

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

<u>Group</u>	<u>Note</u>	30 June 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	14	1,180,357	1,405,734
Deposits and placements with a financial institution	15	621,639	519,130
Financial investments portfolio	16	1,518,717	1,311,143
Loans and advances	17	78,512	151,741
Derivative assets	21 (i)	173,494	126,917
Other assets	18	725,913	981,455
Tax recoverable		23,629	17,146
Statutory deposit with Bank Negara Malaysia		105	105
Investment in a joint venture		-	223
Property, plant and equipment		4,689	5,066
Right-of-use assets		15,620	7,931
Intangible assets		8,151	9,192
Deferred tax assets		18,799	28,356
TOTAL ASSETS		4,369,625	4,564,139
LIABILITIES			
Deposits and placements from a financial institution	19	1,835,641	1,880,201
Derivative liabilities	21 (i)	170,236	276,712
Other liabilities	20	1,623,442	1,776,770
Provision for zakat		652	1,421
Subordinated obligation		35,052	35,055
TOTAL LIABILITIES		3,665,023	3,970,159
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		481,817	371,195
TOTAL EQUITY		704,602	593,980
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,369,625	4,564,139
COMMITMENTS AND CONTINGENCIES	29	3,210,871	3,116,237

(These unaudited 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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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

<u>Bank</u>	Note	30 June 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	14	1,144,722	1,373,724
Deposits and placements with a financial institution	15	621,619	519,110
Financial investments portfolio	16	1,518,717	1,311,143
Loans and advances	17	78,512	151,741
Derivative assets	21 (i)	173,494	126,917
Other assets	18	726,002	981,416
Tax recoverable		23,636	17,153
Statutory deposit with Bank Negara Malaysia		105	105
Investment in subsidiaries		197,267	197,267
Property, plant and equipment		4,689	5,066
Right-of-use assets		15,620	7,931
Intangible assets		8,151	9,192
Deferred tax assets		18,799	28,356
TOTAL ASSETS		4,531,333	4,729,121
LIABILITIES			
Deposits and placements from a financial institution	19	1,835,641	1,880,201
Derivative liabilities	21 (i)	170,236	276,712
Other liabilities	20	1,791,098	1,947,727
Provision for zakat		652	1,421
Subordinated obligation		35,052	35,055
TOTAL LIABILITIES		3,832,679	4,141,116
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		475,869	365,220
TOTAL EQUITY		698,654	588,005
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,531,333	4,729,121
COMMITMENTS AND CONTINGENCIES	29	3,210,871	3,116,237

(These unaudited 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
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021

<u>Group</u>	Notes	Unaudited		Unaudited	
		Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	22	4,953	11,776	10,892	25,046
Interest expense	23	(7,133)	(10,978)	(14,548)	(23,111)
Net interest (expense)/income		(2,180)	798	(3,656)	1,935
Income from Islamic Banking Scheme operations	31	9,887	10,975	21,760	15,966
Non-interest income	24	132,446	125,514	321,681	188,335
Direct costs	25	(26,405)	(16,852)	(52,317)	(24,345)
Net income		113,748	120,435	287,468	181,891
Overhead expenses	26	(72,417)	(69,457)	(142,345)	(140,281)
Operating profit		41,331	50,978	145,123	41,610
Writeback of/(allowance for) impairment on loans and advances and other assets, net	27	470	3,136	(4,677)	229
		41,801	54,114	140,446	41,839
Share of results of a joint venture		-	(299)	(242)	(506)
Profit before taxation and zakat		41,801	53,815	140,204	41,333
Taxation and zakat		(5,011)	(11,022)	(29,701)	(9,721)
Profit for the period, attributable to equity holder of the Bank		36,790	42,793	110,503	31,612
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		73	85	220	63
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	14	54
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Net (loss)/gain on foreign exchange translation		(29)	54	105	378
Other comprehensive (loss)/income for the period, net of tax		(15)	108	119	432
Total comprehensive income for the period, attributable to equity holder of the Bank		36,775	42,901	110,622	32,044

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021

<u>Bank</u>	Notes	Unaudited		Unaudited	
		Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Interest income	22	4,843	11,761	10,674	24,832
Interest expense	23	(7,133)	(10,978)	(14,548)	(23,111)
Net interest (expense)/income		(2,290)	783	(3,874)	1,721
Income from Islamic Banking Scheme operations	31	9,887	10,975	21,760	15,966
Non-interest income	24	132,446	125,511	321,681	194,306
Direct costs	25	(26,405)	(16,852)	(52,317)	(24,345)
Net income		113,638	120,417	287,250	187,648
Overhead expenses	26	(72,385)	(69,424)	(142,283)	(140,213)
Operating profit		41,253	50,993	144,967	47,435
Impairment on investment in a subsidiary		-	-	-	(5,250)
Writeback of/(allowance for) impairment on loans and advances and other assets, net	27	470	3,136	(4,677)	229
Profit before taxation and zakat		41,723	54,129	140,290	42,414
Taxation and zakat		(4,988)	(11,022)	(29,655)	(9,678)
Profit for the period, attributable to equity holder of the Bank		36,735	43,107	110,635	32,736
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	14	54
Other comprehensive income for the period, net of tax		14	54	14	54
Total comprehensive income for the period, attributable to equity holder of the Bank		36,749	43,161	110,649	32,790

(These unaudited 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
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021

	←-----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
Group						
At 1 January 2021	222,785	25,481	970	(156)	344,900	593,980
Profit for the period	-	-	-	-	110,503	110,503
Other comprehensive income	-	-	14	105	-	119
Total comprehensive income for the period	-	-	14	105	110,503	110,622
Transfer from regulatory reserve	-	(5,362)	-	-	5,362	-
At 30 June 2021	222,785	20,119	984	(51)	460,765	704,602
At 1 January 2020	222,785	30,388	916	(298)	379,801	633,592
Profit for the period	-	-	-	-	31,612	31,612
Other comprehensive income	-	-	54	378	-	432
Total comprehensive income for the period	-	-	54	378	31,612	32,044
Transfer from regulatory reserve	-	(3,631)	-	-	3,631	-
At 30 June 2020	222,785	26,757	970	80	415,044	665,636

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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 period	-	-	-	110,635	110,635
Other comprehensive income	-	-	14	-	14
Total comprehensive income for the period	-	-	14	110,635	110,649
Transfer from regulatory reserve	-	(5,362)	-	5,362	-
At 30 June 2021	222,785	20,119	984	454,766	698,654
At 1 January 2020	222,785	30,388	916	372,378	626,467
Profit for the period	-	-	-	32,736	32,736
Other comprehensive income	-	-	54	-	54
Total comprehensive income for the period	-	-	54	32,736	32,790
Transfer from regulatory reserve	-	(3,631)	-	3,631	-
At 30 June 2020	222,785	26,757	970	408,745	659,257

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MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021

	Note	Group		Bank	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Cash flows from operating activities					
Profit before taxation and zakat		140,204	41,333	140,290	42,414
Adjustments for:					
Share of results of a joint venture		242	506	-	-
Depreciation of property, plant and equipment	26	1,056	1,296	1,056	1,296
Depreciation of right-of-use assets	26	4,180	4,114	4,180	4,114
Amortisation of computer software	26	1,644	1,989	1,644	1,989
Finance cost on lease liabilities	26	273		273	
Allowance for impairment on loans and advances and other assets, net		4,767	60	4,767	60
Impairment on investment in a subsidiary		-	-	-	5,250
Gross dividends	24	(28,461)	(7,974)	(28,461)	(13,945)
Realised (gain)/loss from sale of financial assets at fair value through profit or loss, net	24	(48,021)	99,499	(48,021)	99,499
Unrealised loss on revaluation of financial assets at fair value through profit or loss, net	24	83,574	55,325	83,574	55,325
Realised loss/(gain) from sale of derivative financial instruments, net	24	78,442	(66,458)	78,442	(66,458)
Unrealised gain on revaluation of derivative financial instruments, net	24	(165,301)	(151,324)	(165,301)	(151,324)
Operating profit/(loss) before working capital changes		72,599	(21,634)	72,443	(21,780)
Change in cash and short-term funds with original maturity more than three months		85,225	(100,383)	85,225	(100,383)
Change in deposits and placements with original maturity more than three months		(82,177)	(93,418)	(82,177)	(93,418)
Change in financial investments portfolio and derivative financial instruments		(309,307)	(225,927)	(309,307)	(225,927)
Change in loans and advances		73,229	64,383	73,229	64,383
Change in other assets		238,906	(165,238)	238,778	(165,379)
Change in deposits and placements from a financial institution		(44,560)	344,416	(44,560)	344,416
Change in other liabilities		(148,654)	240,851	(151,955)	240,760
Cash (used in)/generated from operations		(114,739)	43,050	(118,324)	42,672
Taxation and zakat paid, net		(27,396)	(10,744)	(27,350)	(11,430)
Net cash (used in)/generated from operating activities		(142,135)	32,306	(145,674)	31,242
Cash flows from investing activities					
Purchase of property, plant and equipment		(678)	(400)	(678)	(400)
Purchase of computer software		(603)	(200)	(603)	(200)
Proceeds from disposal of a subsidiary		-	-	-	742
Net dividends received		28,461	7,974	28,461	13,945
Net cash generated from investing activities		27,180	7,374	27,180	14,087
Cash flows from financing activities					
Subordinated obligation		(553)	-	(553)	-
Repayment of lease liabilities		(4,397)	(4,397)	(4,397)	(4,397)
Net cash used in financing activities		(4,950)	(4,397)	(4,950)	(4,397)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021 (CONT'D.)

	Note	Group		Bank	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Net (decrease)/increase in cash and cash equivalents		(119,905)	35,283	(123,444)	40,932
Cash and cash equivalents at the beginning of the period		1,292,306	812,313	1,260,276	774,705
Effects of foreign exchange rate changes		86	309	-	-
Cash and cash equivalents at the end of the period		1,172,487	847,905	1,136,832	815,637
Cash and cash equivalents comprise:					
Cash and short-term funds	14	1,180,357	961,815	1,144,722	929,567
Deposits and placements with a financial institution	15	621,639	727,266	621,619	727,246
		1,801,996	1,689,081	1,766,341	1,656,813
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		(629,509)	(841,176)	(629,509)	(841,176)
		1,172,487	847,905	1,136,832	815,637

(These unaudited 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 unaudited 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 unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

The unaudited 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 unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2020.

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the 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 period ended 30 June 2021.

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

During the financial period ended 30 June 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 period ended 30 June 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 period ended 30 June 2021.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2021.

10. Dividend

(i) Dividend Paid

There was no dividend paid during the financial period ended 30 June 2021.

(ii) Dividend Payable

The Board of Directors have declared a single-tier interim dividend in respect of the financial year ending 31 December 2021 of approximately RM0.95 on 50,116,000 ordinary shares, amounting to a net dividend payable of RM47,420,000.

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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 period ended 30 June 2021.

12. Performance Review

For the financial period ended 30 June 2021, the Group's operating profit increased by 248.8% to RM145.1 million from RM41.6 million during the same period last year due to higher income.

Net income increased by 58.0% from RM181.9 million to RM287.5 million. Non-interest income increased by RM133.3 million to RM321.7 million due to higher brokerage income and fee income. Income from Islamic Banking Scheme operations increased by RM5.8 million to RM21.8 million as a result of higher fee income during the period. Net interest income decreased by RM5.6 million mainly due to lower interest income from loans and advances, and deposits and placements with financial institutions.

Overhead expenses increased by 1.5% or RM2.1 million from RM140.3 million to RM142.3 million in the previous period. This was mainly contributed by establishment and personnel expenses. The increases were, however, partly offset by a decrease in marketing expenses.

The Group profit before taxation and zakat increased by 239.2% or RM98.9 million from RM41.3 million to RM140.2 million. Profit for the period increased by 249.6% or RM78.9 million to RM110.5 million compared to the previous period.

13. Business Outlook

The global economy is expected to rebound by +6.1% in 2021 (2020: -3.3%), following the gradual resumption of economic activities spurred by progress in vaccination programmes, coupled with continued accommodative monetary policies and expansionary fiscal policies.

In Malaysia, economy is also projected to rebound (2021E: +4.2%; 2020: -5.6%) even with the resurgence of COVID-19 cases and the re-imposition of nationwide containment measures in 2021. Monetary, fiscal and economic stimulus will continue, focusing on targeted support and interventions for the most-affected individuals and businesses. Overnight Policy Rate is expected to remain at a record low of 1.75% throughout 2021 despite a moderate return of inflation this year from deflation in 2020, while the expansionary fiscal policy will continue via Budget 2021's record spending allocation of RM322.5 billion and two additional economic stimulus packages worth RM190 billion announced in 2Q 2021.

The FBM KLCI has been range bound through 1H 2021. It is expected to see a moderated earnings recovery in 2021 after three consecutive years of earnings contraction. Nonetheless, with the current Movement Control Order, subsequent recovery phases looking to be drawn out and heightened political volatility, the anticipated recovery towards the latter part of 2H 2021 is likely to be less exuberant than previously anticipated.

Investment banking deal activities in 2H 2021 is projected to be slightly muted with a gradual recovery in 2022, albeit still lagging behind pre-pandemic activity levels. Investors are adopting a “wait-and-see” approach arising from the current economic and political situation. Nevertheless, opportunities exist for mergers and acquisition and leverage finance activities in selected sectors in view of compelling valuations and lower cost of leverage.

The Malaysian fixed income market will remain active in the current low interest rate environment with gross Private Debt Securities supply forecasted at RM110.0 billion in 2021. This is underpinned by improved growth prospects, ongoing/new infrastructure spending and green/sustainability-labelled bonds.

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Cash and bank balances with financial institutions	320,816	475,899	310,698	469,407
Deposit and placements maturing within one month	859,541	929,835	834,024	904,317
Total cash and short-term funds	1,180,357	1,405,734	1,144,722	1,373,724

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM584,709,000 (2020: RM695,632,000). 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	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Licensed bank	621,639	519,130	621,619	519,110

16. **Financial investments portfolio**

		Group and Bank	
		30 June 2021 RM'000	31 December 2020 RM'000
Financial assets at fair value through profit or loss	(i)	1,517,533	1,309,973
Financial assets at fair value through other comprehensive income	(ii)	1,184	1,170
Total financial investments portfolio		1,518,717	1,311,143

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

	Group and Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
At fair value		
Quoted financial assets:		
Shares in Malaysia	1,028,597	932,674
Shares outside Malaysia	440,062	328,425
	1,468,659	1,261,099
Unquoted financial assets:		
Loan stock in Malaysia	48,874	48,874
	1,517,533	1,309,973

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

	Group and Bank	
	30 June 2021 RM'000	31 December 2020 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	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Amount due from brokers and clients		
- Margin accounts	33,750	107,291
Staff loans	44,954	44,642
Gross loans and advances at amortised cost	<u>78,704</u>	<u>151,933</u>
Less: Allowances for impaired loans and advances:		
- Stage 1 - 12 Months ECL	(20)	(20)
- Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net loans and advances	<u>78,512</u>	<u>151,741</u>

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

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Domestic business enterprises		
- Small and medium enterprises	-	10,578
- Others	10,042	16,826
Individuals	68,662	124,351
Foreign entities	-	178
Gross loans and advances	<u>78,704</u>	<u>151,933</u>

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

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Fixed rate		
- Housing loans	32,776	30,828
- Hire purchase receivables	12,112	13,611
- Other fixed rate loans	66	203
Variable rate		
- Base lending rate (BLR) plus	33,750	107,291
Gross loans and advances	<u>78,704</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	
	30 June 2021 RM'000	31 December 2020 RM'000
Purchase of securities	33,750	107,291
Purchase of transport vehicles	12,112	13,611
Purchase of residential landed property	32,776	30,828
Personal use	66	203
Gross loans and advances	78,704	151,933

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

	Group and Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
Within one year	34,681	108,185
More than one year to three years	3,204	2,964
More than three years to five years	8,710	9,970
More than five years	32,109	30,814
Gross loans and advances	78,704	151,933

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

	Group and Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
At 1 January	832	1,326
Impaired during the year	-	387
Reclassified as non-impaired	-	(444)
Amount recovered	(130)	(391)
Amount written-off	-	(46)
Gross impaired loans and advances	702	832
Less: - Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net impaired loans and advances	530	660
Net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	0.67%	0.43%

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

	Group and Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
Purchase of transport vehicles	172	172
Purchase of residential landed property	530	660
Gross impaired loans and advances	702	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
At 30 June 2021	20	-	172	192
At 1 January 2020	185	-	265	450
Amount written-back, net	(165)	-	(47)	(212)
Amount written-off	-	-	(46)	(46)
At 31 December 2020	20	-	172	192

18. Other assets

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	498,862	791,283	498,862	791,283
Amount due from ultimate holding company	35,333	2,801	35,333	2,801
Other debtors, deposits and prepayments	206,586	200,009	209,212	199,970
	740,781	994,093	743,407	994,054
Less: Allowance for impairment losses	(14,868)	(12,638)	(17,405)	(12,638)
	725,913	981,455	726,002	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	
	30 June 2021 RM'000	31 December 2020 RM'000
Licensed bank	1,835,641	1,880,201

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20. Other liabilities

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Provisions and accruals	75,416	117,677	75,407	117,669
Amount due to brokers and clients (a)	409,065	534,617	409,065	534,617
Provision for contingent liability	4,500	4,500	4,500	4,500
Deposits and other creditors	1,072,409	1,071,876	1,068,600	1,071,367
Lease liabilities	15,918	8,173	15,918	8,173
Amount due to:				
- Holding company	41,415	37,457	41,415	37,457
- Related companies	4,719	2,470	4,719	2,470
- Subsidiaries	-	-	171,474	171,474
	1,623,442	1,776,770	1,791,098	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

	Contract/ Notional amount RM'000	Group and Bank 30 June 2021	
		Fair Value	
		Assets RM'000	Liabilities RM'000
Hedging derivatives			
Equity-related derivatives:			
Equity options			
- Less than one year	1,768,045	140,581	96,890
- One to three years	183,400	6,098	3,200
Equity swaps			
- Less than one year	454,586	26,815	70,146
	2,406,031	173,494	170,236
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		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Equity-related derivatives:				
Index futures	-	487	-	333
Equity options	15,413	(60,480)	142,532	141,673
Equity swaps	9,410	(109,786)	22,769	9,318
	24,823	(169,779)	165,301	151,324

22. Interest income

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances	461	4,935	1,295	10,883
Money at call and deposits and placements with financial institutions	4,097	6,446	8,600	13,284
Others	395	395	997	879
Total interest income	4,953	11,776	10,892	25,046

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans and advances	461	4,935	1,295	10,883
Money at call and deposits and placements with financial institutions	3,987	6,431	8,382	13,070
Others	395	395	997	879
Total interest income	4,843	11,761	10,674	24,832

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM180,000 (2020: RM437,000) for the Group and the Bank.

23. Interest expense

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Deposits and placements from a financial institution	4,139	6,197	8,879	12,897
Derivative financial instruments	2,717	4,781	5,119	10,214
Subordinated obligation	277	-	550	-
Total interest expense	7,133	10,978	14,548	23,111

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24. Non-interest income

<u>Group</u>	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Arranger and upfront fees	5,611	6,300	39,378	12,754
Brokerage income	58,745	60,934	138,883	104,868
Corporate advisory fees	5,302	1,405	11,642	2,365
Placement and related fees	5,787	-	6,929	250
Underwriting commission	755	1,331	762	1,331
Others	10,075	2,440	12,712	5,426
	86,275	72,410	210,306	126,994
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	18,816	16,179	48,021	(99,499)
Unrealised (loss)/gain on revaluation of financial assets at fair value through profit or loss, net	(10,038)	173,567	(83,574)	(55,325)
Realised (loss)/gain from sale of derivative financial instruments, net	(38,047)	24,470	(78,442)	66,458
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 21 (ii))	24,823	(169,779)	165,301	151,324
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	12,829	4,840	20,642	6,489
- Quoted outside Malaysia	7,684	1,428	7,819	1,485
	16,067	50,705	79,767	70,932
Other income:				
Foreign exchange gain/(loss), net	1,476	693	1,431	(11,627)
Others	28,628	1,706	30,177	2,036
	30,104	2,399	31,608	(9,591)
Total non-interest income	132,446	125,514	321,681	188,335

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24. Non-interest income (Cont'd)

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Arranger and upfront fees	5,611	6,300	39,378	12,754
Brokerage income	58,745	60,934	138,883	104,868
Corporate advisory fees	5,302	1,405	11,642	2,365
Placement and related fees	5,787	-	6,929	250
Underwriting commission	755	1,331	762	1,331
Others	10,075	2,440	12,712	5,426
	<u>86,275</u>	<u>72,410</u>	<u>210,306</u>	<u>126,994</u>
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	18,816	16,179	48,021	(99,499)
Unrealised (loss)/gain on revaluation of financial assets at fair value through profit or loss, net	(10,038)	173,567	(83,574)	(55,325)
Realised (loss)/gain from sale of derivative financial instruments, net	(38,047)	24,470	(78,442)	66,458
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 21 (ii))	24,823	(169,779)	165,301	151,324
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	12,829	4,840	20,642	6,489
- Quoted outside Malaysia	7,684	1,428	7,819	1,485
Gross dividend from a subsidiary	-	-	-	5,971
	<u>16,067</u>	<u>50,705</u>	<u>79,767</u>	<u>76,903</u>
Other income:				
Foreign exchange gain/(loss), net	1,476	693	1,431	(11,627)
Others	28,628	1,703	30,177	2,036
	<u>30,104</u>	<u>2,396</u>	<u>31,608</u>	<u>(9,591)</u>
Total non-interest income	<u>132,446</u>	<u>125,511</u>	<u>321,681</u>	<u>194,306</u>

25. Direct costs

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	17,089	11,605	36,619	15,860
Trade-related charges	9,316	5,247	15,698	8,485
	<u>26,405</u>	<u>16,852</u>	<u>52,317</u>	<u>24,345</u>

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26. Overhead expenses

<u>Group</u>	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	52,328	48,828	97,903	98,768
- Pension costs - defined contribution plan	5,395	5,225	10,711	10,460
- Employees' Share Scheme expenses	3,431	2,518	7,156	5,037
- Other staff-related expenses	2,273	1,905	4,587	4,860
	<u>63,427</u>	<u>58,476</u>	<u>120,357</u>	<u>119,125</u>
Establishment costs				
- Depreciation of property, plant and equipment	525	624	1,056	1,296
- Amortisation of computer software	804	911	1,644	1,989
- Rental	197	290	580	678
- Finance cost on lease liability	128	139	273	407
- Depreciation of right-of-use assets	2,090	2,086	4,180	4,114
- Repairs and maintenance of property, plant and equipment	3,232	4,135	6,603	7,320
- Information technology expenses	7,620	5,155	14,105	10,301
- Others (Note (i))	(8,472)	(7,484)	(15,965)	(15,921)
	<u>6,124</u>	<u>5,856</u>	<u>12,476</u>	<u>10,184</u>
Marketing costs				
- Advertisement and publicity	(79)	640	405	1,049
- Others	(9)	441	167	1,364
	<u>(88)</u>	<u>1,081</u>	<u>572</u>	<u>2,413</u>
Administration and general expenses				
- Fee and brokerage	(257)	2,698	1,033	5,284
- Administrative expenses	2,357	645	5,322	1,964
- General expenses	854	701	2,585	1,311
	<u>2,954</u>	<u>4,044</u>	<u>8,940</u>	<u>8,559</u>
Total overhead expenses	<u>72,417</u>	<u>69,457</u>	<u>142,345</u>	<u>140,281</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM16,700,000 (2020: RM17,791,000).

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

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	52,328	48,828	97,903	98,768
- Pension costs - defined contribution plan	5,395	5,225	10,711	10,460
- Employees' Share Scheme expenses	3,431	2,518	7,156	5,037
- Other staff related expenses	2,273	1,905	4,587	4,860
	<u>63,427</u>	<u>58,476</u>	<u>120,357</u>	<u>119,125</u>
Establishment costs				
- Depreciation of property, plant and equipment	525	624	1,056	1,296
- Amortisation of computer software	804	911	1,644	1,989
- Rental	197	290	580	678
- Finance cost on lease liability	128	139	273	407
- Depreciation of right-of-use assets	2,090	2,086	4,180	4,114
- Repairs and maintenance of property, plant and equipment	3,232	4,135	6,603	7,320
- Information technology expenses	7,620	5,155	14,105	10,301
- Others (Note (i))	(8,472)	(7,484)	(15,965)	(15,921)
	<u>6,124</u>	<u>5,856</u>	<u>12,476</u>	<u>10,184</u>
Marketing costs				
- Advertisement and publicity	(79)	640	405	1,049
- Others	(9)	441	167	1,364
	<u>(88)</u>	<u>1,081</u>	<u>572</u>	<u>2,413</u>
Administration and general expenses				
- Fee and brokerage	(274)	2,681	1,000	5,245
- Administrative expenses	2,342	630	5,293	1,935
- General expenses	854	700	2,585	1,311
	<u>2,922</u>	<u>4,011</u>	<u>8,878</u>	<u>8,491</u>
Total overhead expenses	<u>72,385</u>	<u>69,424</u>	<u>142,283</u>	<u>140,213</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM16,700,000 (2020: RM17,791,000).

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27. Writeback of/(allowance for) impairment on loans and advances and other assets, net

Group and Bank	Unaudited		Unaudited	
	Second Quarter Ended	30 June	Cumulative 6 Months Ended	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Writeback of/(allowance for) impairment on loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	-	(9)	-	40
- Stage 3 - Lifetime ECL credit impaired (Note 17 (vii))	-	(59)	-	(59)
Bad debts recovered	-	120	90	289
Writeback of/(allowance for) impairment on other assets, net	470	3,084	(4,767)	(41)
Total	470	3,136	(4,677)	229

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 30 June 2021</u>		
CET1 capital ratio	23.280	22.381
Tier 1 capital ratio	23.280	22.381
Total capital ratio	25.234	24.355
<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 30 June 2021</u>	Group RM'000	Bank RM'000
Paid-up share capital	222,785	222,785
Other reserves	481,817	475,869
CET1 capital before regulatory adjustments	704,602	698,654
Less: Deferred tax assets	(18,799)	(18,799)
Intangible assets	(8,151)	(8,151)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(541)	(541)
Regulatory reserve	(20,119)	(20,119)
Investment in subsidiaries and a joint venture ¹	-	(25,793)
CET1 capital/Tier 1 capital	656,992	625,251
Tier 2 capital		
Subordinated obligation	35,000	35,000
General provisions	20,139	20,139
Tier 2 capital	55,139	55,139
Total capital	712,131	680,390
	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
30 June 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	820,660	820,660	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,515,590	1,515,590	337,519	27,002
Corporates	14,700	12,474	12,474	998
Regulatory retail	81,188	70,912	70,527	5,642
Higher risk assets	50,058	50,058	75,087	6,007
Other assets	338,339	338,165	283,285	22,663
Total on-balance sheet exposures	2,820,535	2,807,859	778,892	62,312
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	804,840	804,840	2,089	167
Total off-balance sheet exposures	804,840	804,840	2,089	167
Total on and off-balance sheet exposures	3,625,375	3,612,699	780,981	62,479
(ii) <u>Market Risk</u>				
Equity position risk	-	-	115,737	9,259
Foreign currency risk	-	-	331,695	26,536
Options risk	-	-	685,099	54,808
Total	-	-	1,132,531	90,603
(iii) <u>Operational Risk</u>				
	-	-	908,639	72,691
Total RWA and capital requirements	3,625,375	3,612,699	2,822,151	225,773

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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
30 June 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	820,660	820,660	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,479,954	1,479,954	330,392	26,431
Corporates	14,700	12,474	12,474	998
Regulatory retail	81,188	70,912	70,527	5,642
Higher risk assets	50,058	50,058	75,087	6,007
Other assets	338,409	338,235	283,357	22,669
Total on-balance sheet exposures	2,784,969	2,772,293	771,837	61,747
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	804,840	804,840	2,089	167
Total off-balance sheet exposures	804,840	804,840	2,089	167
Total on and off-balance sheet exposures	3,589,809	3,577,133	773,926	61,914
(ii) <u>Market Risk</u>				
Equity position risk	-	-	115,737	9,259
Foreign currency risk	-	-	326,624	26,130
Options risk	-	-	685,100	54,808
Total	-	-	1,127,461	90,197
(iii) <u>Operational Risk</u>				
	-	-	892,273	71,382
Total RWA and capital requirements	3,589,809	3,577,133	2,793,660	223,493

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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	30 June 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	800,662	-	-	1,139,898	-	-
- Maturity exceeding one year	4,178	2,089	2,089	3,417	1,709	1,709
	804,840	2,089	2,089	1,143,315	1,709	1,709
<u>Derivative financial instruments</u>						
Equity-related contracts						
- Less than one year	2,222,631	-	-	1,854,324	-	-
- One year to less than five years	183,400	-	-	118,598	-	-
	2,406,031	-	-	1,972,922	-	-
Total commitments and contingencies	3,210,871	2,089	2,089	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 was part heard on 21 January 2021 with continued hearing fixed on 3 September 2021.

Case 2

The Bank and four (4) other financial institutions (collectively known as "the Banks") are holders of 48.54% of the Redeemable Convertible Secured Notes ("the Notes") issued by a company ("the Borrower"). The Notes are secured by various security including charges over lands granted by the Borrower and other 3rd parties in favour of the trustee for the Banks ("the Trustee"). Upon the Borrower's default of its payment obligations, the Banks commenced action to recover the sums due under the Notes.

Subsequently, a company ("the 1st Defendant") and an individual ("the 2nd Defendant") (collectively known as "the Defendants") agreed to resolve the claims of the Banks with the 1st Defendant agreeing to purchase from the Banks all the Notes held by the Banks at a total purchase price of RM146,458,246.20. The Banks and the 1st Defendant entered into a Sale and Purchase Agreement in August 2014 ("the SPA") and the 2nd Defendant executed a guarantee in favour of the Banks guaranteeing all sums due under the SPA.

The Defendants subsequently defaulted on their payment obligations under the SPA and on 5 June 2015, the Banks commenced action against the Defendants for specific performance of the SPA or in the alternative, damages for breach of the SPA (as against the 1st Defendant) and for the balance purchase price (as against the 2nd Defendant).

The Defendants thereafter filed a counterclaim that the Trustee has breached its duty of care to the Defendants and that the Banks assisted and abetted the Trustee in such instance. The Defendants further claim that the Banks and the Trustee conspired or caused the defendants to breach the SPA thereby causing the Defendants to suffer losses and damages.

The Banks filed an application for summary judgment of the action to enforce the SPA and the Guarantee, as well as an application to strike out the Defendants' counterclaim. On 5 October 2015, the High Court allowed the Banks' application for summary judgement and application to strike out the counterclaim with costs. Accordingly, the Defendants' counterclaim against the Banks have been struck out ("Striking Out Order") and judgement has been entered against the Defendants for the balance purchase price under the SPA ("Summary Judgement").

On 23 October 2015, the Defendants filed their respective appeals to the Court of Appeal against the Striking Out Order and the Summary Judgement ("the Appeals").

On 6 December 2016, the Court of Appeal unanimously dismissed the Appeals with costs of RM20,000 to be paid by the Defendants to the Banks for each of the Appeals ("COA Decision").

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29. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 2 (cont'd)

On 30 December 2016 and 5 January 2017, the Defendants filed their respective applications to the Federal Court for leave to appeal to the Federal Court against the COA Decision ("FC Leave Application"). On 26 April 2017, the Federal Court allowed the FC Leave Application ("FC Appeals"). On 15 March 2018, the Federal Court unanimously dismissed the FC Appeals with costs of RM20,000 for each appeal respectively ("Federal Court Decision"). The Defendants filed their respective motions to the Federal Court to review the Federal Court Decision ("FC Review Application"). On 28 January 2019, the Federal Court dismissed the FC Review Application with costs of RM30,000.

On 22 February 2019, the Defendants filed an originating summons before the High Court for declaratory reliefs with a view to have the Federal Court Decision set aside ("2019 OS"). On 22 March 2019, the Defendants filed an application for the High Court to refer the constitutional issues before it to the Federal Court for determination ("Reference Application"). The Banks filed an application to strike out the 2019 OS ("Banks' Striking Out Application"). On 4 March 2021, the Defendants filed a Notice of Discontinuance to the High Court, withdrawing the 2019 OS (which included the Reference Application and consequently, the Bank's Striking Out Application).

On 31 January 2020, the 1st Defendant filed a claim against the Bank, another financial institution and the Trustee, alleging among others that the banks breached the SPA and acted to prevent the 1st Defendant from carrying out its obligations under the SPA, thereby causing damage to the 1st Defendant ("2020 OS"). The 1st Defendant applied for an injunction ("Injunction Application") and claimed for declaratory orders and damages to be assessed. The 2020 OS and Injunction Application were heard and dismissed by the High Court on 8 July 2020 ("High Court Decision"). On 6 August 2020, the 1st Defendant appealed against the High Court Decision and the appeal was fixed for hearing on 5 July 2021. On 4 March 2021, the 1st Defendant withdrew the appeal by filing the Notice of Discontinuance dated 4 March 2021 to the Court of Appeal.

The 2nd Defendant also obtained an ex parte order where the Director General of Insolvency is made the receiver of the 2nd Defendant's property and pursuant to which, no creditor shall have a remedy against the property or the person of the 2nd Defendant in respect of the debt, or commence legal action in respect of a debt unless with the leave of court ("Receiving Order") on the grounds that there is a purported scheme of arrangement for the creditors' consideration. The Banks successfully set aside the Receiving Order on 17 May 2017. The 2nd Defendant filed an appeal to the Court of Appeal against the setting aside of the Receiving Order. On 14 April 2021, the 2nd Defendant withdrew his appeal before the Court of Appeal.

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
30 June 2021	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)	13	(3,669)	-	(3,656)
Income from Islamic Banking Scheme operations	12,644	9,116	-	21,760
Non-interest income	66,154	255,527	-	321,681
Direct costs	-	(52,317)	-	(52,317)
Net income	<u>78,811</u>	<u>208,657</u>	-	<u>287,468</u>
Results				
Segment results	78,811	208,657	-	287,468
Overhead expenses	(33,770)	(108,575)	-	(142,345)
Allowance for impairment on loans and advances and other assets, net	417	(5,094)	-	(4,677)
Share of results of a joint venture	-	-	(242)	(242)
Profit/(loss) before taxation	<u>45,458</u>	<u>94,988</u>	<u>(242)</u>	<u>140,204</u>
Taxation and zakat				<u>(29,701)</u>
Profit for the period				<u><u>110,503</u></u>
Other segment information				
Depreciation of property, plant and equipment	213	843	-	1,056
Depreciation of right-of-use assets	1,462	2,718	-	4,180
Amortisation of computer software	<u>19</u>	<u>1,625</u>	-	<u>1,644</u>
Group				
30 June 2020	RM'000	RM'000	RM'000	RM'000
Net interest income	-	1,935	-	1,935
Income from Islamic Banking Scheme operations	8,211	7,755	-	15,966
Non-interest income	16,194	172,141	-	188,335
Direct costs	-	(24,345)	-	(24,345)
Net income	<u>24,405</u>	<u>157,486</u>	-	<u>181,891</u>
Results				
Segment results	24,405	157,486	-	181,891
Overhead expenses	(43,805)	(96,476)	-	(140,281)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(266)	495	-	229
Share of results of a joint venture	-	-	(506)	(506)
(Loss)/profit before taxation	<u>(19,666)</u>	<u>61,505</u>	<u>(506)</u>	<u>41,333</u>
Taxation and zakat				<u>(9,721)</u>
Loss for the period				<u><u>31,612</u></u>
Other segment information				
Depreciation of property, plant and equipment	235	1,061	-	1,296
Depreciation of right-of-use assets	1,202	2,912	-	4,114
Amortisation of computer software	<u>107</u>	<u>1,882</u>	-	<u>1,989</u>

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

Unaudited Statements of Financial Position as at 30 June 2021

	Notes	Group and Bank	
		30 June 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	(a)	14,506	29,466
Other assets	(b)	480,903	468,324
Total assets		495,409	497,790
LIABILITIES			
Other liabilities	(c)	249,005	258,539
Provision for taxation and zakat	(d)	8,714	6,883
Total liabilities		257,719	265,422
ISLAMIC BANKING CAPITAL FUND			
Islamic banking fund		5,000	5,000
Retained earnings		232,690	227,368
		237,690	232,368
Total liabilities and Islamic banking capital fund		495,409	497,790

**Unaudited Statements of Comprehensive Income
For the Second Quarter and Financial Period Ended 30 June 2021**

Group and Bank	Notes	Unaudited		Unaudited	
		Second Quarter Ended 30 June 2021 RM'000	30 June 2020 RM'000	Cumulative 6 Months Ended 30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of Islamic banking fund	(e)	9,887	10,975	21,760	15,966
Direct costs		(1,360)	(1,285)	(2,771)	(1,781)
Net income attributable to the Group and to the Bank		8,527	9,690	18,989	14,185
Overhead expenses	(f)	(5,644)	(6,274)	(10,451)	(11,082)
Operating profit		2,883	3,416	8,538	3,103
Writeback of/(allowance for) impairment on other assets, net		281	(210)	40	(104)
Profit before taxation and zakat		3,164	3,206	8,578	2,999
Taxation		(1,301)	(769)	(2,600)	(720)
Zakat		30	1,723	(656)	(490)
Profit for the period, representing total comprehensive income for the period, attributable to equity holder of the Bank		1,893	4,160	5,322	1,789

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

Unaudited Statements of Changes in Equity
For the Financial Period Ended 30 June 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 period	-	5,322	5,322
Total comprehensive income for the period	-	5,322	5,322
At 30 June 2021	5,000	232,690	237,690
At 1 January 2020	5,000	211,509	216,509
Profit for the period	-	1,789	1,789
Total comprehensive income for the period	-	1,789	1,789
At 30 June 2020	5,000	213,298	218,298

Unaudited Statements of Cash Flows
For the Financial Period Ended 30 June 2021

	Group and Bank	
	30 June 2021 RM'000	30 June 2020 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	8,578	2,999
Increase in receivables	(12,579)	(16,435)
(Decrease)/increase in payables	(9,534)	2,352
Taxation and zakat paid, net	(1,425)	(1,105)
Net cash used in operating activities	(14,960)	(12,189)
Net decrease in cash and cash equivalents	(14,960)	(12,189)
Cash and cash equivalents at beginning of the period	29,466	29,315
Cash and cash equivalents at end of the period	14,506	17,126

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

(a) Cash and short-term funds

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Cash and bank balances with financial institutions	<u>14,506</u>	<u>29,466</u>

(b) Other assets

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Debtors	<u>480,903</u>	<u>468,324</u>

(c) Other liabilities

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Provisions and accruals*	<u>249,005</u>	<u>258,539</u>

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

(d) Provision for taxation and zakat

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Taxation	8,058	5,458
Zakat	656	1,425
	<u>8,714</u>	<u>6,883</u>

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

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

<u>Group and Bank</u>	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Realised gain from sale of financial assets at fair value through profit or loss, net	-	-	-	2
Fee and commission income from:				
- Arranger and upfront fees	2,678	2,675	3,278	2,950
- Brokerage income	3,912	5,037	9,116	7,755
- Corporate advisory fees	-	100	-	100
- Placement fees	1,011	851	1,036	1,001
- Underwriting commission	-	-	-	41
- Others	2,292	2,308	8,313	4,102
Foreign exchange (loss)/gain, net	(6)	4	17	15
Total	9,887	10,975	21,760	15,966

(f) Overhead expenses

<u>Group and Bank</u>	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	3,831	4,698	6,931	8,713
Establishment costs	429	711	767	727
Marketing costs	(3)	88	33	176
Administration and general expenses	1,387	777	2,720	1,466
Total	5,644	6,274	10,451	11,082

Note (i): Included in establishment costs is service chargeback amounting to approximately RM962,000 (2020: RM1,301,000).

(g) Capital adequacy

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

<u>Group and Bank</u>	30 June 2021	31 December 2020
	%	%
CET1 capital ratio	85.427	84.838
Tier 1 capital ratio	85.427	84.838
Total capital ratio	85.427	84.838

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

<u>Group and Bank</u>	30 June 2021	31 December 2020
	RM'000	RM'000
Tier 1 capital		
Islamic banking fund	5,000	5,000
Retained earnings	232,690	227,368
CET1 capital/Tier 1 capital/Total capital	237,690	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
30 June 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	13,399	13,399	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,108	1,108	222	18
Other assets	728,376	728,376	178,474	14,278
Total on-balance sheet exposures	742,883	742,883	178,696	14,296
Total on and off-balance sheet exposures *	742,883	742,883	178,696	14,296
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>	-	-	99,538	7,963
Total RWA and capital requirements	742,883	742,883	278,236	22,259

<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 30 June 2021 and 31 December 2020.

<u>Group and Bank</u>	<u>Valuation techniques using</u>			<u>Total</u> RM'000
	<u>Quoted</u> <u>Market Price</u> <u>(Level 1)</u> RM'000	<u>Observable</u> <u>Inputs</u> <u>(Level 2)</u> RM'000	<u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u> RM'000	
As at 30 June 2021				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,468,659	48,874	-	1,517,533
Derivative assets	-	173,494	-	173,494
	<u>1,468,659</u>	<u>222,368</u>	<u>-</u>	<u>1,691,027</u>
Financial liabilities measured at fair values:				
Derivative liabilities	<u>22,352</u>	<u>147,884</u>	<u>-</u>	<u>170,236</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
Derivative assets	-	126,917	-	126,917
	<u>1,261,099</u>	<u>175,791</u>	<u>-</u>	<u>1,436,890</u>
Financial liabilities measured at fair values:				
Derivative liabilities	<u>96,890</u>	<u>179,822</u>	<u>-</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 assets at fair value through profit or loss

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

(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 periods.