

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

<u>Group</u>	<u>Note</u>	30 September 2022 RM'000	31 December 2021 RM'000
ASSETS			
Cash and short-term funds	14	1,243,681	919,242
Deposits and placements with a financial institution	15	539,895	658,039
Financial investments portfolio	16	1,482,451	1,378,634
Loans and advances	17	63,290	64,197
Derivative financial assets	21 (i)	335,581	233,046
Other assets	18	523,645	520,796
Tax recoverable		31,687	19,927
Property, plant and equipment		3,207	3,913
Right-of-use assets		7,802	13,453
Intangible assets		8,869	8,673
Deferred tax assets		15,554	28,846
TOTAL ASSETS		4,255,662	3,848,766
LIABILITIES			
Deposits and placements from a financial institution	19	1,748,092	1,390,622
Derivative financial liabilities	21 (i)	325,835	127,038
Other liabilities	20	1,548,424	1,548,046
Provision for zakat		430	1,056
Subordinated obligation		35,331	35,055
TOTAL LIABILITIES		3,658,112	3,101,817
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		374,765	524,164
TOTAL EQUITY		597,550	746,949
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,255,662	3,848,766
COMMITMENTS AND CONTINGENCIES	29	2,656,404	2,978,845

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements)

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<u>Bank</u>	Note	30 September 2022 RM'000	31 December 2021 RM'000
ASSETS			
Cash and short-term funds	14	1,211,012	886,931
Deposits and placements with a financial institution	15	539,875	658,019
Financial investments portfolio	16	1,482,451	1,378,634
Loans and advances	17	63,290	64,197
Derivative financial assets	21 (i)	335,581	233,046
Other assets	18	523,763	520,744
Tax recoverable		31,701	19,928
Investment in subsidiaries		197,267	197,267
Property, plant and equipment		3,207	3,913
Right-of-use assets		7,802	13,453
Intangible assets		8,869	8,673
Deferred tax assets		15,554	28,846
TOTAL ASSETS		4,420,372	4,013,651
LIABILITIES			
Deposits and placements from a financial institution	19	1,748,092	1,390,622
Derivative financial liabilities	21 (i)	325,835	127,038
Other liabilities	20	1,719,023	1,718,804
Provision for zakat		430	1,056
Subordinated obligation		35,331	35,055
TOTAL LIABILITIES		3,828,711	3,272,575
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		368,876	518,291
TOTAL EQUITY		591,661	741,076
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,420,372	4,013,651
COMMITMENTS AND CONTINGENCIES	29	2,656,404	2,978,845

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

<u>Group</u>	Notes	Unaudited		Unaudited	
		Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		RM'000	RM'000	RM'000	RM'000
Interest income	22	7,279	5,938	17,447	16,830
Interest expense	23	(11,221)	(7,249)	(26,407)	(21,797)
Net interest expense		(3,942)	(1,311)	(8,960)	(4,967)
Income from Islamic Banking Scheme operations	31	8,655	9,263	33,931	31,023
Non-interest income	24	76,545	98,122	285,456	419,803
Direct costs	25	(8,087)	(12,979)	(26,390)	(65,296)
Net income		73,171	93,095	284,037	380,563
Overhead expenses	26	(68,155)	(65,405)	(225,999)	(207,750)
Operating profit		5,016	27,690	58,038	172,813
(Allowance for)/writeback of impairment on loans and advances and other assets, net	27	(729)	3,780	(674)	(897)
		4,287	31,470	57,364	171,916
Share of results of a joint venture		-	-	-	(242)
Profit before taxation and zakat		4,287	31,470	57,364	171,674
Taxation and zakat		(639)	(7,912)	(14,048)	(37,613)
Profit for the period, attributable to equity holder of the Bank		3,648	23,558	43,316	134,061
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		7	47	86	268
Other comprehensive income/(loss):					
<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		69	-	69	14
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Net loss on foreign exchange translation		(76)	(175)	(177)	(70)
Other comprehensive loss for the period, net of tax		(7)	(175)	(108)	(56)
Total comprehensive income for the period, attributable to equity holder of the Bank		3,641	23,383	43,208	134,005

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

<u>Bank</u>	Notes	Unaudited Third Quarter Ended		Unaudited Cumulative 9 Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Interest income	22	7,145	5,827	17,089	16,501
Interest expense	23	(11,221)	(7,249)	(26,407)	(21,797)
Net interest expense		(4,076)	(1,422)	(9,318)	(5,296)
Income from Islamic Banking Scheme operations	31	8,655	9,263	33,931	31,023
Non-interest income	24	76,545	98,122	285,456	419,803
Direct costs	25	(8,087)	(12,979)	(26,390)	(65,296)
Net income		73,037	92,984	283,679	380,234
Overhead expenses	26	(68,126)	(65,375)	(225,910)	(207,658)
Operating profit		4,911	27,609	57,769	172,576
(Allowance for)/writeback of impairment on loans and advances and other assets, net	27	(729)	3,780	(674)	(897)
Profit before taxation and zakat		4,182	31,389	57,095	171,679
Taxation and zakat		(610)	(7,890)	(13,972)	(37,545)
Profit for the period, representing total comprehensive income for the period, attributable to equity holder of the Bank		3,572	23,499	43,123	134,134
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		69	-	69	14
Other comprehensive income for the period, net of tax		69	-	69	14
Total comprehensive income for the period, attributable to equity holder of the Bank		3,641	23,499	43,192	134,148

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 SEPTEMBER 2022

	←-----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 2022	222,785	14,046	984	(241)	509,375	746,949
Profit for the period	-	-	-	-	43,316	43,316
Other comprehensive income/(loss)	-	-	69	(177)	-	(108)
Total comprehensive income/(loss) for the period	-	-	69	(177)	43,316	43,208
Transfer from regulatory reserve	-	(1,965)	-	-	1,965	-
Dividend	-	-	-	-	(192,607)	(192,607)
At 30 September 2022	222,785	12,081	1,053	(418)	362,049	597,550
At 1 January 2021	222,785	25,481	970	(156)	344,900	593,980
Profit for the period	-	-	-	-	134,061	134,061
Other comprehensive income/(loss)	-	-	14	(70)	-	(56)
Total comprehensive income/(loss) for the period	-	-	14	(70)	134,061	134,005
Transfer from regulatory reserve	-	(5,794)	-	-	5,794	-
Dividend	-	-	-	-	(47,420)	(47,420)
At 30 September 2021	222,785	19,687	984	(226)	437,335	680,565

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022

	<-----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 2022	222,785	14,046	984	503,261	741,076
Profit for the period	-	-	-	43,123	43,123
Total comprehensive income for the period	-	-	69	43,123	43,192
Transfer from regulatory reserve	-	(1,965)	-	1,965	-
Dividend	-	-	-	(192,607)	(192,607)
At 30 September 2022	222,785	12,081	1,053	355,742	591,661
At 1 January 2021	222,785	25,481	970	338,769	588,005
Profit for the period	-	-	-	134,134	134,134
Other comprehensive income	-	-	14	-	14
Total comprehensive income for the period	-	-	14	134,134	134,148
Transfer from regulatory reserve	-	(5,794)	-	5,794	-
Dividend	-	-	-	(47,420)	(47,420)
At 30 September 2021	222,785	19,687	984	431,277	674,733

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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 SEPTEMBER 2022

	Note	Group		Bank	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before taxation and zakat		57,364	171,674	57,095	171,679
Adjustments for:					
Share of results of a joint venture		-	242	-	-
Depreciation of property, plant and equipment	26	1,431	1,552	1,431	1,552
Depreciation of right-of-use assets	26	6,261	6,239	6,261	6,239
Amortisation of computer software	26	1,921	2,405	1,921	2,405
Finance cost on lease liabilities	26	235	385	235	385
Allowance for impairment on loans and advances and other assets, net		1,081	987	1,081	987
Gross dividends	24	(31,459)	(37,664)	(31,459)	(37,664)
Realised loss/(gain) from sale of financial assets at fair value through profit or loss, net	24	113,969	(8,291)	113,969	(8,291)
Unrealised loss on revaluation of financial assets at fair value through profit or loss, net	24	93,222	63,380	93,222	63,380
Realised loss from sale of derivative financial instruments, net	24	18,353	105,105	18,353	105,105
Unrealised gain on revaluation of derivative financial instruments, net	24	(300,656)	(223,419)	(300,656)	(223,419)
Operating (loss)/profit before working capital changes		(38,278)	82,595	(38,547)	82,358
Change in cash and short-term funds with original maturity more than three months		7,801	72,569	7,801	72,569
Change in deposits and placements with original maturity more than three months		21,595	(53,606)	21,595	(53,606)
Change in financial investments portfolio and derivative financial instruments		67,626	(227,273)	67,626	(227,273)
Change in loans and advances		907	74,025	907	74,025
Change in other assets		(4,540)	221,338	(4,710)	224,333
Change in deposits and placements from a financial institution		357,470	(554,889)	357,470	(554,889)
Change in other liabilities		7,550	28,361	7,391	24,259
Cash generated from/(used in) operations		420,131	(356,880)	419,533	(358,224)
Taxation and zakat paid, net		(13,142)	(42,975)	(13,079)	(42,904)
Net cash generated from/(used in) operating activities		406,989	(399,855)	406,454	(401,128)
Cash flows from investing activities					
Purchase of property, plant and equipment		(725)	(696)	(725)	(696)
Purchase of computer software		(2,117)	(1,062)	(2,117)	(1,062)
Net dividends received		31,459	37,664	31,459	37,664
Net cash generated from investing activities		28,617	35,906	28,617	35,906
Cash flows from financing activities					
Subordinated obligation		(554)	(554)	(554)	(554)
Dividends paid		(192,607)	(47,420)	(192,607)	(47,420)
Repayment of lease liabilities		(6,577)	(6,563)	(6,577)	(6,563)
Net cash used in financing activities		(199,738)	(54,537)	(199,738)	(54,537)

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022 (CONT'D.)

	Note	Group		Bank	
		30 September	30 September	30 September	30 September
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents		235,868	(418,486)	235,333	(419,759)
Cash and cash equivalents at the beginning of the period		963,686	1,292,306	931,355	1,260,276
Effects of foreign exchange rate changes		(177)	(89)	-	-
Cash and cash equivalents at the end of the period		1,199,377	873,731	1,166,688	840,517
Cash and cash equivalents comprise:					
Cash and short-term funds	14	1,243,681	813,528	1,211,012	780,334
Deposits and placements with a financial institution	15	539,895	673,798	539,875	673,778
		1,783,576	1,487,326	1,750,887	1,454,112
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		(584,199)	(613,595)	(584,199)	(613,595)
		1,199,377	873,731	1,166,688	840,517

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2021. 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 2021.

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 2021 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 2022:

Description	Effective for annual periods beginning on or after
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>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2022
Amendments to MFRS 101 - <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108 - <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
MFRS 17 Insurance Contracts	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 2021 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 2021 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 2022 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 2021.

4. Auditors' Report on Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2021 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 third quarter ended 30 September 2022.

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

During the third quarter ended 30 September 2022, 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 third quarter ended 30 September 2022.

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 third quarter ended 30 September 2022.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the third quarter ended 30 September 2022.

10. Dividend

On 23 February 2022, the Board of Directors declared a single-tier second interim dividend in respect of the financial year ended 31 December 2021 of approximately RM3.05 on 50,116,000 ordinary shares, amounting to a net dividend of RM153,056,000. The dividend was paid on 25 March 2022.

On 19 August 2022, the Board of Directors declared a single-tier first interim dividend in respect of the financial year ending 31 December 2022 of approximately RM0.79 on 50,116,000 ordinary shares, amounting to a net dividend of RM39,551,000. The dividend was paid on 23 September 2022.

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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 third quarter ended 30 September 2022.

12. Performance Review

For the financial period ended 30 September 2022, the Group's operating profit decreased by 66.4% or RM114.8 million to RM58.0 million from RM172.8 million in the previous period due to lower income.

Net income decreased by 25.4% from RM380.6 million to RM284.0 million during the period. Non-interest income decreased by RM134.3 million to RM285.5 million due to lower brokerage income and fee income during the period.

Overhead expenses increased by 8.8% or RM18.2 million from RM207.8 million to RM226.0 million. This was mainly contributed by higher establishment and marketing costs compared to the previous period.

The Group profit before taxation and zakat decreased by 66.6% or RM114.3 million from RM171.7 million to RM57.4 million. Profit for the period decreased by 67.7% or RM90.7 million to RM43.3 million.

13. Business Outlook

Global growth is expected to moderate due to rising inflation, tightening global monetary conditions and the gradual reduction of pandemic-related fiscal support measures.

Malaysia is expected to chart commendable growth in 2022, driven by domestic demand from full economic reopening and a rebound in export activities. The strong pace of growth seen in the nine months of 2022 of 9.3% is forecasted to moderate in the final quarter of 2022 and for the full year of 2023 considering the expected global economic downturn and the effect of rising inflation and tightening monetary policies.

Malaysia equities outlook is expected to reflect the cautious sentiment arising from expectations of future potential interest rate hikes.

Investment banking deal activity is expected to remain slightly muted in the 2H 2022 due to the impact of rising interest rates to combat higher than expected inflationary pressure, which increases the risk of recessions. The equity capital market is expected to be less liquid given the current macroeconomic environment, resulting in low visibility of company earnings, driven by rising financing costs and input costs. Additionally, due to low valuation, corporates are adopting a wait-and-see approach to launch their IPOs, and increased volatility has affected sentiment for deals. Despite the current uncertain climate and speculation of rate hikes, we anticipate that debt capital markets will continue to be active for bond financing for fiscal spending, infrastructure investment, and general expenditure.

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

	Group		Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with financial institutions	371,990	218,051	364,842	211,258
Deposit and placements maturing within one month	871,691	701,191	846,170	675,673
Total cash and short-term funds	1,243,681	919,242	1,211,012	886,931

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM557,186,000 (2021: RM526,630,000). 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 September 2022	31 December 2021	30 September 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Licensed bank	539,895	658,039	539,875	658,019

16. **Financial investments portfolio**

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Financial assets at fair value through profit or loss	(i) 1,481,198	1,377,450
Financial assets at fair value through other comprehensive income	(ii) 1,253	1,184
Total financial investments portfolio	1,482,451	1,378,634

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

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
At fair value		
Quoted financial assets:		
Shares in Malaysia	1,003,199	877,166
Shares outside Malaysia	477,999	500,284
	1,481,198	1,377,450

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

	Group and Bank	
	30 September 2022	31 December 2021
	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	1,253	1,184

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17. Loans and advances

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Amount due from brokers and clients		
- Margin accounts	15,645	19,706
Staff loans	47,836	44,682
Gross loans and advances at amortised cost	63,481	64,388
Less: Allowances for impaired loans and advances:		
- Stage 1 - 12 Months ECL	(19)	(19)
- Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net loans and advances	63,290	64,197

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

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Domestic business enterprises		
- Others	9,710	9,781
Individuals	53,771	54,607
Gross loans and advances	63,481	64,388

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

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Fixed rate		
- Housing loans	35,870	32,831
- Hire purchase receivables	11,926	11,795
- Other fixed rate loans	40	56
Variable rate		
- Base lending rate (BLR) plus	15,645	19,706
Gross loans and advances	63,481	64,388

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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 September 2022	31 December 2021
	RM'000	RM'000
Purchase of securities	15,645	19,706
Purchase of transport vehicles	11,926	11,795
Purchase of residential landed property	35,870	32,831
Personal use	40	56
Gross loans and advances	63,481	64,388

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

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Within one year	17,220	20,719
More than one year to three years	3,937	5,282
More than three years to five years	9,184	7,928
More than five years	33,140	30,459
Gross loans and advances	63,481	64,388

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

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
At 1 January	673	832
Impaired during the period	-	1
Amount recovered	(11)	(160)
Gross impaired loans and advances	662	673
Less: - Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net impaired loans and advances	490	501
Net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	0.77%	0.78%

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

	Group and Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Purchase of transport vehicles	172	172
Purchase of residential landed property	490	501
Gross impaired loans and advances	662	673

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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 2022	19	-	172	191
At 30 September 2022	19	-	172	191
At 1 January 2021	20	-	172	192
Amount written-back, net	(1)	-	-	(1)
At 31 December 2021	19	-	172	191

18. Other assets

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	362,651	308,589	362,651	308,589
Amount due from holding company	8,256	-	8,256	-
Other debtors, deposits and prepayments	164,925	223,313	165,043	223,261
	535,832	531,902	535,950	531,850
Less: Allowance for impairment losses	(12,187)	(11,106)	(12,187)	(11,106)
	523,645	520,796	523,763	520,744

(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 September 2022 RM'000	31 December 2021 RM'000
Licensed bank	1,748,092	1,390,622

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20. Other liabilities

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Provisions and accruals	62,437	109,480	62,411	109,296
Amount due to brokers and clients (a)	488,185	251,946	488,185	251,946
Provision for contingent liability	-	4,500	-	4,500
Deposits and other creditors	906,465	1,059,112	905,616	1,058,580
Lease liabilities	8,026	13,758	8,026	13,758
Amount due to:				
- Holding company	76,277	90,966	76,277	90,966
- Related companies	7,034	18,284	7,034	18,284
- Subsidiaries	-	-	171,474	171,474
	1,548,424	1,548,046	1,719,023	1,718,804

(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 30 September 2022		
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Hedging derivatives			
Equity-related derivatives:			
Equity options			
- Less than one year	1,705,063	249,770	219,475
- One to three years	165,280	10,223	62,406
Equity swaps			
- Less than one year	507,617	75,588	43,954
	2,377,960	335,581	325,835
Group and Bank 31 December 2021			
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
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

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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	
	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Equity-related derivatives:				
Index futures	8	-	8	-
Equity options	24,631	56,794	255,434	199,326
Equity swaps	13,932	1,324	45,214	24,093
	38,571	58,118	300,656	223,419

22. Interest income

	Unaudited		Unaudited	
	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances	284	444	854	1,739
- Interest income other than on impaired loans				
- Interest income on impaired loans				
Money at call and deposits and placements with financial institutions	5,690	4,346	14,215	12,946
Others	1,305	1,148	2,378	2,145
Total interest income	7,279	5,938	17,447	16,830

	Unaudited		Unaudited	
	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans and advances	284	444	854	1,739
Money at call and deposits and placements with financial institutions	5,556	4,235	13,857	12,617
Others	1,305	1,148	2,378	2,145
Total interest income	7,145	5,827	17,089	16,501

Included in interest income was interest on impaired assets amounting to approximately RM240,000 (2021: RM268,000) for the Group and the Bank.

23. Interest expense

	Unaudited		Unaudited	
	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Deposits and placements from a financial institution	7,363	3,857	15,821	12,736
Derivative financial instruments	3,578	3,112	9,756	8,231
Subordinated obligation	280	280	830	830
Total interest expense	11,221	7,249	26,407	21,797

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24. Non-interest income

<u>Group and Bank</u>	Unaudited Third Quarter Ended		Unaudited Cumulative 9 Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Arranger and upfront fees	9,121	(6,013)	19,461	33,365
Brokerage income	21,283	50,706	91,184	189,589
Corporate advisory fees	6,638	2,572	12,419	14,214
Placement and related fees	-	5,583	8,238	12,512
Underwriting commission	1,304	2,018	2,893	2,780
Others	2,101	3,377	11,125	16,089
	40,447	58,243	145,320	268,549
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(45,214)	(39,730)	(113,969)	8,291
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	11,426	20,194	(93,222)	(63,380)
Realised gain/(loss) from sale of derivative financial instruments, net	12,762	(26,663)	(18,353)	(105,105)
Unrealised gain on revaluation of derivative financial instruments, net (Note 21 (ii))	38,571	58,118	300,656	223,419
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	5,701	7,067	17,785	27,709
- Quoted outside Malaysia	975	2,136	13,674	9,955
	24,221	21,122	106,571	100,889
Other income:				
Foreign exchange (loss)/gain, net	(5,785)	(158)	(17,559)	1,273
Other operating income	16,345	17,353	47,257	44,653
Others	1,317	1,562	3,867	4,439
	11,877	18,757	33,565	50,365
Total non-interest income	76,545	98,122	285,456	419,803

25. Direct costs

<u>Group and Bank</u>	Unaudited Third Quarter Ended		Unaudited Cumulative 9 Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	4,151	10,770	15,115	47,389
Trade-related charges	3,936	2,209	11,275	17,907
	8,087	12,979	26,390	65,296

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26. Overhead expenses

<u>Group</u>	Unaudited Third Quarter Ended		Unaudited Cumulative 9 Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	35,105	43,639	138,357	141,542
- Pension costs - defined contribution plan	5,458	5,205	16,620	15,916
- Employees' Share Scheme expenses	2,451	3,615	8,796	10,771
- Other staff-related expenses	3,858	2,482	10,301	7,069
	<u>46,872</u>	<u>54,941</u>	<u>174,074</u>	<u>175,298</u>
Establishment costs				
- Depreciation of property, plant and equipment	474	496	1,431	1,552
- Amortisation of computer software	594	761	1,921	2,405
- Rental	350	254	860	834
- Finance cost on lease liabilities	64	112	235	385
- Depreciation of right-of-use assets	2,086	2,059	6,261	6,239
- Repairs and maintenance of property, plant and equipment	3,793	3,351	11,545	9,954
- Information technology expenses	9,880	8,393	29,015	22,498
- Others (Note (i))	(3,126)	(9,943)	(13,764)	(25,908)
	<u>14,115</u>	<u>5,483</u>	<u>37,504</u>	<u>17,959</u>
Marketing costs				
- Advertisement and publicity	862	376	1,182	781
- Others	932	121	1,661	288
	<u>1,794</u>	<u>497</u>	<u>2,843</u>	<u>1,069</u>
Administration and general expenses				
- Fee and brokerage	2,266	1,300	4,387	2,333
- Administrative expenses	1,270	2,360	3,861	7,682
- General expenses	1,838	824	3,330	3,409
	<u>5,374</u>	<u>4,484</u>	<u>11,578</u>	<u>13,424</u>
Total overhead expenses	<u>68,155</u>	<u>65,405</u>	<u>225,999</u>	<u>207,750</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM14,790,000 (2021: RM26,977,00).

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

<u>Bank</u>	Unaudited Third Quarter Ended		Unaudited Cumulative 9 Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	35,105	43,639	138,357	141,542
- Pension costs - defined contribution plan	5,458	5,205	16,620	15,916
- Employees' Share Scheme expenses	2,451	3,615	8,796	10,771
- Other staff related expenses	3,858	2,482	10,301	7,069
	<u>46,872</u>	<u>54,941</u>	<u>174,074</u>	<u>175,298</u>
Establishment costs				
- Depreciation of property, plant and equipment	474	496	1,431	1,552
- Amortisation of computer software	594	761	1,921	2,405
- Rental	350	254	860	834
- Finance cost on lease liabilities	64	112	235	385
- Depreciation of right-of-use assets	2,086	2,059	6,261	6,239
- Repairs and maintenance of property, plant and equipment	3,793	3,351	11,545	9,954
- Information technology expenses	9,880	8,393	29,015	22,498
- Others (Note (i))	(3,126)	(9,943)	(13,764)	(25,908)
	<u>14,115</u>	<u>5,483</u>	<u>37,504</u>	<u>17,959</u>
Marketing costs				
- Advertisement and publicity	862	376	1,182	781
- Others	932	121	1,661	288
	<u>1,794</u>	<u>497</u>	<u>2,843</u>	<u>1,069</u>
Administration and general expenses				
- Fee and brokerage	2,250	1,284	4,339	2,284
- Administrative expenses	1,257	2,346	3,820	7,639
- General expenses	1,838	824	3,330	3,409
	<u>5,345</u>	<u>4,454</u>	<u>11,489</u>	<u>13,332</u>
Total overhead expenses	<u>68,126</u>	<u>65,375</u>	<u>225,910</u>	<u>207,658</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM14,790,000 (2021: RM26,977,00).

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

<u>Group and Bank</u>	Unaudited Third Quarter Ended		Unaudited Cumulative 9 Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Writeback of impairment on loans and advances:				
loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	-	1	-	1
Bad debts recovered	-	-	407	90
(Allowance for)/writeback of impairment on other assets, net	<u>(729)</u>	3,779	<u>(1,081)</u>	(988)
Total	<u>(729)</u>	3,780	<u>(674)</u>	(897)

28. Capital adequacy

(l) Capital Adequacy Framework

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

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

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

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

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

	Group %	Bank %
<u>At 30 September 2022</u>		
CET1 capital ratio	25.398	24.134
Tier 1 capital ratio	25.398	24.134
Total capital ratio	<u>27.546</u>	<u>26.298</u>
<u>At 31 December 2021</u>		
CET1 capital ratio	26.457	25.454
Tier 1 capital ratio	26.457	25.454
Total capital ratio	<u>28.325</u>	<u>27.337</u>

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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 September 2022</u>	Group RM'000	Bank RM'000
Paid-up share capital	222,785	222,785
Other reserves	371,117	365,304
CET1 capital before regulatory adjustments	593,902	588,089
Less: Deferred tax assets	(15,554)	(15,554)
Intangible assets	(8,869)	(8,869)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(579)	(579)
Regulatory reserve	(12,081)	(12,081)
Investment in subsidiaries and a joint venture ¹	-	(25,793)
CET1 capital/Tier 1 capital	556,819	525,213
Tier 2 capital		
Subordinated obligation	35,000	35,000
General provisions	12,100	12,100
Tier 2 capital	47,100	47,100
Total capital	603,919	572,313
	Group	Bank
	RM'000	RM'000
<u>At 31 December 2021</u>		
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

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 September 2022				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	707,867	707,867	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,588,666	1,588,666	370,437	29,635
Corporates	9,710	9,710	9,710	777
Regulatory retail	74,899	73,864	73,159	5,853
Higher risk assets	1,253	1,253	1,880	150
Other assets	338,407	338,270	220,737	17,659
Total on-balance sheet exposures	2,720,802	2,719,630	675,923	54,074
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	278,444	278,444	1,502	120
Total off-balance sheet exposures	278,444	278,444	1,502	120
Total on and off-balance sheet exposures	2,999,246	2,998,074	677,425	54,194
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	11,435	915
Equity position risk	-	-	40,975	3,278
Foreign currency risk	-	-	217,695	17,416
Options risk	-	-	246,413	19,713
Total	-	-	516,518	41,322
(iii) <u>Operational Risk</u>				
	-	-	998,426	79,874
Total RWA and capital requirements	2,999,246	2,998,074	2,192,369	175,390

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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 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	1,508,689	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>Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
30 September 2022				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	707,867	707,867	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,555,999	1,555,999	363,903	29,112
Corporates	9,710	9,710	9,710	777
Regulatory retail	74,899	73,864	73,159	5,853
Higher risk assets	1,253	1,253	1,880	150
Other assets	338,502	338,365	220,835	17,667
Total on-balance sheet exposures	2,688,230	2,687,058	669,487	53,559
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	278,444	278,444	1,502	120
Total off-balance sheet exposures	278,444	278,444	1,502	120
Total on and off-balance sheet exposures	2,966,674	2,965,502	670,989	53,679
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	11,435	915
Equity position risk	-	-	40,975	3,278
Foreign currency risk	-	-	217,695	17,416
Options risk	-	-	246,413	19,713
Total	-	-	516,518	41,322
(iii) <u>Operational Risk</u>				
	-	-	988,746	79,100
Total RWA and capital requirements	2,966,674	2,965,502	2,176,253	174,101

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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 2021				
Exposure Class	RM'000	RM'000	RM'000	RM'000
(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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29. Commitments and contingencies

Group and Bank	30 September 2022			31 December 2021		
	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	275,440	-	-	514,531	-	-
- Maturity exceeding one year	3,004	1,502	1,502	3,659	1,830	1,830
	278,444	1,502	1,502	518,190	1,830	1,830
<u>Derivative financial instruments</u>						
Equity-related contracts						
- Less than one year	2,212,680	-	-	2,333,095	-	-
- One year to less than five years	165,280	-	-	127,560	-	-
	2,377,960	-	-	2,460,655	-	-
Total commitments and contingencies	2,656,404	1,502	1,502	2,978,845	1,830	1,830

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

30. Segment information

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

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

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

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

- (i) Pillar 1 - Investment banking and advisory
Investment banking and advisory focus on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services and debt restructuring advisory services.
- (ii) Pillar 2 - 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 September 2022	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)	635	(9,595)	-	(8,960)
Income from Islamic Banking Scheme operations	25,920	8,011	-	33,931
Non-interest income	49,227	236,229	-	285,456
Direct costs	-	(26,390)	-	(26,390)
Net income	<u>75,782</u>	<u>208,255</u>	-	<u>284,037</u>
Results				
Segment results	75,782	208,255	-	284,037
Overhead expenses	(65,352)	(160,647)	-	(225,999)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(1,003)	329	-	(674)
Profit before taxation	9,427	47,937	-	57,364
Taxation and zakat				(14,048)
Profit for the period				<u>43,316</u>
Other segment information				
Depreciation of property, plant and equipment	330	1,101	-	1,431
Depreciation of right-of-use assets	2,172	4,089	-	6,261
Amortisation of computer software	12	1,909	-	1,921
Group				
30 September 2021	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)	189	(5,156)	-	(4,967)
Income from Islamic Banking Scheme operations	18,960	12,063	-	31,023
Non-interest income	86,141	333,663	-	419,804
Direct costs	-	(65,296)	-	(65,296)
Net income	<u>105,290</u>	<u>275,274</u>	-	<u>380,564</u>
Results				
Segment results	105,290	275,274	-	380,564
Overhead expenses	(39,296)	(168,454)	-	(207,750)
Allowance for impairment on loans and advances and other assets, net	(809)	(88)	-	(897)
Share of results of a joint venture	-	-	(242)	(242)
Profit/(loss) before taxation	65,185	106,732	(242)	171,675
Taxation and zakat				(37,613)
Profit for the period				<u>134,062</u>
Other segment information				
Depreciation of property, plant and equipment	320	1,232	-	1,552
Depreciation of right-of-use assets	2,186	4,053	-	6,239
Amortisation of computer software	26	2,379	-	2,405

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

Unaudited Statements of Financial Position as at 30 September 2022

	Notes	Group and Bank	
		30 September 2022 RM'000	31 December 2021 RM'000
ASSETS			
Cash and short-term funds	(a)	15,103	20,198
Other assets	(b)	<u>570,066</u>	<u>545,751</u>
Total assets		<u>585,169</u>	<u>565,949</u>
LIABILITIES			
Other liabilities	(c)	323,131	308,494
Provision for taxation and zakat	(d)	<u>11,983</u>	<u>11,255</u>
Total liabilities		<u>335,114</u>	<u>319,749</u>
ISLAMIC BANKING CAPITAL FUND			
Islamic banking fund		5,000	5,000
Retained earnings		<u>245,055</u>	<u>241,200</u>
		<u>250,055</u>	<u>246,200</u>
Total liabilities and Islamic banking capital fund		<u>585,169</u>	<u>565,949</u>

**Unaudited Statements of Comprehensive Income
For the Third Quarter and Financial Period Ended 30 September 2022**

Group and Bank	Notes	Unaudited Third Quarter Ended		Unaudited Cumulative 9 Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Income derived from investment of Islamic banking fund	(e)	8,655	9,263	33,931	31,023
Direct costs		<u>(815)</u>	<u>(2,461)</u>	<u>(2,708)</u>	<u>(5,232)</u>
Net income attributable to the Group and to the Bank		7,840	6,802	31,223	25,791
Overhead expenses	(f)	<u>(7,372)</u>	<u>(10,518)</u>	<u>(25,267)</u>	<u>(20,969)</u>
Operating profit/(loss)		468	(3,716)	5,956	4,822
Writeback of/(allowance for) impairment on other assets, net		<u>52</u>	<u>(781)</u>	<u>(315)</u>	<u>(741)</u>
Profit/(loss) before taxation and zakat		520	(4,497)	5,641	4,081
Taxation		<u>(125)</u>	<u>1,620</u>	<u>(1,354)</u>	<u>(980)</u>
Zakat		<u>(182)</u>	<u>(349)</u>	<u>(432)</u>	<u>(1,005)</u>
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period, attributable to equity holder of the Bank		<u>213</u>	<u>(3,226)</u>	<u>3,855</u>	<u>2,096</u>

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

Unaudited Statements of Changes in Equity
For the Financial Quarter Ended 30 September 2022

Group and Bank	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2022	5,000	241,200	246,200
Profit for the period	-	3,855	3,855
Total comprehensive profit for the period	-	3,855	3,855
At 30 September 2022	5,000	245,055	250,055
At 1 January 2021	5,000	227,368	232,368
Profit for the period	-	2,096	2,096
Total comprehensive profit for the period	-	2,096	2,096
At 30 September 2021	5,000	229,464	234,464

Unaudited Statements of Cash Flows
For the Financial Quarter Ended 30 September 2022

	Group and Bank	
	30 September 2022	30 September 2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	5,641	4,081
Increase in receivables	(24,315)	(33,849)
Decrease in payables	14,637	25,235
Taxation and zakat paid, net	(1,058)	(1,425)
Net cash used in operating activities	(5,095)	(5,958)
Net decrease in cash and cash equivalents	(5,095)	(5,958)
Cash and cash equivalents at beginning of the period	20,198	29,466
Cash and cash equivalents at end of the period	15,103	23,508

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

(a) Cash and short-term funds

	Group and Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
Cash and bank balances with financial institutions	<u>15,103</u>	<u>20,198</u>

(b) Other assets

	Group and Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
Debtors	<u>570,066</u>	<u>545,751</u>

(c) Other liabilities

	Group and Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
Provisions and accruals*	<u>323,131</u>	<u>308,494</u>

* Include prohibited sources/means to charitable causes amounting to RM4,966 (2021: nil).

(d) Provision for taxation and zakat

	Group and Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
Taxation	11,551	10,197
Zakat	432	1,058
	<u>11,983</u>	<u>11,255</u>

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

(e) Income derived from investment of Islamic banking fund

	Unaudited		Unaudited	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit income from money at call and deposits and placements with financial institutions	73	-	310	-
Realised gain from sale of financial assets at fair value through profit or loss, net	1,353	-	2,586	-
Fee and commission income from:				
- Arranger and upfront fees	2,728	882	15,680	4,160
- Brokerage income	2,171	2,947	7,025	12,063
- Corporate advisory fees	-	-	125	-
- Placement fees	25	219	325	1,255
- Underwriting commission	280	1,250	506	1,250
- Others	1,958	4,040	7,238	12,353
Foreign exchange gain/(loss), net	67	(75)	136	(58)
Total	8,655	9,263	33,931	31,023

(f) Overhead expenses

	Unaudited		Unaudited	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Personnel expenses	4,710	7,115	17,864	14,046
Establishment costs	1,423	712	3,821	1,479
Marketing costs	184	53	292	86
Administration and general expenses	1,055	2,638	3,290	5,358
Total	7,372	10,518	25,267	20,969

Note (i): Included in establishment costs are service chargeback amounting to approximately RM1,518,000 (2021: RM962,000).

(g) Capital adequacy

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

	30 September 2022	31 December 2021
	%	%
<u>Group and Bank</u>		
CET1 capital ratio	85.113	82.237
Tier 1 capital ratio	85.113	82.237
Total capital ratio	85.113	82.237

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

	30 September 2022	31 December 2021
	RM'000	RM'000
<u>Group and Bank</u>		
Tier 1 capital		
Islamic banking fund	5,000	5,000
Retained earnings	244,842	241,200
CET1 capital/Tier 1 capital/Total capital	249,842	246,200

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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	Net credit exposures	Risk-weighted assets	Capital requirements
30 September 2022 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	1,348	1,348	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	13,755	13,755	2,751	220
Other assets	787,966	787,966	190,994	15,280
Total on-balance sheet exposures	803,069	803,069	193,745	15,500
Total on and off-balance sheet exposures *	803,069	803,069	193,745	15,500
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	1	-
(iii) <u>Operational Risk</u>				
	-	-	99,794	7,984
Total RWA and capital requirements	803,069	803,069	293,540	23,484

<u>Group and Bank</u>	Gross credit exposures	Net credit exposures	Risk-weighted assets	Capital requirements
31 December 2021 Exposure Class	RM'000	RM'000	RM'000	RM'000
(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

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

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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 six Shariah members.

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32. Fair value of financial instruments

Fair value hierarchy

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

(a) Level 1: Quoted prices

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

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

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

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

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

The following table shows the Group's and the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 September 2022 and 31 December 2021.

<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 30 September 2022				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,481,198	-	-	1,481,198
Financial assets at fair value through other comprehensive income	-	-	1,253	1,253
Derivative financial assets	-	335,581	-	335,581
	<u>1,481,198</u>	<u>335,581</u>	<u>1,253</u>	<u>1,818,032</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	<u>3,162</u>	<u>322,673</u>	-	<u>325,835</u>
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>

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

Valuation techniques

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

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

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

- (b) Derivative financial instruments

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