

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

CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

<u>Group</u>	Notes	31 December 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds	14	443,078	554,940
Deposits and placements with financial institutions	15	149,046	34,203
Financial investments portfolio	16	379,094	331,008
Loans and advances	17	284,091	238,069
Derivative assets	20 (i)	20,567	14,754
Other assets	18	846,260	661,597
Tax recoverable		7,219	2,007
Statutory deposits with Bank Negara Malaysia		105	105
Investment in a joint venture		15,410	10,770
Property, plant and equipment		18,341	19,742
Intangible assets		17,045	15,785
Deferred tax assets		10,873	18,339
TOTAL ASSETS		2,191,129	1,901,319
LIABILITIES			
Deposits and placements from a licensed bank		461,116	392,391
Derivative liabilities	20 (ii)	55,345	23,045
Other liabilities	19	1,102,136	944,822
Provision for taxation and zakat		506	2,768
TOTAL LIABILITIES		1,619,103	1,363,026
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		521,910	488,177
TOTAL EQUITY		572,026	538,293
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,191,129	1,901,319
COMMITMENTS AND CONTINGENCIES	27	1,785,221	1,442,194

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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(15938-H)
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

<u>Bank</u>	Notes	31 December 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds	14	428,366	526,132
Deposits and placements with financial institutions	15	124,526	24,162
Financial investments portfolio	16	379,094	331,008
Loans and advances	17	284,091	238,069
Derivative assets	20 (i)	20,567	14,754
Other assets	18	844,368	657,871
Tax recoverable		5,557	-
Statutory deposits with Bank Negara Malaysia		105	105
Investment in subsidiaries		203,259	203,259
Investment in a joint venture		13,996	9,878
Property, plant and equipment		18,326	19,622
Intangible assets		17,045	15,785
Deferred tax assets		10,873	18,339
TOTAL ASSETS		2,350,173	2,058,984
LIABILITIES			
Deposits and placements from a licensed bank		461,116	392,391
Derivative liabilities	20 (ii)	55,345	23,045
Other liabilities	19	1,272,658	1,115,962
Provision for taxation and zakat		506	2,742
TOTAL LIABILITIES		1,789,625	1,534,140
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		510,432	474,728
TOTAL EQUITY		560,548	524,844
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,350,173	2,058,984
COMMITMENTS AND CONTINGENCIES	27	1,785,221	1,442,194

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
(15938-H)
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

<u>Group</u>	Notes	Unaudited Quarter Ended		Audited Cumulative 12 Months Ended	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Interest income	21	7,220	7,721	28,163	34,961
Interest expense	22	(2,527)	(2,790)	(9,234)	(8,996)
Net interest income		4,693	4,931	18,929	25,965
Net income from Islamic Banking Scheme operations	29	26,018	13,063	49,186	29,306
Non-interest income	23	104,713	164,577	313,355	486,561
Net income		135,424	182,571	381,470	541,832
Overhead expenses	24	(94,342)	(86,108)	(281,490)	(296,795)
Operating profit		41,082	96,463	99,980	245,037
Writeback of/(allowance for) impairment on loans and advances and other debtors, net	25	1,184	(142)	286	(543)
Allowance for impairment on derivative assets		(5,012)	-	(5,012)	-
Writeback of impairment on financial investments available-for-sale		-	6,007	-	15,018
Writeback of commitments and contingencies		-	-	-	500
		37,254	102,328	95,254	260,012
Share of results of a joint venture		(1,775)	502	522	221
Profit before taxation and zakat		35,479	102,830	95,776	260,233
Taxation and zakat		(10,749)	(6,770)	(32,072)	(49,215)
Profit for the period/year, attributable to equity holder of the Bank		24,730	96,060	63,704	211,018
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		49	192	127	421
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		(101)	1,218	145	1,079
Reclassification of loss on financial investments available-for-sale to profit or loss, net		-	-	54	-
Total other comprehensive income for the period/year, net of tax		(101)	1,218	199	1,079
Total comprehensive income for the period/year, attributable to equity holder of the Bank		24,629	97,278	63,903	212,097

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

<u>Bank</u>	Notes	Unaudited		Audited	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Interest income	21	6,963	7,609	27,204	34,486
Interest expense	22	(2,527)	(2,790)	(9,234)	(8,996)
Net interest income		4,436	4,819	17,970	25,490
Net income from Islamic					
Banking Scheme operations	29	26,018	13,063	49,186	29,306
Non-interest income	23	100,891	159,929	308,052	479,752
Net income		131,345	177,811	375,208	534,548
Overhead expenses	24	(92,308)	(85,358)	(275,806)	(293,764)
Operating profit		39,037	92,453	99,402	240,784
Writeback of/(allowance for) impairment on					
loans and advances and other debtors, net	25	1,084	(142)	2,020	(543)
Allowance for impairment on derivative assets		(5,012)	-	(5,012)	-
Writeback of impairment on financial investments					
available-for-sale		-	6,007	-	15,018
Writeback of commitments and contingencies		-	-	-	500
Profit before taxation and zakat		35,109	98,318	96,410	255,759
Taxation and zakat		(10,691)	(6,746)	(30,536)	(47,717)
Profit for the period/year, representing					
total comprehensive income for the period/year,					
attributable to equity holder of the Bank		24,418	91,572	65,874	208,042

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

CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

<u>Group</u>	<-----Non-distributable----->						Distributable	
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015	50,116	172,669	50,116	-	(24,677)	997	289,072	538,293
Reclassifications (Note 31)	-	-	-	-	24,623	(21)	(24,602)	-
	50,116	172,669	50,116	-	(54)	976	264,470	538,293
Profit for the year	-	-	-	-	-	-	63,704	63,704
Other comprehensive income	-	-	-	-	54	145	-	199
Total comprehensive income for the year	-	-	-	-	54	145	63,704	63,903
Transfer to regulatory reserve	-	-	-	3,409	-	-	(3,409)	-
Dividends (Note 10)	-	-	-	-	-	-	(30,170)	(30,170)
At 31 December 2015	50,116	172,669	50,116	3,409	-	1,121	294,595	572,026
At 1 January 2014	50,116	172,669	50,116	-	(24,677)	(82)	404,195	652,337
Profit for the year	-	-	-	-	-	-	211,018	211,018
Other comprehensive income	-	-	-	-	-	1,079	-	1,079
Total comprehensive income for the year	-	-	-	-	-	1,079	211,018	212,097
Dividends	-	-	-	-	-	-	(326,141)	(326,141)
At 31 December 2014	50,116	172,669	50,116	-	(24,677)	997	289,072	538,293

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

Bank	<-----Non-distributable----->				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	
At 1 January 2015	50,116	172,669	50,116	-	251,943	524,844
Profit for the year	-	-	-	-	65,874	65,874
Total comprehensive income for the year	-	-	-	-	65,874	65,874
Transfer to regulatory reserve	-	-	-	3,409	(3,409)	-
Dividends (Note 10)	-	-	-	-	(30,170)	(30,170)
At 31 December 2015	50,116	172,669	50,116	3,409	284,238	560,548
At 1 January 2014	50,116	172,669	50,116	-	370,042	642,943
Profit for the year	-	-	-	-	208,042	208,042
Total comprehensive income for the year	-	-	-	-	208,042	208,042
Dividends	-	-	-	-	(326,141)	(326,141)
At 31 December 2014	50,116	172,669	50,116	-	251,943	524,844

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes to the interim financial statements)

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

CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Profit before taxation and zakat	95,776	260,233	96,410	255,759
Adjustment for non-operating and non-cash items	(9,930)	(98,749)	(10,312)	(97,607)
Operating profit before working capital changes	85,846	161,484	86,098	158,152
Changes in working capital:				
Net changes in operating assets	(357,903)	(231,859)	(343,669)	(223,734)
Net changes in operating liabilities	288,583	500,284	287,965	498,351
Taxation and zakat paid, net	(32,080)	(32,672)	(30,863)	(30,469)
Net cash (used in)/generated from operating activities	(15,554)	397,237	(469)	402,300
Net cash used in investing activities	(3,594)	(7,526)	(4,583)	(7,518)
Net cash used in financing activity - dividends paid	(92,714)	(179,114)	(92,714)	(179,114)
Net (decrease)/increase in cash and cash equivalents	(111,862)	210,597	(97,766)	215,668
Cash and cash equivalents at beginning of the year	554,940	344,343	526,132	310,464
Cash and cash equivalents at end of the year	443,078	554,940	428,366	526,132

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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(15938-H)
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Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) Interim Financial Reporting

1. Basis of Preparation

The audited condensed interim financial statements of the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial assets at fair value through profit or loss, financial investments available-for-sale and derivative financial instruments.

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

The audited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. These explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2014.

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2014 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) with effective date of 1 January 2015:

- Amendments to MFRS 119: Defined Benefits Plan: Employee Contributions
- Annual improvements to MFRSs 2010-2012 Cycle
- Annual improvements to MFRSs 2011-2013 Cycle

The adoption of the above amendments to MFRSs 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 2014 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 audited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2014.

3. Significant Accounting Estimates and Judgements

The preparation of audited 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 audited condensed interim financial statements, the significant judgements made by management in applying the Group's and the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the financial year ended 31 December 2014.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 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 fourth quarter ended 31 December 2015.

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

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

During the fourth quarter ended 31 December 2015, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

7. Changes in Estimates

There were no material changes in estimates during the fourth quarter ended 31 December 2015.

8. Changes in Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Group and the Bank during the fourth quarter ended 31 December 2015.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the fourth quarter ended 31 December 2015.

10. Dividends

(i) Dividends Paid

(a) Second interim dividend in respect of the financial year ended 31 December 2014, comprising of a single-tier dividend of approximately RM1.25 on 50,116,000 ordinary shares and a dividend in-specie of 2,100,000 ordinary shares in Cagamas Holdings Berhad at a fair value of RM84,483,000, amounting to RM147,027,768 was approved on 10 December 2014. On 13 March 2015, the single-tier dividend was paid and the dividend in-specie was distributed to the shareholder.

(b) On 11 September 2015, a single-tier interim dividend in respect of the financial year ended 31 December 2015 of approximately RM0.60 on 50,116,000 ordinary shares, amounting to a net dividend payment of RM30,169,832 was approved and subsequently paid to the shareholder.

(ii) Proposed Dividend

(a) The Board of Directors have proposed a single-tier final dividend in respect of the financial year ended 31 December 2015 of approximately RM0.71 on 50,116,000 ordinary shares, amounting to a net dividend payment of RM35,707,650 for the shareholder's approval.

11. Significant and Subsequent Events

(i) Liquidation of Mayban Securities (HK) Ltd. ("MSHK")

MSHK was placed under members' voluntary liquidation on 1 April 2014 and had its final meeting on 15 May 2015. MSHK is wholly owned by Maysec Sdn. Bhd. and the Bank is its penultimate holding company. MSHK was previously engaged in the business of dealing in securities and acts as securities broker. The liquidation of MSHK was part of the corporate rationalisation exercise of the Bank which aims to streamline the capital structure of the Group and of the Bank. The dissolution of MSHK did not have any material effect on the earnings or net assets of the Group and of the Bank for the financial year ended 31 December 2015.

(ii) Liquidation of Maysec (KL) Sdn. Bhd. ("Maysec (KL)")

Maysec (KL) was placed under members' voluntary liquidation on 24 July 2014 and had its final meeting on 29 June 2015. Maysec (KL) is wholly owned by Maysec Sdn. Bhd. and the Bank is its penultimate holding company. Maysec (KL) was previously engaged in the business of dealing in securities and acts as securities broker. Maysec (KL) has been dormant since 2006. The liquidation of Maysec (KL) was part of the corporate rationalisation exercise of the Bank which aims to streamline the capital structure of the Group and of the Bank. The dissolution of Maysec (KL) did not have any material effect on the earnings or net assets of the Group and of the Bank for the year financial year ended 31 December 2015.

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

12. Performance Review

For the year ended 31 December 2015, the Group recorded a lower operating profit compared to the previous corresponding year due to the reduction in number of investment banking deals and challenging economic environment. Operating profit dipped by 59.2% from RM245.0 million to RM100.0 million.

The net interest income reduced by 27.1% to RM18.9 million. Non-interest income decreased by 35.6% from RM486.6 million to RM313.4 million due to lower fee-based income from investment banking and stockbroking business. The Islamic Banking income however increased by 67.8% from RM29.3 million. Overall, the net income recorded a decline by 29.6% or RM160.4 million to RM381.5 million.

Overhead expenses reduced by 5.2% or RM15.3 million to RM281.5 million from RM296.8 million. This was mainly attributable to lower personnel expenses, marketing costs and administration and general expenses.

The Group's profit before taxation and zakat declined by 63.2% or RM164.4 million from RM260.2 million to RM95.8 million. Profit for the year decreased by 69.8% or RM147.3 million to RM63.7 million compared to the previous corresponding year.

13. Prospects

The world real Gross Domestic Product ("GDP") growth is forecasted to be 3.2% in 2016 (2015E: 3.1%) with major advanced economies expected to maintain their growth momentum (2016E: 1.9%; 2015E: 1.9%), underpinned by steady US growth and slow and struggling recoveries in Eurozone and Japan. In contrast, performance of the large emerging economies are mixed, with stable expansion in India, slowdown in China and recession in Brazil and Russia.

Growth is projected to be steady in the Asian NIEs (2016E: 2.3%; 2015: 2.1%) while the ASEAN-5 (2016E: 5.2%; 2015: 4.8%), is expected to be slightly better. The performance is uneven across the region with higher growth in South Korea, Indonesia, Thailand and Philippines, moderate growth in Malaysia, Hong Kong and Taiwan and relatively stable growth in Singapore and Vietnam.

Malaysia's real GDP growth is anticipated to ease to 4.3% (2015: 5.0%) on slower domestic demand from moderating consumer spending and private investment. However, public investment is expected to be sustained on the continuation of existing and rollout of new major infrastructure and investment projects notwithstanding a revision of the Budget 2016 in response to the fall in crude oil price. Meanwhile, the Overnight Policy Rate may be lowered by 25 basis points from current 3.25% despite higher inflation at 3.0%-3.5% (2015: 2.1%) as Bank Negara Malaysia leans towards supporting growth.

Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2016 to be satisfactory in this challenging regional environment.

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

14. Cash and short-term funds

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Cash and bank balances with financial institutions	160,379	183,956	153,467	164,148
Deposit placements maturing within one month	282,699	370,984	274,899	361,984
Total	443,078	554,940	428,366	526,132

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM148,263,000 (2014: RM162,697,000). 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 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Licensed bank	149,046	34,203	124,526	24,162

16. Financial investments portfolio

		Group and Bank	
		31 December 2015 RM'000	31 December 2014 RM'000
Financial assets at fair value through profit or loss	(i)	339,616	207,047
Financial investments available-for-sale	(ii)	39,445	123,928
Financial investments held-to-maturity	(iii)	33	33
Total financial investments portfolio		379,094	331,008

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

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
At fair value		
Quoted financial investments:		
Shares in Malaysia	310,599	171,454
Shares outside Malaysia	25,322	15,353
	335,921	186,807
Unquoted financial investments:		
Private debt securities in Malaysia	-	20,240
Structured product	3,695	-
Total financial assets at fair value through profit or loss	339,616	207,047

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

16. Financial investments portfolio (Cont'd)

(ii) Financial investments available-for-sale

	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment loss		
Unquoted financial investments:		
Shares and loan stocks in Malaysia	39,445	123,928
Total financial investments available-for-sale	<u>39,445</u>	<u>123,928</u>

(iii) Financial investments held-to-maturity

	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
At amortised cost		
Unquoted financial investments:		
Private debt securities in Malaysia	33	33
Total financial investments held-to-maturity	<u>33</u>	<u>33</u>

17. Loans and advances

	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
Term loans		
- Syndicated term loan	6,447	6,447
Amount due from brokers and clients		
- Margin accounts	262,082	215,928
Foreign currency loans	-	3,353
Staff loans	21,829	18,608
Gross loans and advances	<u>290,358</u>	<u>244,336</u>
Less: Allowance for impairment losses		
- Individual assessment allowance	(6,267)	(6,267)
Net loans and advances	<u>284,091</u>	<u>238,069</u>

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

	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
Domestic business enterprises	47,135	28,525
Individuals	241,548	211,125
Foreign entities	1,675	4,686
Gross loans and advances	<u>290,358</u>	<u>244,336</u>

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

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

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

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
Fixed rate		
- Housing loans	11,252	10,841
- Hire purchase receivables	10,268	7,479
- Other fixed rate loans	6,756	10,088
Variable rate		
- BLR/BR-plus	262,082	215,928
Gross loans and advances	290,358	244,336

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

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
Purchase of securities	262,082	215,928
Purchase of transport vehicles	10,268	7,479
Purchase of residential landed property	11,252	10,841
Personal use	309	288
Working capital	6,447	9,800
Gross loans and advances	290,358	244,336

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

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
Maturing within one year	269,132	226,199
One year to three years	1,671	1,828
Three years to five years	8,211	5,212
After five years	11,344	11,097
Gross loans and advances	290,358	244,336

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

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
At 1 January	7,001	7,015
Recovered/regularised during the year	(20)	(14)
Gross impaired loans and advances	6,981	7,001
Less: Individual assessment allowance	(6,267)	(6,267)
Balance at end of year	714	734
Net impaired loans and advances as % of gross loans and advances less individual assessment allowance	0.25%	0.31%

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

17. Loans and advances (Cont'd)

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

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
Purchase of transport vehicles	156	156
Purchase of residential landed property	378	398
Working capital	6,447	6,447
Gross impaired loans and advances	6,981	7,001

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

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
At 1 January/balance at end of year	6,267	6,267

18. Other assets

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	775,422	593,345	775,422	593,345
Amount due from ultimate holding company	10,839	7,103	10,839	7,103
Other debtors, deposits and prepayment	74,334	74,589	68,739	68,894
	860,595	675,037	855,000	669,342
Less: Allowance for impairment losses	(14,335)	(13,440)	(10,632)	(11,471)
	846,260	661,597	844,368	657,871

(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 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Provisions and accruals	67,080	98,371	66,896	98,066
Amount due to brokers and clients (a)	705,354	566,849	705,354	566,849
Deposits and other creditors	329,702	279,602	500,408	451,047
	1,102,136	944,822	1,272,658	1,115,962

(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.

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

20. Derivative financial instruments

(i) Derivative assets

	Group and Bank			
	31 December 2015		31 December 2014	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Equity swaps				
- Less than one year	184,688	20,567	97,572	14,754

(ii) Derivative liabilities

	Group and Bank			
	31 December 2015		31 December 2014	
	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	383,816	29,947	168,214	20,926
- One year to three years	-	-	180,715	66
Equity swaps				
- Less than one year	103,633	25,398	42,032	2,053
	487,449	55,345	390,961	23,045

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

	Group and Bank			
	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Equity related derivatives:				
Index futures				
	(529)	-	(1,004)	-
Equity options				
	(15,251)	203	(6,852)	9,186
Equity swaps				
	706	17,292	(12,520)	12,701
	(15,074)	17,495	(20,376)	21,887

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

21. Interest income

	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
<u>Group</u>	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Loans and advances				
- Interest income other than on impaired loans	5,160	5,333	19,750	25,333
- Interest income on impaired loans	58	24	141	89
Money at call and deposits and placements with financial institutions	1,606	2,132	7,598	8,733
Financial assets at fair value through profit or loss	271	142	271	533
Others	125	90	403	273
Total interest income	7,220	7,721	28,163	34,961

	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
<u>Bank</u>	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Loans and advances				
- Interest income other than on impaired loans	5,160	5,333	19,750	25,333
- Interest income on impaired loans	58	24	141	89
Money at call and deposits and placements with financial institutions	1,349	2,020	6,639	8,258
Financial assets at fair value through profit or loss	271	142	271	533
Others	125	90	403	273
Total interest income	6,963	7,609	27,204	34,486

22. Interest expense

	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
<u>Group and Bank</u>	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Deposits and placements from a licensed bank	2,527	2,790	9,234	8,996

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

23. Non-interest income

<u>Group</u>	Unaudited Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Fee and commission income:				
Arranger and upfront fees	29,470	24,420	70,133	159,178
Brokerage income	38,776	40,606	154,072	175,175
Corporate advisory fees	9,239	7,749	19,997	20,083
Placement and related fees	1,130	3,852	11,676	16,565
Underwriting commission	6,044	2,606	8,690	3,493
Others	4,306	6,442	14,412	15,436
	<u>88,965</u>	<u>85,675</u>	<u>278,980</u>	<u>389,930</u>
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(9,020)	(13,648)	2,796	(41,367)
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	27,177	(28,245)	7,806	(18,159)
Realised gain from sale of derivative financial instruments, net	14,011	25,273	29,009	54,529
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 20 (iii))	(15,074)	17,495	(20,376)	21,887
Realised gain/(loss) from sale of financial investments available-for-sale, net	-	73,682	(54)	74,562
Gross dividends from:				
Financial investments available-for-sale				
- Quoted in Malaysia	-	105	60	460
Financial assets at fair value through profit or loss				
- Quoted in Malaysia	449	1,981	4,327	2,552
- Quoted outside Malaysia	18	58	50	125
	<u>17,561</u>	<u>76,701</u>	<u>23,618</u>	<u>94,589</u>
Other income:				
Foreign exchange (loss)/gain, net	(4,962)	1,947	6,280	831
Gain from disposal of property, plant and equipment	899	169	1,299	235
Others	2,250	85	3,178	976
	<u>(1,813)</u>	<u>2,201</u>	<u>10,757</u>	<u>2,042</u>
Total non-interest income	<u>104,713</u>	<u>164,577</u>	<u>313,355</u>	<u>486,561</u>

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

23. Non-interest income (Cont'd)

Bank	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Arranger and upfront fees	29,470	24,420	70,133	159,178
Brokerage income	38,776	40,606	154,072	175,175
Corporate advisory fees	6,392	2,325	16,378	11,306
Placement and related fees	1,130	3,852	11,676	16,565
Underwriting commission	6,044	2,606	8,690	3,493
Others	4,306	6,442	14,412	15,436
	86,118	80,251	275,361	381,153
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(9,020)	(13,648)	2,796	(41,367)
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	27,177	(28,245)	7,806	(18,159)
Realised gain from sale of derivative financial instruments, net	14,011	25,273	29,009	54,529
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 20 (iii))	(15,074)	17,495	(20,376)	21,887
Realised gain from sale of financial investments available-for-sale, net	-	73,626	-	73,626
Gross dividends from:				
Financial investments available-for-sale				
- Quoted in Malaysia	-	105	60	460
Financial assets at fair value through profit or loss				
- Quoted in Malaysia	449	1,981	4,327	2,552
- Quoted outside Malaysia	18	58	50	125
	17,561	76,645	23,672	93,653
Other income:				
Foreign exchange (loss)/gain, net	(4,962)	2,719	5,112	1,542
Gain from disposal of property, plant and equipment	-	169	400	235
Others	2,174	145	3,507	3,169
	(2,788)	3,033	9,019	4,946
Total non-interest income	100,891	159,929	308,052	479,752

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

24. **Overhead expenses**

<u>Group</u>	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	70,834	62,926	172,417	192,380
- Pension costs - defined contribution plan	4,222	4,065	17,513	16,230
- Employees' Share Scheme expenses	1,744	3,842	8,742	11,251
- Other staff related expenses	3,088	5,232	11,746	12,051
	79,888	76,065	210,418	231,912
Establishment costs				
- Depreciation of property, plant and equipment	1,512	1,306	5,904	4,873
- Amortisation of computer software	879	773	3,567	2,709
- Rental	3,074	2,765	11,285	11,026
- Repairs and maintenance of property, plant and equipment	4,659	2,299	12,780	8,339
- Information technology expenses	2,172	5,593	11,939	14,046
- Service chargeback	(10,005)	(12,058)	(17,709)	(28,074)
- Others	374	464	1,969	1,968
	2,665	1,142	29,735	14,887
Marketing costs				
- Advertisement and publicity	2,565	3,493	10,208	10,174
- Others	2,060	2,505	7,996	9,411
	4,625	5,998	18,204	19,585
Administration and general expenses				
- Fee and brokerage	7,170	(917)	16,655	21,418
- Administrative expenses	1,359	878	5,044	4,682
- General expenses	(1,365)	2,942	1,434	4,311
	7,164	2,903	23,133	30,411
Total overhead expenses	94,342	86,108	281,490	296,795

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

24. Overhead expenses (Cont'd)

	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	70,834	62,926	172,417	192,380
- Pension costs - defined contribution plan	4,222	4,065	17,513	16,230
- Employees' Share Scheme expenses	1,744	3,842	8,742	11,251
- Other staff related expenses	3,086	5,231	11,725	12,049
	<u>79,886</u>	<u>76,064</u>	<u>210,397</u>	<u>231,910</u>
Establishment costs				
- Depreciation of property, plant and equipment	1,510	1,302	5,889	4,858
- Amortisation of computer software	879	773	3,567	2,709
- Rental	3,074	2,765	11,285	11,026
- Repairs and maintenance of property, plant and equipment	4,658	2,299	12,777	8,336
- Information technology expenses	2,172	5,593	11,939	14,046
- Service chargeback	(11,996)	(12,765)	(23,155)	(30,948)
- Others	374	464	1,969	1,968
	<u>671</u>	<u>431</u>	<u>24,271</u>	<u>11,995</u>
Marketing costs				
- Advertisement and publicity	2,565	3,493	10,208	10,174
- Others	2,109	2,505	8,048	9,420
	<u>4,674</u>	<u>5,998</u>	<u>18,256</u>	<u>19,594</u>
Administration and general expenses				
- Fee and brokerage	7,139	(950)	16,534	21,300
- Administrative expenses	1,306	876	4,964	4,658
- General expenses	(1,368)	2,939	1,384	4,307
	<u>7,077</u>	<u>2,865</u>	<u>22,882</u>	<u>30,265</u>
Total overhead expenses	<u>92,308</u>	<u>85,358</u>	<u>275,806</u>	<u>293,764</u>

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

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

<u>Group</u>	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	418	26	1,312	3,189
Writeback of/(allowance for) other debtors, net	766	(168)	(1,026)	(3,732)
Total	1,184	(142)	286	(543)

<u>Bank</u>	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	918	26	1,312	3,189
Writeback of/(allowance for) other debtors, net	166	(168)	708	(3,732)
Total	1,084	(142)	2,020	(543)

26. 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.

Under the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Commitments) issued on 28 November 2012 on the computation of capital and capital adequacy ratios, the minimum capital adequacy ratios based on transitional arrangements are set out 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.

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

26. Capital adequacy (Cont'd)

(l) Capital Adequacy Framework (Cont'd)

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

	Group %	Bank %
<u>At 31 December 2015</u>		
CET1 capital ratio	32.439	30.366
Tier 1 capital ratio	32.439	30.366
Total capital ratio	<u>32.439</u>	<u>30.366</u>
<u>At 31 December 2014</u>		
CET1 capital ratio	30.902	28.726
Tier 1 capital ratio	30.902	28.726
Total capital ratio	<u>30.902</u>	<u>28.726</u>

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

	Group RM'000	Bank RM'000
<u>At 31 December 2015</u>		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	<u>295,716</u>	<u>284,238</u>
CET1 capital before regulatory adjustments	568,617	557,139
Less: Deferred tax assets	(10,873)	(10,873)
Intangible assets	(17,045)	(17,045)
Investment in subsidiaries and joint venture ¹	<u>(12,001)</u>	<u>(42,371)</u>
CET1 capital/Tier 1 capital	<u>528,698</u>	<u>486,850</u>
Tier 2 capital		
Regulatory reserve	3,409	3,409
Less: Regulatory adjustment applied in Tier 2 capital		
Investment in subsidiaries and joint venture ¹	<u>(3,409)</u>	<u>(3,409)</u>
Tier 2 capital	-	-
Total capital	<u>528,698</u>	<u>486,850</u>

	Group RM'000	Bank RM'000
<u>At 31 December 2014</u>		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	<u>265,392</u>	<u>251,943</u>
CET1 capital before regulatory adjustments	538,293	524,844
Less: Deferred tax assets	(18,339)	(18,339)
Intangible assets	(15,785)	(15,785)
Investment in subsidiaries and joint venture ¹	<u>(10,770)</u>	<u>(41,662)</u>
Liquidity reserve ²	(20)	(20)
CET1 capital/Tier 1 capital/Total capital	<u>493,379</u>	<u>449,038</u>

¹ Excludes the cost of investment in a subsidiary, Maysec 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.

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

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 December 2015				
Exposure Class				
(i) <u>Credit Risk</u>				
Sovereigns/Central banks Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	274,099	274,099	-	-
Corporates	464,045	464,045	93,312	7,465
Regulatory retail	56,121	38,233	35,800	2,864
Higher risk assets	243,083	151,848	144,894	11,592
Other assets	39,445	39,445	59,168	4,733
Total on-balance sheet exposures	1,394,776	1,285,653	452,785	36,223
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,041,196	1,041,196	421	34
Total off-balance sheet exposures	1,041,196	1,041,196	421	34
Total on and off-balance sheet exposures	2,435,972	2,326,849	453,206	36,257
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	503	40
Equity position risk	-	-	20,113	1,609
Foreign currency risk	-	-	96,122	7,690
Options risk	-	-	167,083	13,366
Total	-	-	283,821	22,705
(iii) <u>Operational Risk</u>				
	-	-	892,802	71,424
Total RWA and capital requirements	2,435,972	2,326,849	1,629,829	130,386

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

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	Net Exposures	Risk-weighted assets	Capital requirements
31 December 2014	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	343,466	343,466	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	414,604	414,604	85,070	6,806
Corporates	29,820	16,877	14,727	1,178
Regulatory retail	212,416	91,269	86,962	6,957
Higher risk assets	39,448	39,448	59,172	4,734
Other assets	274,091	274,091	191,988	15,359
Total on-balance sheet exposures	1,313,845	1,179,755	437,919	35,034
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	923,661	923,661	376	30
Total off-balance sheet exposures	953,661	953,661	3,376	270
Total on and off-balance sheet exposures	2,267,506	2,133,416	441,295	35,304
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	19,271	1,542
Equity position risk	-	-	26,113	2,089
Foreign currency risk	-	-	87,881	7,030
Options risk	-	-	37,396	2,992
Total	-	-	170,661	13,653
(iii) <u>Operational Risk</u>				
	-	-	984,627	78,770
Total RWA and capital requirements	2,267,506	2,133,416	1,596,583	127,727

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

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 2015 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
Sovereigns/Central banks	274,099	274,099	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	424,816	424,816	85,467	6,837
Corporates	56,121	38,233	35,800	2,864
Regulatory retail	243,083	151,848	144,894	11,592
Higher risk assets	39,445	39,445	59,168	4,733
Other assets	316,077	316,077	117,707	9,417
Total on-balance sheet exposures	1,353,641	1,244,518	443,036	35,443
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,041,196	1,041,196	421	34
Total off-balance sheet exposures	1,041,196	1,041,196	421	34
Total on and off-balance sheet exposures	2,394,837	2,285,714	443,457	35,477
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	503	40
Equity position risk	-	-	20,113	1,609
Foreign currency risk	-	-	90,041	7,203
Options risk	-	-	167,083	13,367
Total	-	-	277,740	22,219
(iii) <u>Operational Risk</u>				
	-	-	882,088	70,567
Total RWA and capital requirements	2,394,837	2,285,714	1,603,285	128,263

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

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 2014	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	343,466	343,466	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	375,778	375,778	77,305	6,184
Corporates	29,820	16,877	14,727	1,178
Regulatory retail	212,415	91,269	86,962	6,957
Higher risk assets	39,448	39,448	59,172	4,734
Other assets	270,224	270,224	188,122	15,050
Total on-balance sheet exposures	1,271,151	1,137,062	426,288	34,103
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	923,661	923,661	376	30
Total off-balance sheet exposures	953,661	953,661	3,376	270
Total on and off-balance sheet exposures	2,224,812	2,090,723	429,664	34,373
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	19,271	1,542
Equity position risk	-	-	26,113	2,089
Foreign currency risk	-	-	81,182	6,495
Options risk	-	-	37,396	2,992
Total	-	-	163,962	13,118
(iii) <u>Operational Risk</u>				
	-	-	969,551	77,564
Total RWA and capital requirements	2,224,812	2,090,723	1,563,177	125,055

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

27. Commitments and contingencies

Group and Bank	As at 31 December 2015			As at 31 December 2014		
	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	71,888	35,944	7,189	30,000	15,000	3,000
Revocable commitments to extend credit:						
- Maturity not exceeding one year	1,040,355	-	-	922,908	-	-
- Maturity exceeding one year	841	421	421	753	376	376
	1,113,084	36,365	7,610	953,661	15,376	3,376
<u>Derivative financial instruments</u>						
Equity related contracts						
- Less than one year	672,137	-	-	307,818	-	-
- One year to less than three years	-	-	-	180,715	-	-
	672,137	-	-	488,533	-	-
Total commitments and contingencies	1,785,221	36,365	7,610	1,442,194	15,376	3,376

* 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

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

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

On 4 September 2015, the trial of the matter concluded. On 17 February 2016 and 24 February 2016, parties attended Court for oral submissions. The Court has adjourned the case for decision/clarification to a date to be informed by the Court in due course.

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

Case 2

In 2005, a corporate borrower ("Borrower") filed a claim against the Bank, as the agent of a syndicate of lenders, for loss and damage arising from alleged breach of duty and obligations owed by the Bank and the syndicate lenders to the Borrower in relation to various actions taken or omitted to be taken in disbursements and transactions under a syndicated facility. The syndicated facility consisted of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million ("Facilities") which were granted by the Bank and a syndicate of three (3) lenders ("Lenders"). The Bank's rights as a lender was subsequently vested in one of the other Lenders. The Bank retained its agency role.

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

27. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 2 (Cont'd)

In 2006, the Bank and the Lenders filed a suit against the Borrower and a guarantor of the Facilities for recovery of the amounts outstanding under the Facilities. The two claims were then consolidated and heard together.

On 6 May 2009, the High Court entered judgement against the Bank as agent for the Lenders and the Lenders for, inter alia, special damages in the sum of RM115.5 million with interest at 6% per annum, with the balance of the Borrower's claim (including general damages) ordered to be assessed at a later date ("Judgement"). In the same Judgement, the recovery action by the Bank and the Lenders was dismissed with costs. The Bank, as agent for the Lenders, would seek contribution from the Lenders for any judgement sums paid.

The Bank and the Lenders appealed to the Court of Appeal against the judgement ("Appeal"). In the interim, on 24 June 2009, a stay of the judgement was granted pending disposal of the Appeal. On 27 September 2013, the Court of Appeal allowed the Appeal and set aside the judgement. The Court of Appeal also entered judgement against the Borrower and the guarantor for the sum of RM47.2 million as at 30 September 2008 as well as the Bank's annual fees of RM50,000 as at 1 June 2008, both with interest thereon, together with costs of RM120,000.

On 27 September 2013, the Court of Appeal allowed the Appeal and set aside the judgement. The Court of Appeal also entered judgement against the Borrower and the guarantor for the sum of RM47.2 million as at 30 September 2008 as well as the Bank's annual fees of RM50,000 as at 1 June 2008, both with interest thereon, together with costs of RM120,000.

The Borrower and the guarantor subsequently filed a motion to the Federal Court for leave to appeal to the Federal Court against the decision of the Court of Appeal ("Leave Application"). On 29 January 2014, the Federal Court dismissed the Leave Application with costs of RM30,000.

On 20 November 2014, the Borrower and the guarantor filed a motion to the Federal Court for the Federal Court to review and set aside its own decision in dismissing the Leave Application ("Review Application"). After several adjournments at the request of the Borrower's solicitors, the Review Application was heard on 3 December 2015 where the Federal Court dismissed the Review Application with costs of RM20,000 to be paid by the directors of the Borrower.

On 3 February 2016, the Borrower and the guarantor filed a motion to the Court of Appeal for the Court of Appeal to review its own decision dated 27 September 2013 ("Court of Appeal Review Application"). The Court of Appeal Review Application was served on the Bank and the Lenders on 19 February 2016 and is fixed for hearing on 11 March 2016. The Bank and the Lenders are challenging the Court of Appeal Review Application.

Case 3

The Bank and 4 other financial institutions (collectively known as "the Banks") are holders of 48.54% of the Redeemable Convertible Secured Notes ("the Notes") issued by a company ("the Borrower"). The Notes are secured by various security including charges over lands granted by the Borrower and other 3rd parties in favour of the trustee for the Banks ("the Trustee"). Upon the Borrower's default of its payment obligations, the Banks commenced action to recover the sums due under the Notes. Subsequently, a company ("the 1st Defendant") and an individual ("the 2nd Defendant") (collectively known as "the Defendants") agreed to resolve the claims of the Banks with the 1st Defendant agreeing to purchase from the Banks all the Notes held by the Banks at a total purchase price of RM146,458,246.20. The Banks and the 1st Defendant entered into a Sale and Purchase Agreement in August 2014 ("the SPA") and the 2nd Defendant executed a guarantee in favour of the Banks guaranteeing all sums due under the SPA.

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

On 22 July 2015, by way of a counterclaim against the Banks and the Trustee, the Defendants prayed for 11 declarations against the Banks and the Trustee and among other prayers, claimed that the Defendants are entitled to the restoration of the sums of RM14,645,824.62 (10% deposit payment) and RM1 million (ex-gratia payment) paid by the 1st and 2nd Defendants respectively, being the sums forfeited by the Banks upon breach of the SPA as well as for interest, costs and damages to be assessed.

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

27. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 3 (Cont'd)

The Banks filed an application for summary judgement against the Defendants and an application to strike out the Defendants' counterclaim. The Defendants had on 19 August 2015 filed an injunction application to restrain the Trustee from proceeding with foreclosure proceedings and the Bank from enforcing the Put Option Judgement pending disposal of the counterclaim action against the Banks and the Trustee.

The Banks opposed the injunction application and on 3 September 2015, the court dismissed the injunction application with costs ("High Court Order"). The Defendants appealed to the Court of Appeal against the High Court Order ("Appeal") and in the interim applied to the Court of Appeal for an interim injunction pending disposal of the Appeal. On 8 September 2015, the Court of Appeal dismissed the motion for interim injunction with costs.

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

On 26 October 2015, the Defendants filed their respective applications to the High Court to stay the execution of the Summary Judgement pending the Appeals ("High Court Stay Applications"). On 21 January 2016, the High Court dismissed the High Court Stay Applications with costs of RM10,000. Nonetheless, the High Court granted an ad interim stay of execution of the Summary Judgement pending disposal of the Defendants' applications for stay of execution of the Summary Judgement to the Court of Appeal ("Court of Appeal Stay Applications").

On 3 February 2016, the Defendants filed a motion to the Court of Appeal for a stay of execution of the Summary Judgement. In the meantime, the Appeals have been fixed for hearing on 25 May 2016. Meanwhile, the 2nd Defendant on his own application obtained a Receiving Order from the bankruptcy court on 22 January 2016 the effect of which is to restrain all legal proceedings against him unless prior leave of court is obtained to proceed ("Receiving Order"). The Banks are challenging the Receiving Order.

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.

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

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 December 2015	RM'000	RM'000	RM'000	RM'000
Revenue				
Net interest income	473	16,576	1,880	18,929
Net income from Islamic Banking Scheme operations	44,347	4,839	-	49,186
Non-interest income	108,944	195,637	8,774	313,355
Total revenue	153,764	217,052	10,654	381,470
Results				
Segment results	153,764	217,052	10,654	381,470
Overhead expenses	(64,453)	(117,165)	(99,872)	(281,490)
(Allowance for)/writeback of impairment on loans and advances and other debtors, net	(2,667)	2,953	-	286
Allowance for impairment on derivative assets	-	(5,012)	-	(5,012)
Share of results of a joint venture	-	-	522	522
Profit before taxation	86,644	97,828	(88,696)	95,776
Taxation and zakat				(32,072)
Profit for the period				63,704
Other segment information				
Depreciation	430	1,907	3,567	5,904
Amortisation	-	1,965	1,602	3,567
Group				
31 December 2014				
Revenue				
Net interest income	1,311	24,301	353	25,965
Net income from Islamic Banking Scheme operations	23,505	5,801	-	29,306
Non-interest income	209,538	201,540	75,483	486,561
Total revenue	234,354	231,642	75,836	541,832
Results				
Segment results	234,354	231,642	75,836	541,832
Overhead expenses	(71,911)	(117,131)	(107,753)	(296,795)
Allowance for loans and advances and other debtors, net	(353)	(190)	-	(543)
Writeback of impairment on financial investments available-for-sale	15,018	-	-	15,018
Writeback of allowance for commitments and contingencies	-	-	500	500
Share of results of a joint venture	-	-	221	221
Profit before taxation	177,108	114,321	(31,196)	260,233
Taxation and zakat				(49,215)
Profit for the period				211,018
Other segment information				
Depreciation	291	1,297	3,285	4,873
Amortisation	3	955	1,751	2,709

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

29. Net income from Islamic Banking Scheme operations

Audited Statements of Financial Position as at 31 December 2015

	Notes	Group and Bank	
		31 December 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds	(a)	2,365	2,151
Financial assets at fair value through profit or loss	(b)	-	20,240
Other assets	(c)	187,608	151,367
Total assets		189,973	173,758
LIABILITIES			
Other liabilities	(d)	2,575	210
Provision for taxation and zakat	(e)	14,853	10,989
Total liabilities		17,428	11,199
ISLAMIC BANKING FUND			
Islamic banking capital fund		5,000	5,000
Retained earnings		167,545	157,559
		172,545	162,559
Total liabilities and Islamic banking fund		189,973	173,758

**Statements of Comprehensive Income
For the Fourth Quarter Ended 31 December 2015**

Group and Bank	Notes	Unaudited Quarter Ended		Audited Cumulative 12 Months Ended	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Income derived from investment of Islamic banking capital funds	(f)	26,018	13,063	49,186	29,306
Income attributable to the Group and the Bank		26,018	13,063	49,186	29,306
Overhead expenses	(g)	(16,144)	(11,016)	(35,036)	(19,595)
Operating profit		9,874	2,047	14,150	9,711
Allowance for other debtors		(300)	-	(300)	-
Profit before taxation and zakat		9,574	2,047	13,850	9,711
Taxation		(2,420)	(631)	(3,463)	(2,547)
Zakat		(129)	(104)	(401)	(382)
Profit for the period/year, representing total comprehensive income for the period/year, attributable to equity holder of the Bank		7,025	1,312	9,986	6,782

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

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

Audited Statements of Changes in Equity
For the Fourth Quarter Ended 31 December 2015

Group and Bank	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2015	5,000	157,559	162,559
Profit for the year	-	9,986	9,986
Total comprehensive income for the year	-	9,986	9,986
At 31 December 2015	5,000	167,545	172,545
At 1 January 2014	5,000	150,777	155,777
Profit for the year	-	6,782	6,782
Total comprehensive income for the year	-	6,782	6,782
At 31 December 2014	5,000	157,559	162,559

Audited Statements of Cash Flows
For the Fourth Quarter Ended 31 December 2015

	Group and Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	13,850	9,711
Decrease/(increase) in financial investments portfolio	20,240	(20,240)
(Increase)/decrease in receivables	(36,241)	5,913
Increase/(decrease) in payables	2,365	(2,127)
Net cash generated from/(used in) operating activities	214	(6,743)
Net increase/(decrease) in cash and cash equivalents	214	(6,743)
Cash and cash equivalents at beginning of the year	2,151	8,894
Cash and cash equivalents at end of the year	2,365	2,151

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

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

(a) Cash and short-term funds	Group and Bank	
	31 December 2015	31 December 2014
Cash and bank balances with financial institutions	2,365	51
Deposit placements maturing within one month	-	2,100
	2,365	2,151
(b) Financial assets at fair value through profit or loss	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
At fair value		
Unquoted financial investments:		
Private debt securities in Malaysia	-	20,240
(c) Other assets	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
Debtors and prepayments	187,608	151,367
(d) Other liabilities	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
Provisions and accruals	2,575	210
(e) Provision for taxation and zakat	Group and Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
Taxation	14,347	10,884
Zakat	506	105
	14,853	10,989

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

	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Gross income from:				
- Financial assets at fair value through profit or loss	-	108	503	108
- Deposits and placements with financial institutions	-	147	194	418
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	7	3,125	(22)	4,555
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss	-	198	(198)	198
Fee and commission income from:				
- Arranger and upfront fees	23,149	6,017	39,315	11,227
- Brokerage income	1,322	1,111	4,839	5,801
- Corporate advisory fees	124	85	289	845
- Underwriting commission	-	-	-	120
- Others	1,398	2,272	4,248	6,034
Others	18	-	18	-
Total	26,018	13,063	49,186	29,306

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

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

(g) Overhead expenses

Group and Bank	Unaudited		Audited	
	Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	16,992	11,531	33,264	19,000
Establishment costs				
- Service chargeback	(4,651)	(2,546)	(7,691)	(3,325)
- Other establishment costs	1,590	1,071	4,524	2,035
Marketing expenses	340	169	1,035	577
Administration and general expenses	1,873	791	3,904	1,308
Total	16,144	11,016	35,036	19,595

(h) Capital adequacy

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

	Group and Bank
	%
<u>At 31 December 2015</u>	
CET1 capital ratio	86.136
Tier 1 capital ratio	86.136
Total capital ratio	86.136
<u>At 31 December 2014</u>	
CET1 capital ratio	65.461
Tier 1 capital ratio	65.461
Total capital ratio	65.461

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

	Group and Bank
	RM'000
<u>At 31 December 2015</u>	
Tier 1 capital	
Islamic banking capital fund	5,000
Retained earnings	167,545
CET1 capital/Tier 1 capital/Total capital	172,545
<u>At 31 December 2014</u>	
Tier 1 capital	
Islamic banking capital fund	5,000
Retained earnings	157,559
CET1 capital/Tier 1 capital/Total capital	162,559

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

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

(h) 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>	Gross Credit exposures	Net Credit exposures	Risk-weighted assets	Capital requirements
31 December 2015 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	2,362	2,362	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	12	12	2	-
Other assets	427,256	427,256	120,329	9,626
Total on-balance sheet exposures	429,630	429,630	120,331	9,626
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	429,630	429,630	120,331	9,626
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
Total	-	-	3	-
(iii) <u>Operational Risk</u>				
Total RWA and capital requirements	429,630	429,630	200,318	16,025

<u>Group and Bank</u>	Gross Credit exposures	Net Credit exposures	Risk-weighted assets	Capital requirements
31 December 2014 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	49	49	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	2,102	2,102	420	34
Other assets	346,697	346,697	102,022	8,162
Total on-balance sheet exposures	348,848	348,848	102,442	8,196
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	348,848	348,848	102,442	8,196
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	19,271	1,542
Foreign currency risk	-	-	2	-
Total	-	-	19,273	1,542
(iii) <u>Operational Risk</u>				
Total RWA and capital requirements	348,848	348,848	248,329	19,867

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

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

(i) Fair values of financial assets and liabilities

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

(j) Allocation of income

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

(k) Shariah committee

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

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

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

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

The Group and the Bank presently have seven Shariah members.

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

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 December 2015 and 31 December 2014.

<u>Group and Bank</u>	<u>Valuation techniques using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
As at 31 December 2015				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	335,921	3,695	-	339,616
Derivative assets	-	20,567	-	20,567
	335,921	24,262	-	360,183
Financial liabilities measured at fair values:				
Derivative liabilities	24,939	30,406	-	55,345
As at 31 December 2014				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	186,807	20,240	-	207,047
Derivative assets	-	14,754	-	14,754
	186,807	34,994	-	221,801
Financial liabilities measured at fair values:				
Derivative liabilities	13,137	9,908	-	23,045

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

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

Valuation techniques

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

Financial assets at fair value through profit or loss

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

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.

31. Reclassifications of comparative information

Certain opening balances were reclassified during the year to conform with current year presentation and have no impact to the profit or loss of the Group and of the Bank. The reclassifications are as below:

31 December 2014	As previously reported RM'000	Re- classification RM'000	As restated RM'000
Group			
Statement of Changes in Equity			
Revaluation reserve	(24,677)	24,623	(54)
Exchange fluctuation reserve	997	(21)	976
Retained earnings	289,072	(24,602)	264,470