on the reduced sum of RM148,653,953.20 at the rate of 5% per annum from 1 November 2011 until full and final settlement; and

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29. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 1 (Cont'd)

On 5 October 2017, upon hearing further clarification and submissions on the judgment sum, applicable interest and costs, the High Court held: (cont'd)

- (d) Costs as awarded against the Defendants in favour of the Plaintiffs:
- (i) 1st – 3rd Defendants : RM350,000;
 - (ii) The 3rd Defendant to pay costs of RM100,000 for the dismissal of his counterclaim;
 - (iii) The Bank to pay costs of RM300,000;
 - (iv) The 5th Defendant to pay costs of RM150,000; and
 - (v) The 6th Defendant to pay costs of RM200,000 and reimburse the Plaintiffs' expert witness costs of RM250,000.

The Bank and the other Defendants then filed their separate and respective appeals to the Court of Appeal (“the Appeals”).

The Court of Appeal heard the Appeals on 12, 13, 15, 22, 23, 27 – 29 November 2018. On 18 September 2019, the Court of Appeal affirmed the High Court’s judgment and dismissed the Appeals with costs:

- (i) 1st – 3rd Defendants : RM233,000;
- (ii) The 3rd Defendant: RM70,000;
- (iii) The Bank: RM200,000;
- (iv) The 5th Defendant: RM100,000; and
- (v) The 6th Defendant: RM110,000

On 16 October 2019, the Bank filed an application for leave to appeal to the Federal Court against the Court of Appeal’s Judgment (“Leave Application”). The Leave Application proceeded for hearing on 21 January 2021, 3 September 2021, and 16 February 2022. On 16 February 2022, the Federal Court dismissed the Leave Application.

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 - Equities
Equities primarily engage in the shares and futures broking services, derivative financial instruments, custodian and nominees services.
- (iii) Others
Others includes share of results from investment in a joint venture.

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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:

Group	Pillar 1	Pillar 2	Others	Total
31 December 2021	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)	702	(7,370)	-	(6,668)
Income from Islamic Banking Scheme operations	36,711	14,616	-	51,327
Non-interest income	145,255	441,733	-	586,988
Direct costs	-	(74,848)	-	(74,848)
Net income	<u>182,668</u>	<u>374,131</u>	-	<u>556,799</u>
Results				
Segment results	182,668	374,131	-	556,799
Overhead expenses	(59,021)	(239,163)	-	(298,184)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(501)	2,157	-	1,656
Share of results of a joint venture	-	-	(242)	(242)
Profit/(loss) before taxation	<u>123,146</u>	<u>137,125</u>	<u>(242)</u>	<u>260,029</u>
Taxation and zakat				<u>(59,569)</u>
Profit for the year				<u><u>200,460</u></u>
Other segment information				
Depreciation of property, plant and equipment	428	1,604	-	2,032
Depreciation of right-of-use assets	2,910	5,448	-	8,358
Amortisation of computer software	<u>34</u>	<u>3,195</u>	-	<u>3,229</u>
Group	Pillar 1	Pillar 2	Others	Total
31 December 2020	RM'000	RM'000	RM'000	RM'000
Net interest income	144	2,187	-	2,331
Income from Islamic Banking Scheme operations	35,484	21,091	-	56,575
Non-interest income	124,596	470,350	-	594,946
Direct costs	-	(89,502)	-	(89,502)
Net income	<u>160,224</u>	<u>404,126</u>	-	<u>564,350</u>
Results				
Segment results	160,224	404,126	-	564,350
Overhead expenses	(98,787)	(194,172)	-	(292,959)
Writeback of impairment on loans and advances and other assets, net	84	274	-	358
Share of results of a joint venture	-	-	(896)	(896)
Profit/(loss) before taxation	<u>61,521</u>	<u>210,228</u>	<u>(896)</u>	<u>270,853</u>
Taxation and zakat				<u>(69,661)</u>
Profit for the year				<u><u>201,192</u></u>
Other segment information				
Depreciation of property, plant and equipment	438	1,999	-	2,437
Depreciation of right-of-use assets	2,448	5,838	-	8,286
Amortisation of computer software	<u>128</u>	<u>3,613</u>	-	<u>3,741</u>

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

Audited Statements of Financial Position as at 31 December 2021

	Notes	Group and Bank	
		31 December 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	(a)	20,198	29,466
Other assets	(b)	545,751	468,324
Total assets		565,949	497,790
LIABILITIES			
Other liabilities	(c)	308,494	258,539
Provision for taxation and zakat	(d)	11,255	6,883
Total liabilities		319,749	265,422
ISLAMIC BANKING CAPITAL FUND			
Islamic banking fund		5,000	5,000
Retained earnings		241,200	227,368
		246,200	232,368
Total liabilities and Islamic banking capital fund		565,949	497,790

Audited Statements of Comprehensive Income
For the Fourth Quarter and Financial Year Ended 31 December 2021

	Notes	Unaudited		Audited	
		Fourth Quarter Ended 31 December 2021 RM'000	31 December 2020 RM'000	Cumulative 12 Months Ended 31 December 2021 RM'000	31 December 2020 RM'000
Group and Bank					
Income derived from investment of					
Islamic banking fund	(e)	20,304	11,054	51,327	56,575
Direct costs		(306)	(1,760)	(5,538)	(7,268)
Net income attributable to the Group and to the Bank		19,998	9,294	45,789	49,307
Overhead expenses	(f)	(4,788)	(2,346)	(25,757)	(26,284)
Operating profit		15,210	6,948	20,032	23,023
Allowance for/(writeback of) impairment on other assets, net		338	15	(403)	(281)
Profit before taxation and zakat		15,548	6,963	19,629	22,742
Taxation		(3,759)	(1,671)	(4,739)	(5,458)
Zakat		(53)	(215)	(1,058)	(1,425)
Profit for the period/year, representing total comprehensive income for the period/year, attributable to equity holder of the Bank		11,736	5,077	13,832	15,859

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

Audited Statements of Changes in Equity
For the Financial Year Ended 31 December 2021

Group and Bank	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2021	5,000	227,368	232,368
Profit for the year	-	13,832	13,832
Total comprehensive income for the year	-	13,832	13,832
At 31 December 2021	5,000	241,200	246,200
At 1 January 2020	5,000	211,509	216,509
Profit for the year	-	15,859	15,859
Total comprehensive income for the year	-	15,859	15,859
At 31 December 2020	5,000	227,368	232,368

Audited Statements of Cash Flows
For the Financial Year Ended 31 December 2021

	Group and Bank	
	31 December 2021 RM'000	31 December 2020 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing		
operating profit before working capital changes	19,629	22,742
Increase in receivables	(77,427)	(30,482)
Decrease in payables	49,955	12,296
Taxation and zakat paid, net	(1,425)	(4,405)
Net cash (used in)/generated from operating activities	(9,268)	151
Net (decrease)/increase in cash and cash equivalents	(9,268)	151
Cash and cash equivalents at beginning of the year	29,466	29,315
Cash and cash equivalents at end of the year	20,198	29,466

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

(a) Cash and short-term funds

Group and Bank	
31 December	31 December
2021	2020
RM'000	RM'000
Cash and bank balances with financial institutions	29,466
20,198	29,466

(b) Other assets

Group and Bank	
31 December	31 December
2021	2020
RM'000	RM'000
Debtors	468,324
545,751	468,324

(c) Other liabilities

Group and Bank	
31 December	31 December
2021	2020
RM'000	RM'000
Provisions and accruals*	258,539
308,494	258,539

* Include prohibited sources/means to charitable causes amounting to RM4,966 (2020: RM3,768).

(d) Provision for taxation and zakat

Group and Bank	
31 December	31 December
2021	2020
RM'000	RM'000
Taxation	5,458
Zakat	1,425
10,197	6,883
1,058	1,425
11,255	6,883

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

(e) Income derived from investment of Islamic banking fund

<u>Group and Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Profit income from money at call and deposits and placements with financial institutions	94	-	94	-
Realised gain from sale of financial assets at fair value through profit or loss, net	1,077	-	1,077	2
Fee and commission income from:				
- Arranger and upfront fees	15,137	(370)	19,297	19,040
- Brokerage income	2,605	7,074	14,668	21,092
- Corporate advisory fees	-	-	-	354
- Placement fees	310	1,907	1,565	5,702
- Underwriting commission	(437)	302	813	1,143
- Others	1,522	2,128	13,875	9,220
Foreign exchange (loss)/gain, net	(4)	13	(62)	22
Total	20,304	11,054	51,327	56,575

(f) Overhead expenses

<u>Group and Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	3,762	1,297	17,808	18,969
Establishment costs	270	227	1,749	2,009
Marketing costs	90	(18)	176	265
Administration and general expenses	666	840	6,024	5,041
Total	4,788	2,346	25,757	26,284

Note (i): Included in establishment costs are service chargeback amounting to approximately RM2,993,000 (2020: RM2,500,000).

(g) Capital adequacy

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

<u>Group and Bank</u>	31 December 2021	31 December 2020
	%	%
CET1 capital ratio	82.237	84.838
Tier 1 capital ratio	82.237	84.838
Total capital ratio	82.237	84.838

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

<u>Group and Bank</u>	31 December 2021	31 December 2020
	RM'000	RM'000
Tier 1 capital		
Islamic banking fund	5,000	5,000
Retained earnings	241,200	227,368
CET1 capital/Tier 1 capital/Total capital	246,200	232,368

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

(g) Capital adequacy (Cont'd)

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

<u>Group and Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	1,020	1,020	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	19,178	19,178	3,836	307
Other assets	753,156	753,156	190,990	15,279
Total on-balance sheet exposures	773,354	773,354	194,826	15,586
Total on and off-balance sheet exposures *	773,354	773,354	194,826	15,586
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>	-	-	104,550	8,364
Total RWA and capital requirements	773,354	773,354	299,378	23,950

<u>Group and Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2020				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	29,001	29,001	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	465	465	93	7
Other assets	678,135	678,135	169,028	13,522
Total on-balance sheet exposures	707,601	707,601	169,121	13,529
Total on and off-balance sheet exposures *	707,601	707,601	169,121	13,529
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>	-	-	104,772	8,382
Total RWA and capital requirements	707,601	707,601	273,896	21,911

* 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)

(h) 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.

(i) 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.

(j) 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 seven 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 2021 and 31 December 2020.

<u>Group and Bank</u>	<u>Valuation techniques using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
As at 31 December 2021				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,377,450	-	-	1,377,450
Financial assets at fair value through other comprehensive income	-	-	1,184	1,184
Derivative financial assets	-	233,046	-	233,046
	<u>1,377,450</u>	<u>233,046</u>	<u>1,184</u>	<u>1,611,680</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	<u>31,197</u>	<u>95,841</u>	-	<u>127,038</u>
As at 31 December 2020				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,261,099	48,874	-	1,309,973
Financial assets at fair value through other comprehensive income	-	-	1,170	1,170
Derivative financial assets	-	126,917	-	126,917
	<u>1,261,099</u>	<u>175,791</u>	<u>1,170</u>	<u>1,438,060</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	<u>96,890</u>	<u>179,822</u>	-	<u>276,712</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

- (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.