

MAYBANK INVESTMENT BANK BERHAD
(15938-H)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

<u>Group</u>	Notes	31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds	14	351,403	344,343
Deposits and placements with financial institutions	15	27,436	28,470
Financial investments portfolio	16	84,773	124,236
Loans and advances	17	429,165	384,872
Derivative assets	20 (i)	22	-
Other assets	18	484,524	345,734
Tax recoverable		13,384	11,906
Statutory deposits with Bank Negara Malaysia		105	105
Investment in a joint venture		10,528	10,549
Property, plant and equipment		20,294	20,659
Intangible assets		9,483	9,589
Deferred tax assets		11,314	22,938
TOTAL ASSETS		1,442,431	1,303,401
LIABILITIES			
Deposits and placements from a licensed bank		116,991	111,152
Derivative liabilities	20 (ii)	21,977	9,552
Other liabilities	19	620,486	529,637
Provision for taxation and zakat		788	723
TOTAL LIABILITIES		760,242	651,064
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		632,073	602,221
TOTAL EQUITY		682,189	652,337
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,442,431	1,303,401
COMMITMENTS AND CONTINGENCIES	27	1,101,265	1,009,063

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

<u>Bank</u>	Notes	31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds	14	314,902	310,464
Deposits and placements with financial institutions	15	26,129	27,173
Financial investments portfolio	16	84,773	124,236
Loans and advances	17	429,165	384,872
Derivative assets	20 (i)	22	-
Other assets	18	482,264	343,394
Tax recoverable		12,157	10,630
Statutory deposits with Bank Negara Malaysia		105	105
Investment in subsidiaries		203,269	203,269
Investment in a joint venture		9,878	9,878
Property, plant and equipment		20,172	20,532
Intangible assets		9,483	9,589
Deferred tax assets		11,314	22,938
TOTAL ASSETS		1,603,633	1,467,080
LIABILITIES			
Deposits and placements from a licensed bank		116,991	111,152
Derivative liabilities	20 (ii)	21,977	9,552
Other liabilities	19	789,392	702,710
Provision for taxation and zakat		788	723
TOTAL LIABILITIES		929,148	824,137
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		624,369	592,827
TOTAL EQUITY		674,485	642,943
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,603,633	1,467,080
COMMITMENTS AND CONTINGENCIES	27	1,101,265	1,009,063

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
(15938-H)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

Group	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Interest income	21	8,692	12,792	8,692	12,792
Interest expense	22	(1,091)	(5,055)	(1,091)	(5,055)
Net interest income		7,601	7,737	7,601	7,737
Net income from Islamic Banking Scheme operations	29	5,854	18,270	5,854	18,270
Non-interest income	23	87,503	101,048	87,503	101,048
Net income		100,958	127,055	100,958	127,055
Overhead expenses	24	(59,019)	(73,250)	(59,019)	(73,250)
Operating profit		41,939	53,805	41,939	53,805
Allowance for impairment on loans and advances and other debtors, net	25	(408)	(1,517)	(408)	(1,517)
Writeback of allowance for commitments and contingencies		500	-	500	-
		42,031	52,288	42,031	52,288
Share of results of a joint venture		(21)	-	(21)	-
Profit before taxation and zakat		42,010	52,288	42,010	52,288
Taxation and zakat		(12,004)	(14,897)	(12,004)	(14,897)
Profit for the period, attributable to equity holder of the Bank		30,006	37,391	30,006	37,391
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		60	75	60	75
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		(154)	478	(154)	478
Unrealised gain on revaluation of financial investments available-for-sale, net		-	982	-	982
Income tax effect		-	54	-	54
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, representing other comprehensive income for the period		(154)	1,514	(154)	1,514
Total comprehensive income for the period, attributable to equity holder of the Bank		29,852	38,905	29,852	38,905

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD

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**CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

Bank	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Interest income	21	8,554	12,537	8,554	12,537
Interest expense	22	(1,091)	(5,055)	(1,091)	(5,055)
Net interest income		7,463	7,482	7,463	7,482
Net income from Islamic Banking Scheme operations	29	5,854	18,270	5,854	18,270
Non-interest income	23	88,050	100,897	88,050	100,897
Net income		101,367	126,649	101,367	126,649
Overhead expenses	24	(58,137)	(70,855)	(58,137)	(70,855)
Operating profit		43,230	55,794	43,230	55,794
Allowance for impairment on loans and advances and other debtors, net	25	(408)	(1,004)	(408)	(1,004)
Writeback of allowance for commitments and contingencies		500	-	500	-
Profit before taxation and zakat		43,322	54,790	43,322	54,790
Taxation and zakat		(11,780)	(14,879)	(11,780)	(14,879)
Profit for the period, attributable to equity holder of the Bank		31,542	39,911	31,542	39,911
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Reclassification of loss on financial investments available-for-sale to profit or loss, net		-	1	-	1
Unrealised gain on revaluation of financial investments available-for-sale, net		-	5	-	5
Income tax effect		-	(2)	-	(2)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, representing other comprehensive income for the period		-	4	-	4
Total comprehensive income for the period, attributable to equity holder of the Bank		31,542	39,915	31,542	39,915

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

Group	←-----Non-distributable-----→				-----Distributable-----		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
At 1 January 2014	50,116	172,669	50,116	(24,677)	(82)	404,195	652,337
Profit for the period	-	-	-	-	-	30,006	30,006
Other comprehensive income	-	-	-	-	(154)	-	(154)
Total comprehensive income for the period	-	-	-	-	(154)	30,006	29,852
At 31 March 2014	50,116	172,669	50,116	(24,677)	(236)	434,201	682,189
At 1 January 2013	50,116	172,669	50,116	18,984	(6,130)	444,462	730,217
Profit for the period	-	-	-	-	-	37,391	37,391
Other comprehensive income	-	-	-	1,036	478	-	1,514
Total comprehensive income for the period	-	-	-	1,036	478	37,391	38,905
Dividends	-	-	-	-	-	(176,408)	(176,408)
At 31 March 2013	50,116	172,669	50,116	20,020	(5,652)	305,445	592,714

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	←-----Non-distributable-----> Distributable					Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
Bank						
At 1 January 2014	50,116	172,669	50,116	-	370,042	642,943
Profit for the period	-	-	-	-	31,542	31,542
Total comprehensive income for the period	-	-	-	-	31,542	31,542
At 31 March 2014	50,116	172,669	50,116	-	401,584	674,485
At 1 January 2013	50,116	172,669	50,116	(1)	413,937	686,837
Profit for the period	-	-	-	-	39,911	39,911
Other comprehensive income	-	-	-	4	-	4
Total comprehensive income for the period	-	-	-	4	39,911	39,915
Dividends					(176,408)	(176,408)
At 31 March 2013	50,116	172,669	50,116	3	277,440	550,344

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	Group		Bank	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Profit before taxation and zakat	42,010	52,288	43,322	54,790
Adjustment for non-operating and non-cash items	6,551	12,309	(1,065)	10,215
Operating profit before working capital changes	<u>48,561</u>	<u>64,597</u>	<u>42,257</u>	<u>65,005</u>
Changes in working capital:				
Net changes in operating assets	(152,856)	(235,016)	(155,960)	(232,575)
Net changes in operating liabilities	112,693	1,080,031	108,738	1,077,007
Taxation and zakat paid, net	9,896	(61,788)	10,071	(61,187)
Net cash generated from operating activities	<u>18,294</u>	<u>847,824</u>	<u>5,106</u>	<u>848,250</u>
Net cash used in investing activities	(11,234)	(1,858)	(668)	(1,858)
Net cash used in financing activity - dividends paid	-	(176,408)	-	(176,408)
Net increase in cash and cash equivalents	7,060	669,558	4,438	669,984
Cash and cash equivalents at beginning of the period	<u>344,343</u>	<u>330,142</u>	<u>310,464</u>	<u>271,642</u>
Cash and cash equivalents at end of the period	<u><u>351,403</u></u>	<u><u>999,700</u></u>	<u><u>314,902</u></u>	<u><u>941,626</u></u>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim 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 available-for-sale 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* issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. 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 2013.

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 the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2013 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs") and Interpretation of the Issues Committee ("IC Interpretation") with effective date of 1 January 2014:

- MFRS 10 Consolidated Financial Statements - Investment Entities (Amendments to MFRS 10)
- MFRS 12 Disclosure of Interest in Other Entities - Investment Entities (Amendments to MFRS 12)
- MFRS 127 Separate Financial Statements - Investment Entities (Amendments to MFRS 127)
- MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
- MFRS 136 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)
- MFRS 139 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)
- IC Interpretation 21 Levies

The adoption of the above amendments to MFRSs and IC Interpretation would not have any material impact to the Group's and the Bank's financial performance.

2. Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2013 were prepared in accordance with MFRS, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 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 2013.

3. Significant Accounting Estimates and Judgements

The preparation of unaudited condensed interim financial statements requires management to make judgments, 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 judgments 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 applied to the audited financial statements for the financial year ended 31 December 2013.

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4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2013 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 in the first quarter ended 31 March 2014.

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

During the first quarter ended 31 March 2014, 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 first quarter ended 31 March 2014.

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 first quarter ended 31 March 2014.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the first quarter ended 31 March 2014.

10. Dividends Paid

There was no dividend paid during the first quarter ended 31 March 2014.

11. Significant and Subsequent Events

There was no significant and subsequent events during the first quarter ended 31 March 2014.

12. Performance Review

For the period ended 31 March 2014, the Group recorded a lower operating profit compared to the last period due to the reduction in number of investment banking deals. Operating profit dipped by 22.1% from RM53.8 million to RM41.9 million.

The net interest income reduced marginally by 1.8% to RM7.6 million. Non-interest income decreased by 13.4% from RM101.0 million to RM87.5 million due to lower fee-based income from investment banking business. The Islamic Banking income contracted by RM12.4 million from RM18.3 million due to a relatively slower sukuk activities. The net income recorded a decrease of RM26.1 million or 20.5% to RM101.0 million.

Overhead expenses decreased by 19.4% or RM14.3 million to RM59.0 million from RM73.3 million. This was largely attributable by the decrease in personnel related costs.

The Group's profit before taxation and zakat declined by 19.7% or RM10.3 million from RM52.3 million to RM42.0 million. Profit for the period decreased by 19.8% or RM7.4 million to RM30.0 million compared to the previous period.

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13. Prospects

The global Gross Domestic Product ("GDP") is forecasted to grow by 3.5% in 2014 from 3.0% in 2013. The major advanced economies – US, Europe and Japan – simultaneously expanding for the first time since 2010 amid continued sub-8% expansion in China and the generally lackluster growth in other large emerging economies. Economic growth trends in ASEAN are projected to be mixed, reflecting the tailwinds from firmer external demand and headwinds to domestic demand that include structural challenges, macroeconomic policy adjustments and political uncertainty.

Malaysia's macroeconomic outlook appears positive given the steady GDP growth momentum (2014E: 5.0%; 2013: 4.7%), clarity and credibility in tightened fiscal policy to address the budget deficit by reduction in energy subsidies and the impending implementation of Goods and Services Tax, in the midst of sustainable current account surplus. However, these measures are expected to create some near term inflationary pressures. Consequently, we expect the Overnight Policy Rate to be raised between 25 basis points to 50 basis points in the second half of 2014.

Considering the above factors, the Group anticipates to see reasonable growth in its business for the financial year ending 31 December 2014. In addition, the Group will adopt a strategy of responsible growth with equal focus on managing asset quality, liquidity and capital through sound risk management practices.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance for the financial year ending 31 December 2014.

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14. Cash and short-term funds

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Cash and bank balances with financial institutions	191,449	287,575	160,748	259,496
Deposit placements maturing within one month	159,954	56,768	154,154	50,968
Total	351,403	344,343	314,902	310,464

The monies held-in-trust for clients by the Group and the Bank as at the reporting date are approximately RM167,500,000 (31 December 2013: RM131,100,000). 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 financial institutions

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Licensed bank	27,436	28,470	26,129	27,173

16. Financial investments portfolio

		Group and Bank	
		31 March 2014 RM'000	31 December 2013 RM'000
Financial assets at fair value through profit or loss	(i)	47,110	86,573
Financial investments available-for-sale	(ii)	37,630	37,630
Financial investments held-to-maturity	(iii)	33	33
Total financial investments portfolio		84,773	124,236

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

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
At fair value		
Quoted financial investments:		
Shares in Malaysia	44,243	28,488
Shares outside Malaysia	2,867	3,236
	47,110	31,724
Unquoted financial investments:		
Private debt securities in Malaysia	-	54,849
Total financial assets at fair value through profit or loss	47,110	86,573

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16. Financial investments portfolio (Cont'd)

(ii) Financial investments available-for-sale

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
At fair value		
Unquoted financial investments:		
Shares and loan stocks in Malaysia	37,627	37,627
Shares outside Malaysia	3	3
Total financial investments available-for-sale	37,630	37,630

(iii) Financial investments held-to-maturity

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
At amortised cost		
Unquoted financial investments:		
Private debt securities in Malaysia	33	33
Total financial investments held-to-maturity	33	33

17. Loans and advances

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Term loans		
- Syndicated term loan	6,447	6,447
- Other term loans	1,400	1,391
Amount due from brokers and clients		
- Margin accounts	407,775	364,302
Foreign currency loans	3,137	3,152
Staff loans	16,673	15,847
Gross loans and advances	435,432	391,139
Less: Allowance for impairment losses		
- Individual assessment allowance	(6,267)	(6,267)
Net loans and advances	429,165	384,872

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

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Domestic business enterprises	148,765	154,212
Individuals	283,530	233,775
Foreign entities	3,137	3,152
Gross loans and advances	435,432	391,139

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17. **Loans and advances (Cont'd)**

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

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Fixed rate		
- Housing loans	9,831	9,440
- Hire purchase receivables	6,360	6,091
- Other fixed rate loans	482	316
Variable rate		
- BLR-plus	10,984	10,990
- Cost-plus	407,775	364,302
Gross loans and advances	435,432	391,139

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

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Purchase of securities	407,775	364,302
Purchase of transport vehicles	6,520	6,251
Purchase of residential landed property	11,072	10,671
Personal use	480	314
Consumer durables	2	2
Working capital	9,583	9,599
Gross loans and advances	435,432	391,139

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

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Maturing within one year	417,863	374,190
One year to three years	2,177	1,744
Three years to five years	3,648	4,060
After five years	11,744	11,145
Gross loans and advances	435,432	391,139

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

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January	7,015	7,009
Impaired during the period/year	-	29
Recovered/regularised during the period/year	(4)	(23)
Gross impaired loans and advances	7,011	7,015
Less: Individual assessment allowance	(6,267)	(6,267)
Balance at end of period/year	744	748
Net impaired loans and advances as % of gross loans and advances less individual assessment allowance	0.17%	0.19%

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17. Loans and advances (Cont'd)

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

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Purchase of transport vehicles	156	156
Purchase of residential landed property	408	412
Working capital	6,447	6,447
Gross impaired loans and advances	7,011	7,015

(vii) Movements in the individual assessment allowance are as follows:

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January	6,267	6,267
Allowance made during the period/year	-	11
Amount written back during the period/year	-	(11)
Balance at end of period/year	6,267	6,267

18. Other assets

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	441,459	314,586	441,459	314,586
Amount due from ultimate holding company	2,875	4,830	2,875	4,830
Other debtors, deposits and prepayment	50,320	36,026	46,091	31,717
	494,654	355,442	490,425	351,133
Less: Allowance for impairment losses	(10,130)	(9,708)	(8,161)	(7,739)
	484,524	345,734	482,264	343,394

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

19. Other liabilities

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Provisions and accruals	41,285	112,203	41,085	111,666
Provision for commitments and contingencies	-	500	-	500
Amount due to brokers and clients (a)	354,336	325,648	354,336	325,648
Deposits and other creditors	224,865	91,286	393,971	264,896
	620,486	529,637	789,392	702,710

(a) Amount due to brokers and clients represent 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.

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20. Derivative financial instruments

(i) Derivative assets

	Group and Bank			
	31 March 2014		31 December 2013	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Index futures	3,046	22	-	-

(ii) Derivative liabilities

	Group and Bank			
	31 March 2014		31 December 2013	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Equity options				
- Less than one year	129,471	21,715	75,780	9,020
- One year to three years	193,897	262	194,360	532
	<u>323,368</u>	<u>21,977</u>	<u>270,140</u>	<u>9,552</u>

(iii) The Group and the Bank have recognised the fair value changes on the derivative financial instruments as follows (Note 23):

	Group and Bank			
	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Equity related derivatives:				
Index futures	22	26	22	26
Equity options	3,623	(13,357)	3,623	(13,357)
Commodity related derivatives:				
Commodity futures	-	14	-	14
Commodity options	-	1,926	-	1,926
	<u>3,645</u>	<u>(11,391)</u>	<u>3,645</u>	<u>(11,391)</u>

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21. Interest income

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Loans and advances				
- Interest income other than on impaired loans	6,876	5,832	6,876	5,832
- Interest income on impaired loans	20	33	20	33
Money at call and deposits and placements with financial institutions	1,355	3,539	1,355	3,539
Financial assets at fair value through profit or loss	391	3,479	391	3,479
Others	50	(91)	50	(91)
Total interest income	8,692	12,792	8,692	12,792

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Loans and advances				
- Interest income other than on impaired loans	6,876	5,832	6,876	5,832
- Interest income on impaired loans	20	33	20	33
Money at call and deposits and placements with financial institutions	1,217	3,284	1,217	3,284
Financial assets at fair value through profit or loss	391	3,479	391	3,479
Others	50	(91)	50	(91)
Total interest income	8,554	12,537	8,554	12,537

22. Interest expense

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits and placements from a licensed bank	1,091	5,055	1,091	5,055

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23. Non-interest income

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Fee and commission income:				
Arranger and upfront fees	39,241	17,216	39,241	17,216
Brokerage income	37,751	32,218	37,751	32,218
Corporate advisory fees	2,656	8,808	2,656	8,808
Placement and related fees	1,200	31,634	1,200	31,634
Underwriting commission	-	341	-	341
Others	2,954	2,261	2,954	2,261
	83,802	92,478	83,802	92,478
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(1,154)	1,599	(1,154)	1,599
Unrealised (loss)/gain on revaluation of financial assets at fair value through profit or loss, net	(464)	1,778	(464)	1,778
Realised gain from sale of derivative financial instruments, net	484	15,297	484	15,297
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 20 (iii))	3,645	(11,391)	3,645	(11,391)
Realised gain from sale of financial investments available-for-sale, net	893	-	893	-
Gross dividends from:				
Financial investments available-for-sale				
- Quoted in Malaysia	315	-	315	-
Financial assets at fair value through profit or loss				
- Quoted in Malaysia	45	217	45	217
- Quoted outside Malaysia	4	-	4	-
	3,768	7,500	3,768	7,500
Other income:				
Foreign exchange (loss)/gain, net	(631)	166	(631)	166
Gain from disposal of property, plant and equipment	55	-	55	-
Others	509	904	509	904
	(67)	1,070	(67)	1,070
Total non-interest income	87,503	101,048	87,503	101,048

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23. Non-interest income (Cont'd)

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Bank				
Fee and commission income:				
Arranger and upfront fees	39,241	17,216	39,241	17,216
Brokerage income	37,751	32,218	37,751	32,218
Corporate advisory fees	1,993	8,483	1,993	8,483
Placement and related fees	1,200	31,634	1,200	31,634
Underwriting commission	-	341	-	341
Others	2,954	2,261	2,954	2,261
	<u>83,139</u>	<u>92,153</u>	<u>83,139</u>	<u>92,153</u>
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(1,154)	1,599	(1,154)	1,599
Unrealised (loss)/gain on revaluation of financial assets at fair value through profit or loss, net	(464)	1,778	(464)	1,778
Realised gain from sale of derivative financial instruments, net	484	15,297	484	15,297
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 20 (iii))	3,645	(11,391)	3,645	(11,391)
Gross dividends from:				
Financial investments available-for-sale				
- Quoted in Malaysia	315	-	315	-
Financial assets at fair value through profit or loss				
- Quoted in Malaysia	45	217	45	217
- Quoted outside Malaysia	4	-	4	-
Gain from disposal of investment in associate	-	508	-	508
	<u>2,875</u>	<u>8,008</u>	<u>2,875</u>	<u>8,008</u>
Other income:				
Foreign exchange (loss)/gain, net	(696)	335	(696)	335
Gain from disposal of property, plant and equipment	55	-	55	-
Others	2,677	401	2,677	401
	<u>2,036</u>	<u>736</u>	<u>2,036</u>	<u>736</u>
Total non-interest income	<u>88,050</u>	<u>100,897</u>	<u>88,050</u>	<u>100,897</u>

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24. Overhead expenses

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	35,187	53,102	35,187	53,102
- Pension costs - defined contribution plan	3,979	3,343	3,979	3,343
- Employees' Share Scheme expenses	1,887	1,949	1,887	1,949
- Other staff related expenses	1,473	2,226	1,473	2,226
	<u>42,526</u>	<u>60,620</u>	<u>42,526</u>	<u>60,620</u>
Establishment costs				
- Depreciation of property, plant and equipment	1,230	764	1,230	764
- Amortisation of computer software	624	644	624	644
- Rental	2,724	2,401	2,724	2,401
- Repairs and maintenance of property, plant and equipment	1,311	1,887	1,311	1,887
- Information technology expenses	1,189	869	1,189	869
- Service chargeback	(4,398)	(3,645)	(4,398)	(3,645)
- Others	1,442	1,724	1,442	1,724
	<u>4,122</u>	<u>4,644</u>	<u>4,122</u>	<u>4,644</u>
Marketing costs				
- Advertisement and publicity	2,678	1,399	2,678	1,399
- Others	2,226	2,191	2,226	2,191
	<u>4,904</u>	<u>3,590</u>	<u>4,904</u>	<u>3,590</u>
Administration and general expenses				
- Fee and brokerage	6,465	2,818	6,465	2,818
- Administrative expenses	946	1,032	946	1,032
- General expenses	56	546	56	546
	<u>7,467</u>	<u>4,396</u>	<u>7,467</u>	<u>4,396</u>
Total overhead expenses	<u>59,019</u>	<u>73,250</u>	<u>59,019</u>	<u>73,250</u>

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24. Overhead expenses (Cont'd)

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Bank				
Personnel expenses				
- Salaries, allowances and bonuses	35,187	53,102	35,187	53,102
- Pension costs - defined contribution plan	3,979	3,343	3,979	3,343
- Employees' Share Scheme expenses	1,887	1,949	1,887	1,949
- Other staff related expenses	1,473	2,211	1,473	2,211
	42,526	60,605	42,526	60,605
Establishment costs				
- Depreciation of property, plant and equipment	1,226	760	1,226	760
- Amortisation of computer software	624	644	624	644
- Rental	2,724	2,401	2,724	2,401
- Repairs and maintenance of property, plant and equipment	1,310	1,887	1,310	1,887
- Information technology expenses	1,189	869	1,189	869
- Service chargeback	(5,265)	(5,928)	(5,265)	(5,928)
- Others	1,442	1,724	1,442	1,724
	3,250	2,357	3,250	2,357
Marketing costs				
- Advertisement and publicity	2,678	1,399	2,678	1,399
- Others	2,232	2,190	2,232	2,190
	4,910	3,589	4,910	3,589
Administration and general expenses				
- Fee and brokerage	6,436	2,742	6,436	2,742
- Administrative expenses	959	1,016	959	1,016
- General expenses	56	546	56	546
	7,451	4,304	7,451	4,304
Total overhead expenses	58,137	70,855	58,137	70,855

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25. Allowance for impairment on loans and advances and other debtors, net

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Allowance for impaired loans and advances:				
Individual assessment				
- Made during the period	-	(11)	-	(11)
- Written back during the period	-	5	-	5
Bad debts recovered	14	154	14	154
Allowance for impairment on other debtors, net	(422)	(1,665)	(422)	(1,665)
Total	(408)	(1,517)	(408)	(1,517)

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Allowance for impaired loans and advances:				
Individual assessment				
- Made during the period	-	(11)	-	(11)
- Written back during the period	-	5	-	5
Bad debts recovered	14	154	14	154
Allowance for impairment on other debtors, net	(422)	(1,152)	(422)	(1,152)
Total	(408)	(1,004)	(408)	(1,004)

26. 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 subsidiaries companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank.

Bank Negara Malaysia ("BNM") had on 28 November 2012 released the updated guidelines for the computation of capital and capital adequacy ratios in accordance with Capital Adequacy Framework (Capital Components) commencing from 1 January 2013 and subjected to transitional arrangements as set out in paragraphs 36.1 to 36.17 of the said frameworks.

The minimum capital adequacy requirements applicable in 2013 and 2014 of the Capital Adequacy Framework (Capital Components) under the transitional arrangements are as follows:

Calendar Year	Common Equity Tier 1 ("CET1") Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.500%	4.500%	8.000%
2014	4.000%	5.500%	8.000%
2015 onwards	4.500%	6.000%	8.000%

Total risk-weighted assets ("RWA") shall be calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued by BNM on 28 November 2012.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital shall not be subject to any further capital charges in the computation of RWA.

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.000% for the Total Capital Ratio.

Comparatives have been restated to conform with current year's presentation.

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26. Capital adequacy (Cont'd)

(I) Capital Adequacy Framework (Cont'd)

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

<u>At 31 March 2014</u>	Group %	Bank %
Capital ratios		
CET1 capital ratio	32.464	30.803
Tier 1 capital ratio	32.464	30.803
Total capital ratio	32.464	30.803

<u>At 31 December 2013</u>	Group %	Bank %
Capital ratios		
CET1 capital ratio	33.133	31.356
Tier 1 capital ratio	33.133	31.356
Total capital ratio	33.133	31.356

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

<u>At 31 March 2014</u>	Group RM'000	Bank RM'000
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	379,282	370,042
CET1 capital before regulatory adjustments	652,183	642,943
Less: Deferred tax assets	(11,314)	(11,314)
Intangible assets	(9,483)	(9,483)
Investment in subsidiaries and joint venture ¹	(10,528)	(41,672)
CET1 capital/Tier 1 capital/Total capital	620,858	580,474

<u>At 31 December 2013</u>	Group RM'000	Bank RM'000
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	379,436	370,042
CET1 capital before regulatory adjustments	652,337	642,943
Less: Deferred tax assets	(22,938)	(22,938)
Intangible assets	(9,589)	(9,589)
Investment in subsidiaries and joint venture ¹	(10,549)	(41,672)
Liquidity reserve ²	(110)	(110)
CET1 capital/Tier 1 capital/Total capital	609,151	568,634

¹ Excludes the cost of investment in a subsidiary, Maysec (KL) Sdn. Bhd. of RM171,475,000 as its business, assets and liabilities had been transferred to the Bank on 30 December 2006.

² This is reserve for less liquid positions as per Bank Negara Malaysia Guidelines.

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

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

<u>Group</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2014				
Exposure Class				
(i) <u>Credit Risk</u>				
Sovereigns/Central banks Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	100,216	100,216	-	-
Corporates	503,446	503,446	121,187	9,695
Regulatory retail	234,380	234,380	249,778	19,982
Higher risk assets	334,554	334,554	313,497	25,080
Other assets	37,630	37,630	56,445	4,516
Total on-balance sheet exposures	1,487,222	1,487,222	856,695	68,536
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	744,851	744,851	312	25
Total off-balance sheet exposures	774,851	774,851	3,312	265
Total on and off-balance sheet exposures	2,262,073	2,262,073	860,007	68,801
(ii) <u>Market Risk</u>				
Equity position risk	-	-	13,699	1,096
Foreign currency risk	-	-	115,454	9,236
Options risk	-	-	30,444	2,436
Total	-	-	159,597	12,768
(iii) <u>Operational Risk</u>				
	-	-	892,849	71,428
Total RWA and capital requirements	2,262,073	2,262,073	1,912,453	152,997

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

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

<u>Group</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2013				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	435	435	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	553,052	553,052	125,714	10,057
Corporates	254,523	254,523	259,069	20,726
Regulatory retail	277,575	277,575	259,130	20,730
Higher risk assets	37,657	37,657	56,485	4,519
Other assets	131,551	131,551	61,623	4,930
Total on-balance sheet exposures	1,254,793	1,254,793	762,021	60,962
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	708,923	708,923	277	22
Total off-balance sheet exposures	738,923	738,923	3,277	262
Total on and off-balance sheet exposures	1,993,716	1,993,716	765,298	61,224
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	48,827	3,906
Equity position risk	-	-	7,162	573
Foreign currency risk	-	-	62,835	5,027
Options risk	-	-	78,135	6,251
Total	-	-	196,959	15,757
(iii) <u>Operational Risk</u>	-	-	876,244	70,100
Total RWA and capital requirements	1,993,716	1,993,716	1,838,501	147,081

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

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

<u>Bank</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2014				
Exposure Class				
(i) <u>Credit Risk</u>				
Sovereigns/Central banks	100,216	100,216	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	465,641	465,641	113,626	9,090
Corporates	234,380	234,380	249,778	19,982
Regulatory retail	334,554	334,554	313,497	25,080
Higher risk assets	37,630	37,630	56,445	4,516
Other assets	274,613	274,613	113,406	9,072
Total on-balance sheet exposures	1,447,034	1,447,034	846,752	67,740
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	744,851	744,851	312	25
Total off-balance sheet exposures	774,851	774,851	3,312	265
Total on and off-balance sheet exposures	2,221,885	2,221,885	850,064	68,005
(ii) <u>Market Risk</u>				
Equity position risk	-	-	13,699	1,096
Foreign currency risk	-	-	108,190	8,655
Options risk	-	-	30,444	2,436
	-	-	152,333	12,187
(iii) <u>Operational Risk</u>	-	-	882,050	70,564
Total RWA and capital requirements	2,221,885	2,221,885	1,884,447	150,756

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26. Capital adequacy (Cont'd)

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

<u>Bank</u>	Gross exposures	Net Exposures	Risk-weighted assets	Capital requirements
31 December 2013 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	435	435	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	517,878	517,878	118,679	9,494
Corporates	254,523	254,523	259,069	20,726
Regulatory retail	277,575	277,575	259,130	20,730
Higher risk assets	37,630	37,630	56,445	4,516
Other assets	129,109	129,109	59,182	4,735
Total on-balance sheet exposures	1,217,150	1,217,150	752,505	60,201
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	708,923	708,923	277	22
Total off-balance sheet exposures	738,923	738,923	3,277	262
Total on and off-balance sheet exposures	1,956,073	1,956,073	755,782	60,463
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	48,827	3,906
Equity position risk	-	-	7,162	573
Foreign currency risk	-	-	57,976	4,638
Options risk	-	-	78,135	6,251
Total	-	-	192,100	15,368
(iii) <u>Operational Risk</u>				
Total RWA and capital requirements	1,956,073	1,956,073	1,813,489	145,080

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27. Commitments and Contingencies

Group and Bank	As at 31 March 2014			As at 31 December 2013		
	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>						
Obligations under underwriting agreements	30,000	15,000	3,000	30,000	15,000	3,000
Revocable commitments to extend credit:						
- Maturity not exceeding one year	744,227	-	-	708,370	-	-
- Maturity exceeding one year	624	312	312	553	277	277
	774,851	15,312	3,312	738,923	15,277	3,277
<u>Derivative financial instruments</u>						
Equity related contracts						
- Less than one year	132,517	-	-	75,780	-	-
- One year to less than three years	193,897	-	-	194,360	-	-
	326,414	-	-	270,140	-	-
Total commitments and contingencies	1,101,265	15,312	3,312	1,009,063	15,277	3,277

* The credit equivalent amount is arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's guideline.

Contingent liabilities

The Group and the Bank are aggressively 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

Several holders of a bond ("bondholders") issued by a company served a Summons and Statement of Claim on 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 RM177.3 million or any other sum that the Court deems fit.

Continued trial of the suit is scheduled for 21 July 2014 to 25 July 2014, 4 August 2014 to 8 August 2014 and 11 August 2014 to 15 August 2014.

The Bank's solicitors are of the view that the Bank has more than even chance of succeeding in defending against the claim.

Case 2

On 4 September 2013, a recovery action was filed by Maybank against its corporate borrower ("the Plaintiff") and its guarantors for recovery of monies due under loans granted to the Plaintiff. On 16 October 2013, the Plaintiff had filed a Defence to Maybank's action as well as a Counterclaim against Maybank and the Bank alleging inter alia that:

- (a) the loans were taken by the Plaintiff to refinance the outstanding private debt securities ("PDS") (consisting of Notes and Bonds) issued by its subsidiary ("the Subsidiary"), in respect of which the Bank was, inter alia, the facility agent and also holder of the Notes; and

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27. Commitments and Contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 2 (Cont'd)

(b) the loans transaction were entered into by the Plaintiff arising from purported representations made by the Bank concerning the PDS.

In the Counterclaim, the Plaintiff sought the following reliefs against the Bank:

- (a) refund of RM2.1 million as interest allegedly overcharged by the Bank under the Notes programme; and
- (b) payment of RM26.0 million, being the amount equivalent to the mark-to-market losses under the PDS, which, it was alleged, the Bank and MBB were obliged to pay to the Plaintiff.

Trial has been fixed for 30 September 2014, 1 October 2014 and 2 October 2014.

The Bank's solicitors are of the view that the Bank has a fairly good chance of successfully opposing the Plaintiff's Counterclaim at trial.

28. 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.

Segment revenue, results, assets and liabilities 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 and derivative financial instruments.

(iii) Others

This segment includes investment holding, nominee and custodian services.

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28. Segment information (Cont'd)

The following table provides analysis of the Group's revenue, results, assets, liabilities and other information by business segments.

Group	Pillar 1	Pillar 2	Others	Total
31 March 2014	RM'000	RM'000	RM'000	RM'000
Revenue				
Net interest income	437	1,159	6,005	7,601
Net income from Islamic Banking Scheme operations	4,360	1,494	-	5,854
Non-interest income	43,343	43,546	614	87,503
Total revenue	<u>48,140</u>	<u>46,199</u>	<u>6,619</u>	<u>100,958</u>
Results				
Segment results	48,140	46,199	6,619	100,958
Overhead expenses	(11,633)	(23,263)	(24,123)	(59,019)
Allowance for impairment on loans and advances and other debtors, net	(298)	(82)	(28)	(408)
Writeback of allowance for commitments and contingencies	-	-	500	500
Share of results of a joint venture	-	-	(21)	(21)
Profit before taxation	<u>36,209</u>	<u>22,854</u>	<u>(17,053)</u>	<u>42,010</u>
Taxation and zakat				<u>(12,004)</u>
Profit for the period				<u><u>30,006</u></u>
Other segment information				
Depreciation	54	334	842	1,230
Amortisation	2	179	443	624

Group	Pillar 1	Pillar 2	Others	Total
31 March 2013	RM'000	RM'000	RM'000	RM'000
Revenue				
Net interest income	1,167	490	6,080	7,737
Net income from Islamic Banking Scheme operations	17,278	992	-	18,270
Non-interest income	63,448	31,620	5,980	101,048
Total revenue	<u>81,893</u>	<u>33,102</u>	<u>12,060</u>	<u>127,055</u>
Results				
Segment results	81,893	33,102	12,060	127,055
Overhead expenses	(38,196)	(20,176)	(14,878)	(73,250)
(Allowance for)/writeback of impairment on loans and advances and other debtors, net	(2,156)	54	585	(1,517)
Profit before taxation	<u>41,541</u>	<u>12,980</u>	<u>(2,233)</u>	<u>52,288</u>
Taxation and zakat				<u>(14,897)</u>
Profit for the period				<u><u>37,391</u></u>
Other segment information				
Depreciation	6	126	632	764
Amortisation	-	141	503	644

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29. Net income from Islamic Banking Scheme operations

Unaudited Statements of Financial Position as at 31 March 2014

	Notes	Group and Bank	
		31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds	(a)	10,173	8,894
Other assets	(b)	158,118	157,280
Total assets		168,291	166,174
LIABILITIES			
Other liabilities	(c)	270	1,337
Provision for taxation and zakat	(d)	9,731	9,060
Total liabilities		10,001	10,397
ISLAMIC BANKING FUND			
Islamic banking capital fund		5,000	5,000
Retained earnings		153,290	150,777
		158,290	155,777
Total liabilities and Islamic banking fund		168,291	166,174

**Unaudited Statements of Comprehensive Income
For the First Quarter Ended 31 March 2014**

Group and Bank	Notes	Quarter Ended		Quarter Ended	
		31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Income derived from investment of Islamic banking capital funds	(e)	5,854	18,270	5,854	18,270
Income attributable to the Group and the Bank		5,854	18,270	5,854	18,270
Overhead expenses	(f)	(2,670)	(7,959)	(2,670)	(7,959)
Profit before taxation and zakat		3,184	10,311	3,184	10,311
Taxation		(606)	(2,578)	(606)	(2,578)
Zakat		(65)	(97)	(65)	(97)
Profit for the period, representing total comprehensive income for the period, attributable to equity holder of the Bank		2,513	7,636	2,513	7,636

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29. Net income from Islamic Banking Scheme operations (Cont'd)

Unaudited Statements of Changes in Equity
For the First Quarter Ended 31 March 2014

Group and Bank	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2014	5,000	150,777	155,777
Profit for the period	-	2,513	2,513
Total comprehensive income for the period	-	2,513	2,513
At 31 March 2014	5,000	153,290	158,290
At 1 January 2013	5,000	126,548	131,548
Profit for the period	-	7,636	7,636
Total comprehensive income for the period	-	7,636	7,636
At 31 March 2013	5,000	134,184	139,184

Unaudited Statements of Cash Flows
For the First Quarter Ended 31 March 2014

	Group and Bank	
	31 March 2014 RM'000	31 March 2013 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	3,184	10,311
Increase in financial investments portfolio	-	(25,198)
(Increase)/decrease in receivables	(838)	17,371
(Decrease)/increase in payables	(1,067)	6
Net cash generated from operating activities	1,279	2,490
Net increase in cash and cash equivalents	1,279	2,490
Cash and cash equivalents at beginning of the period	8,894	37,709
Cash and cash equivalents at end of the period	10,173	40,199

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29. Net income from Islamic Banking Scheme operations (Cont'd)

(a) Cash and short-term funds

	Group and Bank	
	31 March 2014	31 December 2013
Cash and bank balances with financial institutions	73	194
Deposit placements maturing within one month	10,100	8,700
	10,173	8,894

(b) Other assets

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Debtors and prepayments	158,118	157,280

(c) Other liabilities

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Provisions and accruals	270	1,337

(d) Provision for taxation and zakat

	Group and Bank	
	31 March 2014 RM'000	31 December 2013 RM'000
Taxation	8,943	8,337
Zakat	788	723
	9,731	9,060

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

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Gross income from:				
- Financial assets at fair value through profit or loss	-	904	-	904
- Deposits and placements with financial institutions	68	123	68	123
Realised gain from sale of financial assets at fair value through profit or loss, net	748	9,863	748	9,863
Fee and commission income from:				
- Arranger and upfront fees	2,015	5,100	2,015	5,100
- Brokerage income	1,493	991	1,493	991
- Corporate advisory fees	80	252	80	252
- Others	1,450	1,000	1,450	1,000
Others	-	37	-	37
Total	5,854	18,270	5,854	18,270

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29. Net income from Islamic Banking Scheme operations (Cont'd)

(f) Overhead expenses

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
	Personnel expenses	2,453	8,214	2,453
Establishment costs				
- Service chargeback	(454)	(1,431)	(454)	(1,431)
- Other establishment costs	445	578	445	578
Marketing expenses	149	311	149	311
Administration and general expenses	77	287	77	287
Total	2,670	7,959	2,670	7,959

(g) Capital adequacy

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

<u>At 31 March 2014</u>	Group and Bank %
Capital ratios	
CET1 capital ratio	59.407
Tier 1 capital ratio	59.407
Total capital ratio	59.407
	Group and Bank %
<u>At 31 December 2013</u>	
Capital ratios	
CET1 capital ratio	59.040
Tier 1 capital ratio	59.040
Total capital ratio	59.040

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

<u>At 31 March 2014</u>	Group and Bank RM'000
Tier 1 capital	
Islamic banking capital fund	5,000
Retained earnings	150,777
CET1 capital/Tier 1 capital/Total capital	155,777
	Group and Bank RM'000
<u>At 31 December 2013</u>	
Tier 1 capital	
Islamic banking capital fund	5,000
Retained earnings	150,777
CET1 capital/Tier 1 capital/Total capital	155,777

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29. Net income from Islamic Banking Scheme operations (Cont'd)

(g) Capital adequacy (Cont'd)

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

<u>Group and Bank</u>				
31 March 2014	Gross Credit exposures	Net Credit exposures	Risk-weighted assets	Capital requirements
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	70	70	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	10,102	10,102	2,020	162
Other assets	310,238	310,238	95,607	7,649
Total on-balance sheet exposures	320,410	320,410	97,627	7,811
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	320,410	320,410	97,627	7,811
(ii) Market Risk				
Foreign currency risk	-	-	2	-
(iii) Operational Risk				
	-	-	164,592	13,167
Total RWA and capital requirements	320,410	320,410	262,221	20,978
<u>Group and Bank</u>				
31 December 2013	Gross Credit exposures	Net Credit exposures	Risk-weighted assets	Capital requirements
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	192	192	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	8,702	8,702	1,740	139
Other assets	305,696	305,696	93,455	7,476
Total on-balance sheet exposures	314,590	314,590	95,195	7,615
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	314,590	314,590	95,195	7,615
(ii) Market Risk				
Foreign currency risk	-	-	2	-
(iii) Operational Risk				
	-	-	168,655	13,492
Total RWA and capital requirements	314,590	314,590	263,852	21,107

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29. Net income from Islamic Banking Scheme operations (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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30. Fair value of financial instruments

Fair value hierarchy

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

(a) Level 1: Quoted prices

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

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

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

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

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

The following table shows the Group's and the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 31 March 2014 and 31 December 2013.

Group	<u>Valuation techniques using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
As at 31 March 2014				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	47,110	-	-	47,110
Derivative assets	22	-	-	22
	<u>47,132</u>	<u>-</u>	<u>-</u>	<u>47,132</u>
Financial liabilities measured at fair values:				
Derivative liabilities	<u>13,977</u>	<u>8,000</u>	-	<u>21,977</u>
As at 31 December 2013				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	<u>31,724</u>	<u>54,849</u>	-	<u>86,573</u>
Financial liabilities measured at fair values:				
Derivative liabilities	<u>9,020</u>	<u>532</u>	-	<u>9,552</u>

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

	Quoted Market Price (Level 1) RM'000	Valuation techniques using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Bank				
As at 31 March 2014				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	47,110	-	-	47,110
Derivative assets	22	-	-	22
	<u>47,132</u>	<u>-</u>	<u>-</u>	<u>47,132</u>
Financial liabilities measured at fair values:				
Derivative liabilities	13,977	8,000	-	21,977
As at 31 December 2013				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	31,724	54,849	-	86,573
Financial liabilities measured at fair values:				
Derivative liabilities	9,020	532	-	9,552

Valuation techniques

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

Derivative financial instruments

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

Financial assets at fair value through profit or loss

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

