

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

CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

<u>Group</u>	<u>Note</u>	<u>Audited</u> <u>31 December</u> <u>2017</u> <u>RM'000</u>	<u>Audited</u> <u>31 December</u> <u>2016</u> <u>RM'000</u>
ASSETS			
Cash and short-term funds	14	703,662	534,129
Deposits and placements with a financial institution	15	807,279	388,587
Financial investments portfolio	16	429,655	508,408
Loans and advances	17	471,360	299,876
Derivative assets	20 (i)	8,855	19,839
Other assets	18	951,992	755,875
Tax recoverable		9,615	2,017
Statutory deposit with Bank Negara Malaysia		105	105
Investment in a joint venture		5,746	15,779
Property, plant and equipment		14,911	19,148
Intangible assets		16,312	16,687
Deferred tax assets		19,603	14,465
TOTAL ASSETS		3,439,095	2,574,915
LIABILITIES			
Deposits and placements from a licensed bank		743,958	615,483
Derivative liabilities	20 (ii)	102,728	31,109
Other liabilities	19	1,947,040	1,384,022
Provision for zakat		981	312
TOTAL LIABILITIES		2,794,707	2,030,926
SHAREHOLDER'S EQUITY			
Share capital		222,785	50,116
Reserves		421,603	493,873
TOTAL EQUITY		644,388	543,989
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,439,095	2,574,915
COMMITMENTS AND CONTINGENCIES	28	1,468,376	1,620,064

(These condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

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(15938-H)
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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

<u>Bank</u>	Note	Audited 31 December 2017 RM'000	Audited 31 December 2016 RM'000
ASSETS			
Cash and short-term funds	14	663,163	494,150
Deposits and placements with a financial institution	15	807,259	388,567
Financial investments portfolio	16	429,655	508,408
Loans and advances	17	471,360	299,876
Derivative assets	20 (i)	8,855	19,839
Other assets	18	951,912	753,939
Tax recoverable		7,743	34
Statutory deposit with Bank Negara Malaysia		105	105
Investment in subsidiaries		203,259	203,259
Investment in a joint venture		5,996	13,996
Property, plant and equipment		14,896	19,133
Intangible assets		16,312	16,687
Deferred tax assets		19,603	14,465
TOTAL ASSETS		3,600,118	2,732,458
LIABILITIES			
Deposits and placements from a licensed bank		743,958	615,483
Derivative liabilities	20 (ii)	102,728	31,109
Other liabilities	19	2,117,187	1,553,409
Provision for zakat		981	312
TOTAL LIABILITIES		2,964,854	2,200,313
SHAREHOLDER'S EQUITY			
Share capital		222,785	50,116
Reserves		412,479	482,029
TOTAL EQUITY		635,264	532,145
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,600,118	2,732,458
COMMITMENTS AND CONTINGENCIES	28	1,468,376	1,620,064

(These condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

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

CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

<u>Group</u>	Notes	Unaudited		Audited	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	21	16,603	10,293	61,554	37,223
Interest expense	22	(10,189)	(6,303)	(33,670)	(20,939)
Net interest income		6,414	3,990	27,884	16,284
Income from Islamic Banking Scheme operations	30	21,088	4,537	85,104	18,613
Non-interest income	23	143,891	92,638	359,787	355,708
Direct costs	24	(16,901)	(6,838)	(37,735)	(20,066)
Net income		154,492	94,327	435,040	370,539
Overhead expenses	25	(100,228)	(91,161)	(284,238)	(292,305)
Operating profit		54,264	3,166	150,802	78,234
Writeback of/(allowance for) impairment on loans and advances and other assets, net	26	3,026	789	(2,181)	1,308
		57,290	3,955	148,621	79,542
Share of results of a joint venture		(5,435)	(181)	(8,469)	(347)
Profit before taxation and zakat		51,855	3,774	140,152	79,195
Taxation and zakat		(11,267)	(249)	(37,616)	(20,741)
Profit for the period/year, attributable to equity holder of the Bank		40,588	3,525	102,536	58,454
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		81	7	205	117
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent years:					
Foreign currency translation		(752)	1,576	(2,137)	636
Total other comprehensive (loss)/income for the period/year, net of tax		(752)	1,576	(2,137)	636
Total comprehensive income for the period/year, attributable to equity holder of the Bank		39,836	5,101	100,399	59,090

(These condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

Bank	Notes	Unaudited		Audited	
		4th Quarter Ended	Cumulative 12 Months Ended	31 December	31 December
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Interest income	21	16,335	10,044	60,508	36,169
Interest expense	22	(10,189)	(6,303)	(33,670)	(20,939)
Net interest income		6,146	3,741	26,838	15,230
Income from Islamic Banking Scheme operations	30	21,088	4,537	85,104	18,613
Non-interest income	23	143,423	92,092	357,696	351,994
Direct costs	24	(16,901)	(6,838)	(37,735)	(20,066)
Net income		153,756	93,532	431,903	365,771
Overhead expenses	25	(99,425)	(90,286)	(281,204)	(288,052)
Operating profit		54,331	3,246	150,699	77,719
Allowance for impairment on investment in a joint venture		(8,000)	-	(8,000)	-
Writeback of/(allowance for) impairment on loans and advances and other assets, net	26	3,051	739	(2,156)	1,308
Profit before taxation and zakat		49,382	3,985	140,543	79,027
Taxation and zakat		(11,217)	(199)	(37,424)	(20,303)
Profit for the period/year, representing total comprehensive income for the period/year, attributable to equity holder of the Bank		38,165	3,786	103,119	58,724

(These condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Audited	←-----Non-distributable----->					Distributable	Total
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
At 1 January 2017	50,116	172,669	50,116	3,497	1,757	265,834	543,989
Profit for the year	-	-	-	-	-	102,536	102,536
Other comprehensive loss	-	-	-	-	(2,137)	-	(2,137)
Total comprehensive (loss)/income for the year	-	-	-	-	(2,137)	102,536	100,399
Transfer to regulatory reserve	-	-	-	1,525	-	(1,525)	-
Transfer to retained earnings	-	-	(50,116)	-	-	50,116	-
Transfer to share capital	172,669	(172,669)	-	-	-	-	-
At 31 December 2017	222,785	-	-	5,022	(380)	416,961	644,388
At 1 January 2016	50,116	172,669	50,116	3,409	1,121	294,595	572,026
Profit for the year	-	-	-	-	-	58,454	58,454
Other comprehensive income	-	-	-	-	636	-	636
Total comprehensive income for the year	-	-	-	-	636	58,454	59,090
Transfer to regulatory reserve	-	-	-	88	-	(88)	-
Dividends	-	-	-	-	-	(87,127)	(87,127)
At 31 December 2016	50,116	172,669	50,116	3,497	1,757	265,834	543,989

(These condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Audited	<-----Non-distributable----->				Distributable	Total
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	
Bank						
At 1 January 2017	50,116	172,669	50,116	3,497	255,747	532,145
Profit for the year	-	-	-	-	103,119	103,119
Total comprehensive income for the year	-	-	-	-	103,119	103,119
Transfer to regulatory reserve	-	-	-	1,525	(1,525)	-
Transfer to retained earnings	-	-	(50,116)	-	50,116	-
Transfer to share capital	172,669	(172,669)	-	-	-	-
At 31 December 2017	222,785	-	-	5,022	407,457	635,264
At 1 January 2016	50,116	172,669	50,116	3,409	284,238	560,548
Profit for the year	-	-	-	-	58,724	58,724
Total comprehensive income for the year	-	-	-	-	58,724	58,724
Transfer to regulatory reserve	-	-	-	88	(88)	-
Dividends	-	-	-	-	(87,127)	(87,127)
At 31 December 2016	50,116	172,669	50,116	3,497	255,747	532,145

(These condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Audited Group		Audited Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Profit before taxation and zakat	140,152	79,195	140,543	79,027
Adjustment for non-operating and non-cash items	8,837	(48,335)	8,343	(48,682)
Operating profit before working capital changes	<u>148,989</u>	30,860	<u>148,886</u>	30,345
Changes in working capital:				
Net changes in operating assets	(644,096)	(300,874)	(645,354)	(300,750)
Net changes in operating liabilities	691,493	436,253	692,253	435,118
Taxation and zakat paid, net	(49,683)	(19,325)	(49,602)	(18,566)
Net cash generated from operating activities	<u>146,703</u>	146,914	<u>146,183</u>	146,147
Net cash (used in)/generated from investing activities	(3,116)	425	(3,116)	425
Net cash used in financing activity - dividends paid	-	(87,127)	-	(87,127)
Net increase in cash and cash equivalents	<u>143,587</u>	60,212	<u>143,067</u>	59,445
Cash and cash equivalents at beginning of the year	<u>560,576</u>	500,364	<u>520,577</u>	461,132
Cash and cash equivalents at end of the year	<u>704,163</u>	560,576	<u>663,644</u>	520,577
Cash and short-term funds (Note 14)	703,662	534,129	663,163	494,150
Deposits and placements with a financial institution (Note 15)	807,279	388,587	807,259	388,567
	<u>1,510,941</u>	922,716	<u>1,470,422</u>	882,717
Less:				
Cash and short-term funds and deposits and placements with original maturity more than three months	(806,778)	(362,140)	(806,778)	(362,140)
	<u>704,163</u>	560,576	<u>663,644</u>	520,577

(These condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

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

1. Basis of Preparation

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

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017. These explanatory notes attached to the 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 2016.

The 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 2017 except for adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), annual improvements to MFRSs and IC interpretation which are effective for annual periods beginning on or after 1 January 2018:

Description	Effective for annual periods beginning on or after
MFRS 2 <i>Share-based Payment</i> - Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 9 <i>Prepayment Features with Negative Compensation</i> (Amendments to MFRS 9)	1 January 2019
MFRS 10 <i>Consolidated Financial Statements</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10)	To be announced by MASB
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 128 <i>Investments in Associates and Joint Ventures</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)	To be announced by MASB
MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i> (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRSs 2014 - 2016 Cycle	
(i) Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2018
(ii) Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
MFRS 140 <i>Transfers of Investment Property</i> (Amendments to MFRS 140)	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle	
(i) Amendments to MFRS 3 <i>Business Combinations and MFRS 11 Joint Arrangements</i>	1 January 2019
(ii) Amendments to MFRS 112 <i>Income Tax</i>	1 January 2019
(iii) Amendments to MFRS 123 <i>Borrowing Costs</i>	1 January 2019

Adoption of the above standards, annual improvements to standards and IC Interpretation is not expected to have any material impact on the financial statements of the Group and of the Bank in the period of initial application.

Companies Act 2016

The condensed interim financial statements of the Group and of the Bank are prepared in accordance with the requirements of the Companies Act 2016 (“New Act”), which replaced the Companies Act 1965. Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Bank upon the commencement of the New Act on 31 January 2017 are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares of the Bank will cease to have par or nominal value; and
- (c) the Bank’s share premium will become part of the share capital.

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Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting (Cont'd)

1. Basis of Preparation (Cont'd)

Companies Act 2016 (Cont'd)

During the financial year ended 31 December 2017, the Bank has transferred RM172.7 million share premium to its share capital. Pursuant to Section 618 of the New Act, the Bank has twenty four (24) months to utilise the amount of share premium that has been transferred to share capital.

2. Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2017 were prepared in accordance with MFRS, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The significant accounting policies adopted in preparing these condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017.

3. Significant Accounting Estimates and Judgements

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

In preparing these 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 2016.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2016 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 and financial year ended 31 December 2017.

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

During the fourth quarter and financial year ended 31 December 2017, 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 and financial year ended 31 December 2017.

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 and financial year ended 31 December 2017.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the fourth quarter and financial year ended 31 December 2017.

10. Proposed Dividend

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the current financial year ended 31 December 2017 of approximately RM1.47 per share on 50,116,000 ordinary shares, amounting to a net dividend payable of RM73,900,000 will be proposed for the shareholder's approval.

11. Significant and Subsequent Events

There were no significant and subsequent events during the fourth quarter and financial year ended 31 December 2017.

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Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) Interim Financial Reporting (Cont’d)

12. Performance Review

For the financial year ended 31 December 2017, the Group recorded a higher operating profit compared to the previous corresponding year. Operating profit increased by 92.8% from RM78.2 million to RM150.8 million.

Net interest income increased by 71.2% to RM27.9 million due to higher interest income from deposits and placements with a financial institution and interest income from term loans due to classification of derivative financial instruments as synthetic term loans during the year. Income from Islamic Banking Scheme operations increased by RM66.5 million from RM18.6 million to RM85.1 million due to higher fee-based income from Islamic investment banking business. The non-interest income increased by RM4.1 million from RM355.7 million to RM 359.8 million due to higher fee-based income. Overall, net income increased by 17.4% from RM370.5 million to RM435.0 million.

Overhead expenses decreased by 2.8% or RM8.1 million to RM284.2 million from RM292.3 million. This was mainly due to lower establishment costs. However, it was partly offset by an increase in administration and general expenses.

The Group's profit before taxation and zakat increased by 77.0% or RM61.0 million from RM79.2 million to RM140.2 million. Profit for the year increased by 75.4% or RM44.1 million to RM102.5 million compared to the previous year.

13. Business Outlook

Global real Gross Domestic Product ("GDP") growth is forecasted to remain stable at +3.7% in 2018E (2017: +3.7%), on sustained growth in the United States (2018E: +2.5%; 2017: +2.3%), and improved growth in selected BRIC markets such as Brazil (2018E: +2.0%; 2017: +0.9%) and India (2018E: +7.3%; 2017: +6.5%).

Meanwhile, the ASEAN-6 countries could chart a similar pace of growth in 2018E at 5.1% (2017: +5.1%) benefiting from the spillover effects to domestic demand arising from the expansions in external demand. Malaysia is expected to expand by +5.3% (2017: +5.9%), Singapore forecasted to grow at +2.8% (2017: +3.6%) and Indonesia to remain resilient at +5.3% (2017: +5.1%).

Malaysia's real GDP 2018 growth will be driven by continued growth in consumer spending, public consumption and gross fixed capital formation with expansion in both private and public investments. Exports and imports of goods and services will expand further in 2018 on the back of the sustained global and domestic growth momentum, but the pace of growth is expected to moderate after the high base in 2017.

Against the backdrop, the investment banking industry is expected to grow in 2018 backed by strong economic fundamentals. The domestic equity market conditions are expected to remain healthy, supported by a positive forecasted GDP. Initial public offerings and deal value are expected to be larger and there are possibilities to see increased capital raising via equity placements/right issues as equity market continues to gain its momentum from 2017. Various funding requirements for infrastructure projects that are due to be rolled out in 2018, will be financed through debt markets such as bond/sukuk issuances, project financing and loan syndications.

Maybank Investment Bank Berhad Group will focus on opportunities across its business segments as companies from various industries are strengthening their core business activities in 2018.

Barring any unforeseen circumstances, Maybank Investment Bank Berhad Group's performance in 2018 is expected to be satisfactory.

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14. Cash and short-term funds

	Group		Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with financial institutions	240,105	208,951	233,926	201,479
Deposit placements maturing within one month	463,557	325,178	429,237	292,671
Total cash and short-term funds	703,662	534,129	663,163	494,150

The monies held-in-trust for clients by the Group and the Bank as at the reporting date are approximately RM266,353,000 (2016: RM173,369,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with FRSIC Consensus 18 Monies Held-in-Trust by Participating Organisation at Bursa Malaysia Securities Berhad.

15. Deposits and placements with a financial institution

	Group		Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Licensed bank	807,279	388,587	807,259	388,567

16. Financial investments portfolio

		Group and Bank	
		31 December 2017	31 December 2016
		RM'000	RM'000
Financial assets at fair value through profit or loss	(i)	390,177	468,930
Financial investments available-for-sale	(ii)	39,445	39,445
Financial investments held-to-maturity	(iii)	33	33
Total financial investments portfolio		429,655	508,408

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

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
At fair value		
Quoted financial investments:		
Shares in Malaysia	214,202	337,563
Shares outside Malaysia	144,433	120,017
	358,635	457,580
Unquoted financial investments:		
Structured product	31,542	11,350
	390,177	468,930

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16. Financial investments portfolio (Cont'd)

(ii) Financial investments available-for-sale

	Group and Bank	
	31 December 2017	31 December 2016
	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	<u>39,445</u>	<u>39,445</u>

(iii) Financial investments held-to-maturity

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
At amortised cost		
Unquoted financial investments:		
Private debt securities in Malaysia	<u>33</u>	<u>33</u>

17. Loans and advances

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
Term loans		
- Syndicated term loan	-	6,447
- Other term loans	109,256	17,749
Amount due from brokers and clients		
- Margin accounts	340,987	258,717
Staff loans	22,032	23,337
Gross loans and advances	<u>472,275</u>	<u>306,250</u>
Less: Allowance for impairment losses		
- Individual assessment allowance	(273)	(6,270)
- Collective assessment allowance	(642)	(104)
Net loans and advances	<u>471,360</u>	<u>299,876</u>

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

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
Domestic business enterprises	183,846	80,482
Individuals	281,910	220,064
Foreign entities	6,519	5,704
Gross loans and advances	<u>472,275</u>	<u>306,250</u>

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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 December 2017 RM'000	31 December 2016 RM'000
Fixed rate		
- Housing loans	11,489	11,522
- Hire purchase receivables	10,280	11,541
- Other fixed rate loans	263	6,721
Variable rate		
- Base lending rate (BLR)-plus	340,987	258,717
- Cost-plus	109,256	17,749
Gross loans and advances	472,275	306,250

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

	Group and Bank	
	31 December 2017 RM'000	31 December 2016 RM'000
Purchase of securities	340,987	258,717
Purchase of transport vehicles	10,280	11,541
Purchase of residential landed property	11,489	11,522
Personal use	263	274
Working capital	-	6,447
Others	109,256	17,749
Gross loans and advances	472,275	306,250

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

	Group and Bank	
	31 December 2017 RM'000	31 December 2016 RM'000
Maturing within one year	435,710	265,564
More than one year to three years	3,947	2,782
More than three years to five years	21,258	26,360
More than five years	11,360	11,544
Gross loans and advances	472,275	306,250

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

	Group and Bank	
	31 December 2017 RM'000	31 December 2016 RM'000
At 1 January	7,083	6,981
Impaired during the year	15	116
Recovered/regularised during the year	(6,457)	(14)
Gross impaired loans and advances	641	7,083
Less: Individual assessment allowance	(273)	(6,270)
Net impaired loans and advances	368	813
Net impaired loans and advances as a percentage of gross loans and advances less individual assessment allowance	0.08%	0.27%

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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 December 2017 RM'000	31 December 2016 RM'000
Purchase of securities	15	-
Purchase of transport vehicles	159	159
Purchase of residential landed property	467	477
Working capital	-	6,447
Gross impaired loans and advances	641	7,083

(vii) **Movements in the allowance for impairment losses are as follows:**

	Group and Bank	
	31 December 2017 RM'000	31 December 2016 RM'000
Individual assessment allowance		
At 1 January	6,270	6,267
Allowance made during the year (Note 26)	7	3
Amount written-off during the year	(6,004)	-
At 31 December	273	6,270
Collective assessment allowance		
At 1 January	104	-
Allowance made during the year (Note 26)	538	104
At 31 December	642	104

18. **Other assets**

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	784,480	685,716	784,480	685,716
Amount due from ultimate holding company	25,609	11,971	25,609	11,971
Other debtors, deposits and prepayments	159,611	73,036	155,803	67,397
	969,700	770,723	965,892	765,084
Less: Allowance for impairment losses	(17,708)	(14,848)	(13,980)	(11,145)
	951,992	755,875	951,912	753,939

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

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19. Other liabilities

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Provisions and accruals	113,736	85,384	113,553	85,202
Amount due to brokers and clients (a)	745,988	691,678	745,988	691,678
Deposits and other creditors	1,020,434	525,980	1,019,290	523,915
Amount due to:				
- Holding company	45,662	73,459	45,662	73,459
- Related companies	21,220	7,521	21,220	7,521
- Subsidiaries	-	-	171,474	171,634
	1,947,040	1,384,022	2,117,187	1,553,409

(a) Amount due to brokers and clients represents net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gains and losses, other fees and charges.

20. Derivative financial instruments

(i) Derivative assets

	Group and Bank			
	31 December 2017		31 December 2016	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Hedging derivatives				
Equity-related derivatives:				
Equity swaps				
- Less than one year	118,129	8,855	320,098	19,839

(ii) Derivative liabilities

	Group and Bank			
	31 December 2017		31 December 2016	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Hedging derivatives				
Equity-related derivatives:				
Equity options				
- Less than one year	151,143	81,445	61,298	26,817
Equity swaps				
- Less than one year	145,972	21,283	123,737	4,292
	297,115	102,728	185,035	31,109

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20. Derivative financial instruments (Cont'd)

(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	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Equity-related derivatives:				
Index futures	-	(4)	5	1,000
Equity options	(6,572)	(24,477)	(26,279)	(10,043)
Equity swaps	(2,266)	24,467	(27,975)	15,366
	(8,838)	(14)	(54,249)	6,323

21. Interest income

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances				
- Interest income other than on impaired loans	8,021	5,426	33,362	21,128
- Interest income on impaired loans	16	31	86	147
Money at call and deposits and placements with financial institutions	8,207	4,571	26,700	15,092
Others	359	265	1,406	856
Total interest income	16,603	10,293	61,554	37,223

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans and advances				
- Interest income other than on impaired loans	8,021	5,426	33,362	21,128
- Interest income on impaired loans	16	31	86	147
Money at call and deposits and placements with financial institutions	7,939	4,322	25,654	14,038
Others	359	265	1,406	856
Total interest income	16,335	10,044	60,508	36,169

22. Interest expense

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Deposits and placements from a licensed bank	4,043	3,366	14,136	12,345
Derivative financial instruments	6,146	2,937	19,534	8,594
Total interest expense	10,189	6,303	33,670	20,939

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23. **Non-interest income**

<u>Group</u>	Unaudited		Audited	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Fee and commission income:				
Arranger and upfront fees	53,680	17,229	74,907	41,703
Brokerage income	39,335	35,019	173,995	141,797
Corporate advisory fees	41,461	6,302	55,337	91,759
Placement and related fees	1,365	7,962	15,221	9,777
Underwriting commission	147	-	2,861	2,383
Others	2,720	4,585	13,548	11,023
	<u>138,708</u>	<u>71,097</u>	<u>335,869</u>	<u>298,442</u>
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	1,260	(7,438)	42,985	(20,340)
Unrealised gain on revaluation of financial assets at fair value through profit or loss, net	12,105	25,051	77,841	40,708
Realised (loss)/gain from sale of derivative financial instruments, net	(2,153)	4,706	(55,812)	20,960
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 20 (iii))	(8,838)	(14)	(54,249)	6,323
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	1,232	5,869	2,505	11,230
- Quoted outside Malaysia	-	355	481	355
	<u>3,606</u>	<u>28,529</u>	<u>13,751</u>	<u>59,236</u>
Other income:				
Foreign exchange gain/(loss), net	722	(6,888)	5,653	(6,561)
Gain from disposal of property, plant and equipment	-	17	-	257
Others	855	(117)	4,514	4,334
	<u>1,577</u>	<u>(6,988)</u>	<u>10,167</u>	<u>(1,970)</u>
Total non-interest income	<u>143,891</u>	<u>92,638</u>	<u>359,787</u>	<u>355,708</u>

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

<u>Bank</u>	Unaudited		Audited	
	4th Quarter Ended 31 December 2017 RM'000	31 December 2016 RM'000	Cumulative 12 Months Ended 31 December 2017 RM'000	31 December 2016 RM'000
Fee and commission income:				
Arranger and upfront fees	53,680	17,229	74,907	41,703
Brokerage income	39,335	35,019	173,995	141,797
Corporate advisory fees	40,993	5,757	53,249	88,040
Placement and related fees	1,365	7,962	15,221	9,777
Underwriting commission	147	-	2,861	2,383
Others	2,720	4,585	13,548	11,023
	138,240	70,552	333,781	294,723
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	1,260	(7,438)	42,985	(20,340)
Unrealised gain on revaluation of financial assets at fair value through profit or loss, net	12,105	25,051	77,841	40,708
Realised (loss)/gain from sale of derivative financial instruments, net	(2,153)	4,706	(55,812)	20,960
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 20 (iii))	(8,838)	(14)	(54,249)	6,323
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	1,232	5,869	2,505	11,230
- Quoted outside Malaysia	-	355	481	355
	3,606	28,529	13,751	59,236
Other income:				
Foreign exchange gain/(loss), net	722	(6,887)	5,653	(6,561)
Gain from disposal of property, plant and equipment	-	17	-	257
Others	855	(119)	4,511	4,339
	1,577	(6,989)	10,164	(1,965)
Total non-interest income	143,423	92,092	357,696	351,994

24. **Direct costs**

	Unaudited		Audited	
	4th Quarter Ended 31 December 2017 RM'000	31 December 2016 RM'000	Cumulative 12 Months Ended 31 December 2017 RM'000	31 December 2016 RM'000
Dealers' incentive	13,869	2,879	25,078	8,488
Trade-related charges	3,032	3,959	12,657	11,578
	16,901	6,838	37,735	20,066

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25. **Overhead expenses**

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended 31 December 2017 RM'000	31 December 2016 RM'000	Cumulative 12 Months Ended 31 December 2017 RM'000	31 December 2016 RM'000
Personnel expenses				
- Salaries, allowances and bonuses (Note (i))	70,961	73,114	199,667	201,917
- Pension costs - defined contribution plan	4,638	4,340	18,534	17,270
- Employees' Share Scheme expenses	1,309	2,002	4,982	7,377
- Other staff-related expenses	6,665	3,074	13,645	11,112
	<u>83,573</u>	<u>82,530</u>	<u>236,828</u>	<u>237,676</u>
Establishment costs				
- Depreciation of property, plant and equipment	1,641	1,613	6,380	6,501
- Amortisation of computer software	1,208	1,142	4,334	4,467
- Rental	2,299	2,880	10,557	11,398
- Repairs and maintenance of property, plant and equipment	2,115	2,800	10,616	11,668
- Information technology expenses	5,143	1,223	15,293	10,583
- Service chargeback	(3,908)	(6,935)	(29,373)	(17,628)
- Others	439	138	1,854	1,990
	<u>8,937</u>	<u>2,861</u>	<u>19,661</u>	<u>28,979</u>
Marketing costs				
- Advertisement and publicity	1,271	783	9,761	9,242
- Others	2,280	2,179	6,612	6,749
	<u>3,551</u>	<u>2,962</u>	<u>16,373</u>	<u>15,991</u>
Administration and general expenses				
- Fee and brokerage (Note (i))	2,141	866	4,002	1,751
- Administrative expenses	1,079	700	3,743	3,571
- General expenses (Note (i))	947	1,242	3,631	4,337
	<u>4,167</u>	<u>2,808</u>	<u>11,376</u>	<u>9,659</u>
Total overhead expenses	<u>100,228</u>	<u>91,161</u>	<u>284,238</u>	<u>292,305</u>

Note (i): Dealers' incentive and trade-related charges have been reclassified to Note 24 Direct costs as these are directly attributable expenses in generating non-interest income.

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

<u>Bank</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses (Note (i))	70,961	73,114	199,667	201,917
- Pension costs - defined contribution plan	4,638	4,340	18,534	17,270
- Employees' Share Scheme expenses	1,309	2,002	4,982	7,377
- Other staff related expenses	6,665	3,074	13,644	11,111
	<u>83,573</u>	<u>82,530</u>	<u>236,827</u>	<u>237,675</u>
Establishment costs				
- Depreciation of property, plant and equipment	1,641	1,613	6,380	6,501
- Amortisation of computer software	1,208	1,142	4,334	4,467
- Rental	2,299	2,880	10,557	11,398
- Repairs and maintenance of property, plant and equipment	2,114	2,800	10,613	11,665
- Information technology expenses	5,143	1,223	15,293	10,583
- Service chargeback	(4,698)	(7,809)	(32,319)	(21,771)
- Others	439	138	1,854	1,990
	<u>8,146</u>	<u>1,987</u>	<u>16,712</u>	<u>24,833</u>
Marketing costs				
- Advertisement and publicity	1,271	783	9,761	9,242
- Others	2,293	2,199	6,642	6,808
	<u>3,564</u>	<u>2,982</u>	<u>16,403</u>	<u>16,050</u>
Administration and general expenses				
- Fee and brokerage (Note (i))	2,119	843	3,922	1,656
- Administrative expenses	1,076	703	3,709	3,516
- General expenses (Note (i))	947	1,241	3,631	4,322
	<u>4,142</u>	<u>2,787</u>	<u>11,262</u>	<u>9,494</u>
Total overhead expenses	<u>99,425</u>	<u>90,286</u>	<u>281,204</u>	<u>288,052</u>

Note (i): Dealers' incentive and trade-related charges have been reclassified to Note 24 Direct costs as these are directly attributable expenses in generating non-interest income.

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

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on loans and advances:				
- Individual allowance made	(7)	-	(7)	(3)
- Collective allowance written-back/(made)	151	(104)	(538)	(104)
Bad debts recovered	190	511	1,224	1,151
Writeback of/(allowance for) impairment on other assets, net	2,692	382	(2,860)	264
Total	3,026	789	(2,181)	1,308

<u>Bank</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on loans and advances:				
- Individual allowance made	(7)	-	(7)	(3)
- Collective allowance written-back/(made)	151	(104)	(538)	(104)
Bad debts recovered	190	511	1,224	1,151
Writeback of/(allowance for) impairment on other assets, net	2,717	332	(2,835)	264
Total	3,051	739	(2,156)	1,308

27. Capital adequacy

(i) Capital Adequacy Framework

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

The computation of capital adequacy ratios are based on Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 4 August 2017 and 2 March 2017 respectively.

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

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

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

	Group %	Bank %
<u>At 31 December 2017</u>		
CET1 capital ratio	31.322	29.674
Tier 1 capital ratio	31.322	29.674
Total capital ratio	<u>31.525</u>	<u>29.674</u>
<u>At 31 December 2016</u>		
CET1 capital ratio	33.010	30.758
Tier 1 capital ratio	33.010	30.758
Total capital ratio	<u>33.010</u>	<u>30.758</u>

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27. Capital adequacy (Cont'd)

(l) Capital Adequacy Framework (Cont'd)

The components of capital of the Group and of the Bank are as follows (Cont'd):

	Group RM'000	Bank RM'000
<u>At 31 December 2017</u>		
Paid-up share capital	222,785	222,785
Other reserves	416,581	407,457
CET1 capital before regulatory adjustments	639,366	630,242
Less: Deferred tax assets	(19,603)	(19,603)
Intangible assets	(16,312)	(16,312)
Investment in subsidiaries and a joint venture ¹	(4,597)	(32,758)
CET1 capital/Tier 1 capital	598,854	561,569
Tier 2 capital		
Regulatory reserve	5,022	5,022
Less: Regulatory adjustment applied in Tier 2 capital	(1,149)	(5,022)
Tier 2 capital	3,873	-
Total capital	602,727	561,569
<u>At 31 December 2016</u>		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	267,591	255,747
CET1 capital before regulatory adjustments	540,492	528,648
Less: Deferred tax assets	(14,465)	(14,465)
Intangible assets	(16,687)	(16,687)
Investment in subsidiaries and a joint venture ¹	(12,282)	(42,283)
CET1 capital/Tier 1 capital	497,058	455,213
Tier 2 capital		
Regulatory reserve	3,497	3,497
Less: Regulatory adjustment applied in Tier 2 capital	(3,497)	(3,497)
Tier 2 capital	-	-
Total capital	497,058	455,213

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.

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

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

<u>Group</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
31 December 2017				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	415,652	415,652	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,399,983	1,399,983	535,897	42,872
Corporates	184,052	98,545	98,545	7,884
Regulatory retail	287,564	112,698	107,567	8,605
Higher risk assets	39,445	39,445	59,168	4,733
Other assets	379,562	379,562	221,484	17,719
Total on-balance sheet exposures	2,706,258	2,445,885	1,022,661	81,813
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,053,132	1,053,132	449	36
Total off-balance sheet exposures	1,053,132	1,053,132	449	36
Total on and off-balance sheet exposures	3,759,390	3,499,017	1,023,110	81,849
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	550	44
Equity position risk	-	-	14,488	1,159
Foreign currency risk	-	-	66,778	5,342
Options risk	-	-	43,087	3,447
Total	-	-	124,903	9,992
(iii) <u>Operational Risk</u>				
	-	-	763,899	61,112
Total RWA and capital requirements	3,759,390	3,499,017	1,911,912	152,953

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27. Capital adequacy (Cont'd)

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

<u>Group</u>	Gross credit exposures	Net credit exposures	Risk-weighted assets	Capital requirements
31 December 2016	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	265,652	265,652	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	859,976	859,976	267,686	21,415
Corporates	83,968	22,578	20,121	1,610
Regulatory retail	219,284	98,433	93,151	7,452
Higher risk assets	39,445	39,445	59,168	4,733
Other assets	83,201	83,201	77,895	6,232
Total on-balance sheet exposures	1,551,526	1,369,285	518,021	41,442
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,114,931	1,114,931	1,640	131
Total off-balance sheet exposures	1,114,931	1,114,931	1,640	131
Total on and off-balance sheet exposures	2,666,457	2,484,216	519,661	41,573
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	731	58
Equity position risk	-	-	7,377	590
Foreign currency risk	-	-	152,542	12,203
Options risk	-	-	2,063	164
Total	-	-	162,713	13,015
(iii) <u>Operational Risk</u>				
	-	-	823,413	65,873
Total RWA and capital requirements	2,666,457	2,484,216	1,505,787	120,461

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27. Capital adequacy (Cont'd)

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

<u>Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
31 December 2017				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	415,652	415,652	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,359,507	1,359,507	527,801	42,224
Corporates	184,052	98,545	98,545	7,884
Regulatory retail	287,564	112,698	107,566	8,605
Higher risk assets	39,445	39,445	59,168	4,733
Other assets	379,430	379,430	221,353	17,708
Total on-balance sheet exposures	2,665,650	2,405,277	1,014,433	81,154
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,053,132	1,053,132	449	36
Total off-balance sheet exposures	1,053,132	1,053,132	449	36
Total on and off-balance sheet exposures	3,718,782	3,458,409	1,014,882	81,190
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	550	44
Equity position risk	-	-	14,488	1,159
Foreign currency risk	-	-	61,911	4,953
Options risk	-	-	43,087	3,447
Total	-	-	120,036	9,603
(iii) <u>Operational Risk</u>	-	-	757,556	60,604
Total RWA and capital requirements	3,718,782	3,458,409	1,892,474	151,397

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27. Capital adequacy (Cont'd)

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

<u>Bank</u>	Gross credit exposures	Net credit exposures	Risk-weighted assets	Capital requirements
31 December 2016	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	265,652	265,652	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	820,017	820,017	259,694	20,776
Corporates	83,968	22,578	20,121	1,610
Regulatory retail	219,284	98,433	93,151	7,452
Higher risk assets	39,445	39,445	59,168	4,733
Other assets	81,385	81,385	76,081	6,086
Total on-balance sheet exposures	1,509,751	1,327,510	508,215	40,657
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,114,931	1,114,931	1,640	131
Total off-balance sheet exposures	1,114,931	1,114,931	1,640	131
Total on and off-balance sheet exposures	2,624,682	2,442,441	509,855	40,788
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	731	58
Equity position risk	-	-	7,377	590
Foreign currency risk	-	-	147,056	11,764
Options risk	-	-	2,063	165
Total	-	-	157,227	12,577
(iii) <u>Operational Risk</u>				
	-	-	812,899	65,032
Total RWA and capital requirements	2,624,682	2,442,441	1,479,981	118,397

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28. Commitments and contingencies

Group and Bank	31 December 2017			31 December 2016		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
<u>Credit-related</u>						
Revocable commitments to extend credit:						
- Maturity not exceeding one year	1,052,235	-	-	1,111,651	-	-
- Maturity exceeding one year	897	449	449	3,280	1,640	1,640
	1,053,132	449	449	1,114,931	1,640	1,640
<u>Derivative financial instruments</u>						
Equity-related contracts						
- Less than one year	415,244	-	-	505,133	-	-
Total commitments and contingencies	1,468,376	449	449	1,620,064	1,640	1,640

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

Contingent liabilities

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

Case 1

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

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

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

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

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

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

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

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28. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 1 (Cont'd)

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

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

The Bank and the other Defendants have filed their separate and respective appeals to the Court of Appeal ("the Appeals").

The Appeals are now fixed for:

- (1) Hearings on 12, 13, 15, 16, 21-23, 26-29 November 2018; and
- (2) Case management on 8 August 2018.

The court further gave directions for the filing of written submissions as follows:

- (1) The filing of the Common Agreed Core Bundle of Documents – by 6 April 2018;
- (2) Appellants to file and serve written submissions – by 7 May 2018;
- (3) Respondents to file and serve written submissions – by 9 July 2018; and
- (4) Appellants to file and serve rebuttal submissions – by 8 August 2018.

The Bank's solicitors are optimistic of the Bank's chances of succeeding in its appeal to the Court of Appeal.

Case 2

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

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

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

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.

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.

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28. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 2 (cont'd)

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

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

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

On 30 December 2016 and 5 January 2017, the 1st Defendant and 2nd Defendant filed their respective applications to the Federal Court for leave to appeal to the Federal Court against the COA Decision ("FC Leave Application"). On 26 April 2017, the Federal Court allowed the FC Leave Application. The 1st Defendant and the 2nd Defendant can now file their appeals to the Federal Court against the Summary Judgment ("FC Appeals"). The FC Appeal is fixed for hearing on 15 March 2018.

Separately, in respect of the suit filed by Pavilion Yields Sdn Bhd ("Pavilion Yields") against the Trustee and the Banks to seek various declarations on or in respect of resolutions relating to the recovery of outstanding amounts owed under the Notes, the suit is now pending hearing of the appeal to the Federal Court on 9 April 2018. The Guarantor also obtained an ex parte Receiving Order on the grounds that there is a purported scheme of arrangement for the creditors' consideration. The Banks successfully set aside the Receiving Order on 17 May 2017.

The Guarantor has appealed to the Court of Appeal against the setting aside of the Receiving Order.

The above matters are currently pending hearings before/decision from the respective Courts.

29. Segment information

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

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

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

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

(i) Pillar 1 - Investment banking and advisory

Investment banking and advisory focus on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services and debt restructuring advisory services.

(ii) Pillar 2 - Equities

Equities primarily engage in the shares and futures broking services and derivative financial instruments.

(iii) Others

This segment includes investment holding, nominee and custodian services.

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29. Segment information (Cont'd)

The following table provides analysis of the Group's financial results and other information by business segments:

Group	Pillar 1	Pillar 2	Others	Total
31 December 2017	RM'000	RM'000	RM'000	RM'000
Net interest income	4,869	23,015	-	27,884
Income from Islamic Banking Scheme operations	79,809	5,295	-	85,104
Non-interest income	161,377	198,410	-	359,787
Direct costs	-	(37,735)	-	(37,735)
Net income	246,055	188,985	-	435,040
Overhead expenses	(70,222)	(91,048)	(122,968)	(284,238)
(Allowance for)/writeback of impairment on loans and advances and other debtors, net	(2,655)	474	-	(2,181)
Share of results of a joint venture	-	-	(8,469)	(8,469)
Profit/(loss) before taxation	173,178	98,411	(131,437)	140,152
Taxation and zakat				(37,616)
Profit for the year				102,536

Other segment information

Depreciation of property, plant and equipment	376	3,121	2,883	6,380
Amortisation of computer software	424	2,638	1,272	4,334

Group	Pillar 1	Pillar 2	Others	Total
31 December 2016	RM'000	RM'000	RM'000	RM'000
Net interest income	2,845	13,439	-	16,284
Income from Islamic Banking Scheme operations	15,008	3,605	-	18,613
Non-interest income	143,034	212,674	-	355,708
Direct costs	-	(20,066)	-	(20,066)
Net income	160,887	209,652	-	370,539
Overhead expenses	(71,848)	(99,235)	(121,222)	(292,305)
Writeback of impairment on loans and advances and other debtors, net	455	853	-	1,308
Writeback of impairment on derivative assets			-	-
Share of results of a joint venture	-	-	(347)	(347)
Profit/(loss) before taxation	89,494	111,270	(121,569)	79,195
Taxation and zakat				(20,741)
Profit for the year				58,454

Other segment information

Depreciation of property, plant and equipment	444	2,969	3,088	6,501
Amortisation of computer software	353	2,596	1,518	4,467

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

Statements of Financial Position as at 31 December 2017

	Notes	Audited Group and Bank	
		31 December 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds	(a)	2,757	2,880
Other assets	(b)	371,079	326,287
Total assets		373,836	329,167
LIABILITIES			
Other liabilities	(c)	162,214	154,985
Provision for taxation and zakat	(d)	10,157	630
Total liabilities		172,371	155,615
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking fund		5,000	5,000
Retained earnings		196,465	168,552
		201,465	173,552
Total liabilities and Islamic banking capital funds		373,836	329,167

Statements of Comprehensive Income

For the Fourth Quarter and Financial Year Ended 31 December 2017

	Notes	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Group and Bank					
Income derived from investment of Islamic banking fund	(e)	21,088	4,537	85,104	18,613
Direct costs		(811)	(529)	(4,816)	(1,841)
Net income attributable to the Group and the Bank		20,277	4,008	80,288	16,772
Overhead expenses	(f)	(11,706)	(4,038)	(41,676)	(15,617)
Operating profit/(loss)		8,571	(30)	38,612	1,155
(Allowance for)/writeback of impairment on other assets		(520)	300	(380)	170
Profit before taxation and zakat		8,051	270	38,232	1,325
Taxation		(1,932)	(65)	(9,176)	(318)
Zakat		(122)	-	(1,143)	-
Profit for the period/year, representing total comprehensive income for the period/year, attributable to equity holder of the Bank		5,997	205	27,913	1,007

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

Statements of Changes in Equity
For the Financial Year Ended 31 December 2017

Audited	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
Group and Bank			
At 1 January 2017	5,000	168,552	173,552
Profit for the year	-	27,913	27,913
Total comprehensive income for the year	-	27,913	27,913
At 31 December 2017	5,000	196,465	201,465
At 1 January 2016	5,000	167,545	172,545
Profit for the year	-	1,007	1,007
Total comprehensive income for the year	-	1,007	1,007
At 31 December 2016	5,000	168,552	173,552

Statements of Cash Flows
For the Financial Year Ended 31 December 2017

	Audited	
	Group and Bank	
	31 December 2017 RM'000	31 December 2016 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	38,232	1,325
Increase in receivables	(44,792)	(138,679)
Increase in payables	6,437	137,869
Net cash (used in)/generated from operating activities	(123)	515
Net (decrease)/increase in cash and cash equivalents	(123)	515
Cash and cash equivalents at beginning of the year	2,880	2,365
Cash and cash equivalents at end of the year	2,757	2,880

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

(a) Cash and short-term funds

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
Cash and bank balances with financial institutions	2,757	2,880

(b) Other assets

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
Debtors and prepayments	371,079	326,287

(c) Other liabilities

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
Provisions and accruals *	162,214	154,985

* Include prohibited sources/means to charitable causes amounting to RM432 (2016: nil).

(d) Provision for taxation and zakat

	Group and Bank	
	31 December 2017	31 December 2016
	RM'000	RM'000
Taxation	9,176	318
Zakat	981	312
	10,157	630

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

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit income from financial assets at fair value through profit or loss	-	5	212	5
Realised gain from sale of financial assets at fair value through profit or loss, net	8,903	-	10,220	-
Fee and commission income from:				
- Arranger and upfront fees	597	2,619	37,890	9,081
- Brokerage income	1,679	713	5,295	3,605
- Corporate advisory fees	-	-	16,235	235
- Underwriting commission	-	-	-	625
- Placement fees	-	-	750	150
- Others	9,909	1,200	14,517	5,183
Foreign exchange loss, net	-	-	(15)	(271)
Total	21,088	4,537	85,104	18,613

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

(f) Overhead expenses

<u>Group and Bank</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Personnel expenses (Note (i))	10,496	3,840	32,271	12,502
Establishment costs				
- Service chargeback	(1,153)	(416)	(3,605)	(1,356)
- Other establishment costs	1,780	256	7,441	2,620
Marketing costs	573	139	2,317	908
Administration and general expenses (Note (i))	10	219	3,252	943
Total	11,706	4,038	41,676	15,617

Note (i): Dealers' incentive and trade-related charges have been reclassified to direct costs as these are directly attributable expenses in generating non-interest income.

(g) Capital adequacy

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

<u>Group and Bank</u>	31 December 2017 %	31 December 2016 %
CET1 capital ratio	85.860	93.875
Tier 1 capital ratio	85.860	93.875
Total capital ratio	85.860	93.875

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

<u>Group and Bank</u>	31 December 2017 RM'000	31 December 2016 RM'000
Tier 1 capital		
Islamic banking fund	5,000	5,000
Retained earnings	196,465	168,552
CET1 capital/Tier 1 capital/Total capital	201,465	173,552

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

(g) Capital adequacy (Cont'd)

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

<u>Group and Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2017				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	2,323	2,323	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	431	431	86	7
Other assets	530,193	530,193	138,878	11,110
Total on-balance sheet exposures	532,947	532,947	138,964	11,117
Total on and off-balance sheet exposures *	532,947	532,947	138,964	11,117
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>	-	-	95,677	7,654
Total RWA and capital requirements	532,947	532,947	234,644	18,771

<u>Group and Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2016				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	2,877	2,877	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	4	4	1	-
Other assets	447,191	447,191	124,000	9,920
Total on-balance sheet exposures	450,072	450,072	124,001	9,920
Total on and off-balance sheet exposures *	450,072	450,072	124,001	9,920
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>	-	-	60,871	4,870
Total RWA and capital requirements	450,072	450,072	184,875	14,790

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

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

(h) Fair values of financial assets and liabilities

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

(i) Allocation of income

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

(j) Shariah committee

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

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

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

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

The Group and the Bank presently have five Shariah members.

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31. 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 2017 and 31 December 2016.

	<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	
<u>Group and Bank</u>				
As at 31 December 2017				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	358,635	31,542	-	390,177
Derivative assets	-	8,855	-	8,855
	<u>358,635</u>	<u>40,397</u>	<u>-</u>	<u>399,032</u>
Financial liabilities measured at fair values:				
Derivative liabilities	21,530	81,198	-	102,728
As at 31 December 2016				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	457,580	11,350	-	468,930
Derivative assets	-	19,839	-	19,839
	<u>457,580</u>	<u>31,189</u>	<u>-</u>	<u>488,769</u>
Financial liabilities measured at fair values:				
Derivative liabilities	914	30,195	-	31,109

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

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

Valuation techniques

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

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.

32. Credit Exposures Arising from Credit Transactions with Connected Parties:

There are no credit exposures arising from credit transactions with connected parties based on requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties as at the end of the current and previous financial years.