

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

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

Group	Note	30 June 2022 RM'000	31 December 2021 RM'000
ASSETS			
Cash and short-term funds	14	966,818	919,242
Deposits and placements with a financial institution	15	560,591	658,039
Financial investments portfolio	16	1,615,359	1,378,634
Loans and advances	17	53,589	64,197
Derivative financial assets	21 (i)	313,283	233,046
Other assets	18	519,452	520,796
Tax recoverable		28,268	19,927
Property, plant and equipment		3,592	3,913
Right-of-use assets		9,888	13,453
Intangible assets		8,506	8,673
Deferred tax assets		16,980	28,846
TOTAL ASSETS		4,096,326	3,848,766
LIABILITIES			
Deposits and placements from a financial institution	19	1,642,124	1,390,622
Derivative financial liabilities	21 (i)	282,246	127,038
Other liabilities	20	1,503,196	1,548,046
Provision for zakat		248	1,056
Subordinated obligation		35,052	35,055
TOTAL LIABILITIES		3,462,866	3,101,817
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		410,675	524,164
TOTAL EQUITY		633,460	746,949
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,096,326	3,848,766
COMMITMENTS AND CONTINGENCIES	29	2,720,054	2,978,845

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

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

<u>Bank</u>	Note	30 June 2022 RM'000	31 December 2021 RM'000
ASSETS			
Cash and short-term funds	14	934,328	886,931
Deposits and placements with a financial institution	15	560,571	658,019
Financial investments portfolio	16	1,615,359	1,378,634
Loans and advances	17	53,589	64,197
Derivative financial assets	21 (i)	313,283	233,046
Other assets	18	519,468	520,744
Tax recoverable		28,275	19,928
Investment in subsidiaries		197,267	197,267
Property, plant and equipment		3,592	3,913
Right-of-use assets		9,888	13,453
Intangible assets		8,506	8,673
Deferred tax assets		16,980	28,846
TOTAL ASSETS		4,261,106	4,013,651
LIABILITIES			
Deposits and placements from a financial institution	19	1,642,124	1,390,622
Derivative financial liabilities	21 (i)	282,246	127,038
Other liabilities	20	1,673,865	1,718,804
Provision for zakat		248	1,056
Subordinated obligation		35,052	35,055
TOTAL LIABILITIES		3,633,535	3,272,575
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		404,786	518,291
TOTAL EQUITY		627,571	741,076
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
		4,261,106	4,013,651
COMMITMENTS AND CONTINGENCIES	29	2,720,054	2,978,845

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

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2022

Group	Notes	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		RM'000	RM'000	RM'000	RM'000
Interest income	22	5,453	4,953	10,168	10,892
Interest expense	23	(8,686)	(7,133)	(15,186)	(14,548)
Net interest expense		(3,233)	(2,180)	(5,018)	(3,656)
Income from Islamic Banking Scheme operations	31	12,370	9,887	25,276	21,760
Non-interest income	24	97,345	132,446	208,911	321,681
Direct costs	25	(8,501)	(26,405)	(18,303)	(52,317)
Net income		97,981	113,748	210,866	287,468
Overhead expenses	26	(76,056)	(72,417)	(157,844)	(142,345)
Operating profit		21,925	41,331	53,022	145,123
(Allowance for)/writeback of impairment on loans and advances and other assets, net	27	(113)	470	55	(4,677)
		21,812	41,801	53,077	140,446
Share of results of a joint venture		-	-	-	(242)
Profit before taxation and zakat		21,812	41,801	53,077	140,204
Taxation and zakat		(2,482)	(5,011)	(13,409)	(29,701)
Profit for the period, attributable to equity holder of the Bank		19,330	36,790	39,668	110,503
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		39	73	79	220
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain on revaluation of financial asset at fair value through other comprehensive income		-	14	-	14
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Net (loss)/gain on foreign exchange translation		(66)	(29)	(101)	105
Other comprehensive (loss)/income for the period, net of tax		(66)	(15)	(101)	119
Total comprehensive income for the period, attributable to equity holder of the Bank		19,264	36,775	39,567	110,622

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

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2022

<u>Bank</u>	Notes	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Interest income	22	5,337	4,843	9,944	10,674
Interest expense	23	(8,686)	(7,133)	(15,186)	(14,548)
Net interest expense		(3,349)	(2,290)	(5,242)	(3,874)
Income from Islamic Banking Scheme operations	31	12,370	9,887	25,276	21,760
Non-interest income	24	97,345	132,446	208,911	321,681
Direct costs	25	(8,501)	(26,405)	(18,303)	(52,317)
Net income		97,865	113,638	210,642	287,250
Overhead expenses	26	(76,026)	(72,385)	(157,784)	(142,283)
Operating profit		21,839	41,253	52,858	144,967
(Allowance for)/writeback of impairment on loans and advances and other assets, net	27	(113)	470	55	(4,677)
Profit before taxation and zakat		21,726	41,723	52,913	140,290
Taxation and zakat		(2,457)	(4,988)	(13,362)	(29,655)
Profit for the period, representing total comprehensive income for the period, attributable to equity holder of the Bank		19,269	36,735	39,551	110,635
Other comprehensive income:					
Item that will not be reclassified subsequently to profit or loss:					
Net gain on revaluation of financial asset at fair value through other comprehensive income		-	14	-	14
Other comprehensive income for the period, net of tax		-	14	-	14
Total comprehensive income for the period, attributable to equity holder of the Bank		19,269	36,749	39,551	110,649

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

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022

	<-----Non-distributable----->				Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value through other comprehensive income reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000
Group						
At 1 January 2022	222,785	14,046	984	(241)	509,375	746,949
Profit for the period	-	-	-	-	39,668	39,668
Other comprehensive loss	-	-	-	(101)	-	(101)
Total comprehensive (loss)/income for the period	-	-	-	(101)	39,668	39,567
Transfer to regulatory reserve	-	1,209	-	-	(1,209)	-
Dividend	-	-	-	-	(153,056)	(153,056)
At 30 June 2022	222,785	15,255	984	(342)	394,778	633,460
At 1 January 2021	222,785	25,481	970	(156)	344,900	593,980
Profit for the period	-	-	-	-	110,503	110,503
Other comprehensive income	-	-	14	105	-	119
Total comprehensive income for the period	-	-	14	105	110,503	110,622
Transfer from regulatory reserve	-	(5,362)	-	-	5,362	-
At 30 June 2021	222,785	20,119	984	(51)	460,765	704,602

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

	<-----Non-distributable----->			Distributable	
	Share capital	Regulatory reserve	Fair value through other comprehensive income reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Bank					
At 1 January 2022	222,785	14,046	984	503,261	741,076
Profit for the period	-	-	-	39,551	39,551
Total comprehensive income for the period	-	-	-	39,551	39,551
Transfer to regulatory reserve	-	1,209	-	(1,209)	-
Dividend	-	-	-	(153,056)	(153,056)
At 30 June 2022	222,785	15,255	984	388,547	627,571
At 1 January 2021	222,785	25,481	970	338,769	588,005
Profit for the period	-	-	-	110,635	110,635
Other comprehensive income	-	-	14	-	14
Total comprehensive income for the period	-	-	14	110,635	110,649
Transfer from regulatory reserve	-	(5,362)	-	5,362	-
At 30 June 2021	222,785	20,119	984	454,766	698,654

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MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022

		Group		Bank	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
Note		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before taxation and zakat		53,077	140,204	52,913	140,290
Adjustments for:					
Share of results of a joint venture		-	242	-	-
Depreciation of property, plant and equipment	26	957	1,056	957	1,056
Depreciation of right-of-use assets	26	4,175	4,180	4,175	4,180
Amortisation of computer software	26	1,327	1,644	1,327	1,644
Finance cost on lease liabilities	26	171	273	171	273
Allowance for impairment on loans and advances and other assets, net		352	4,767	352	4,767
Gross dividends	24	(24,783)	(28,461)	(24,783)	(28,461)
Realised loss/(gain) from sale of financial assets at fair value through profit or loss, net	24	68,755	(48,021)	68,755	(48,021)
Unrealised loss on revaluation of financial assets at fair value through profit or loss, net	24	104,648	83,574	104,648	83,574
Realised loss from sale of derivative financial instruments, net	24	31,115	78,442	31,115	78,442
Unrealised gain on revaluation of derivative financial instruments, net	24	(262,085)	(165,301)	(262,085)	(165,301)
Operating (loss)/profit before working capital changes		(22,291)	72,599	(22,455)	72,443
Change in cash and short-term funds with original maturity more than three months		(8,603)	85,225	(8,603)	85,225
Change in deposits and placements with original maturity more than three months		56,531	(82,177)	56,531	(82,177)
Change in financial investments portfolio and derivative financial instruments		(104,187)	(309,307)	(104,187)	(309,307)
Change in loans and advances		10,608	73,229	10,608	73,229
Change in other assets		382	238,906	314	238,778
Change in deposits and placements from a financial institution		251,502	(44,560)	251,502	(44,560)
Change in other liabilities		(40,087)	(148,654)	(40,176)	(151,955)
Cash generated from/(used in) operations		143,855	(114,739)	143,534	(118,324)
Taxation and zakat paid, net		(10,692)	(27,396)	(10,651)	(27,350)
Net cash generated from/(used in) operating activities		133,163	(142,135)	132,883	(145,674)
Cash flows from investing activities					
Purchase of property, plant and equipment		(637)	(678)	(637)	(678)
Purchase of computer software		(1,159)	(603)	(1,159)	(603)
Net dividends received		24,783	28,461	24,783	28,461
Net cash generated from investing activities		22,987	27,180	22,987	27,180
Cash flows from financing activities					
Subordinated obligation		(552)	(553)	(552)	(553)
Dividends paid		(153,056)	-	(153,056)	-
Repayment of lease liabilities		(4,385)	(4,397)	(4,385)	(4,397)
Net cash used in financing activities		(157,993)	(4,950)	(157,993)	(4,950)

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

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

	Note	Group		Bank	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Net decrease in cash and cash equivalents		(1,843)	(119,905)	(2,123)	(123,444)
Cash and cash equivalents at the beginning of the period		963,686	1,292,306	931,355	1,260,276
Effects of foreign exchange rate changes		(101)	86	-	-
Cash and cash equivalents at the end of the period		<u>961,742</u>	<u>1,172,487</u>	<u>929,232</u>	<u>1,136,832</u>
Cash and cash equivalents comprise:					
Cash and short-term funds	14	966,818	1,180,357	934,328	1,144,722
Deposits and placements with a financial institution	15	560,591	621,639	560,571	621,619
		<u>1,527,409</u>	<u>1,801,996</u>	<u>1,494,899</u>	<u>1,766,341</u>
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		(565,667)	(629,509)	(565,667)	(629,509)
		<u>961,742</u>	<u>1,172,487</u>	<u>929,232</u>	<u>1,136,832</u>

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

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

1. Basis of Preparation

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

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

The unaudited condensed interim financial statements do not include all the information and disclosure required in the audited financial statements, and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2021.

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

The significant accounting policies and methods of computation applied by the Group and by the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2021 except for adoption of the following Malaysian Financial Reporting Standards ("MFRSs") and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2022:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 3 Business Combination - <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 - <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2022
Amendments to MFRS 101 - <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108 - <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128 - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Adoption of the above standards and annual improvements to standards do not have any significant financial impact on the financial statements of the Group and of the Bank in the period of initial application.

2. Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2021 were prepared in accordance with MFRS, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the new MFRS, amendments to MFRS and annual improvements to MFRS which are effective for annual periods beginning on or after 1 January 2022 as disclosed in Note 1.

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

3. Significant Accounting Estimates and Judgements

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's and the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements for the financial year ended 31 December 2021.

4. Auditors' Report on Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2021 was not qualified.

5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the second quarter ended 30 June 2022.

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

During the second quarter ended 30 June 2022, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

7. Changes in Estimates

There were no material changes in estimates during the second quarter ended 30 June 2022.

8. Changes in Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Group and the Bank during the second quarter ended 30 June 2022.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the second quarter ended 30 June 2022.

10. Dividend

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

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

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

11. Significant and Subsequent Event

There were no significant and subsequent events after the second quarter ended 30 June 2022.

12. Performance Review

For the financial period ended 30 June 2022, the Group's operating profit decreased by 63.5% or RM92.1 million to RM53.0 million from RM145.1 million in the previous period due to lower income.

Net income decreased by 26.6% from RM287.5 million to RM210.9 million during the period. Net interest expense increased by RM1.4 million mainly due to lower interest income from loans and advances, and deposits and placements with financial institutions. Non-interest income decreased by RM112.8 million to RM208.9 million due to lower brokerage income and fee income during the period. Meanwhile, income from Islamic Banking Scheme operations increased by RM3.5 million to RM25.3 million due to higher Islamic fee income during the period.

Overhead expenses increased by 10.9% or RM15.5 million from RM142.3 million to RM157.8 million. This was mainly contributed by higher personnel and establishment costs compared to the previous period.

The Group profit before taxation and zakat decreased by 62.1% or RM87.1 million from RM140.2 million to RM53.1 million. Profit for the period decreased by 64.1% or RM70.8 million to RM39.7 million.

13. Business Outlook

The global economy is anticipated to grow at a slower pace in 2022 as major advanced economies continue to grapple with spillover effects from the pandemic and the Russia-Ukraine war. Global growth will be weighed down by rising inflation, tightening global monetary policies, disruptions in supply chains and tighter labour markets. Fiscal policies are expected to consolidate with the unwinding of expansionary measures introduced during the pandemic and instead, be replaced by more targeted measures in 2022 to cushion the impact on the most vulnerable segments.

Malaysia's GDP growth accelerated to +8.9% YoY in 2Q 2022 (1Q 2022: +5.0% YoY), driven by the services sector and consumer spending as the economy fully reopened. Economic activity is expected to moderate in 2H 2022 reflecting the impact of rising inflation and interest rates domestically and globally, and possible economic slowdown in the economies of Malaysia's major trading partners such as the US, Europe and China. Further gradual normalisation of monetary policy is anticipated following Bank Negara Malaysia's 50 bps hike in the Overnight Policy Rate to 2.25%. Fiscal policy is anticipated to remain relatively expansionary in 2022.

For Malaysia equities 2H 2022 outlook, while resilient external demand and strong bank sector fundamentals are key market supports, the market may have challenges finding traction in the face of broadening growth and earnings stresses or negative revisions stemming from an interrelated combination of margin squeeze (higher input costs) and weakening end-demand (eroding real disposable incomes).

Investment Banking deal activity is expected to remain slightly muted in the 2H 2022 due to the impact of ongoing Russia-Ukraine conflict, supply chain disruption, rising interest rates and inflation, new Omicron sub-variants and risk of recession. The Equity Capital Market is expected to slow down in the 2H 2022 due to low visibility of business performance prompted by rising interest rate concerns to move expansion from planning to execution phase. Despite the current uncertain climate and speculation of rate hikes, we anticipate that debt capital markets will continue to be active.

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14. Cash and short-term funds

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Cash and bank balances with financial institutions	333,625	218,051	326,654	211,258
Deposit and placements maturing within one month	633,193	701,191	607,674	675,673
Total cash and short-term funds	966,818	919,242	934,328	886,931

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM560,260,000 (2021: RM526,630,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with FRSIC Consensus 18 Monies Held-in-Trust by Participating Organisation at Bursa Malaysia Securities Berhad.

15. Deposits and placements with a financial institution

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Licensed bank	560,591	658,039	560,571	658,019

16. Financial investments portfolio

		Group and Bank	
		30 June 2022 RM'000	31 December 2021 RM'000
Financial assets at fair value through profit or loss	(i)	1,614,175	1,377,450
Financial assets at fair value through other comprehensive income	(ii)	1,184	1,184
Total financial investments portfolio		1,615,359	1,378,634

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

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
At fair value		
Quoted financial assets:		
Shares in Malaysia	1,060,417	877,166
Shares outside Malaysia	493,758	500,284
Islamic debt securities in Malaysia	60,000	-
	1,614,175	1,377,450

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

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment loss		
Unquoted financial assets:		
Shares in Malaysia	1,184	1,184

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

17. Loans and advances

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Amount due from brokers and clients		
- Margin accounts	6,994	19,706
Staff loans	46,786	44,682
Gross loans and advances at amortised cost	53,780	64,388
Less: Allowances for impaired loans and advances:		
- Stage 1 - 12 Months ECL	(19)	(19)
- Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net loans and advances	53,589	64,197

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

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Domestic business enterprises		
- Others	-	9,781
Individuals	53,780	54,607
Gross loans and advances	53,780	64,388

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

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Fixed rate		
- Housing loans	34,751	32,831
- Hire purchase receivables	11,992	11,795
- Other fixed rate loans	43	56
Variable rate		
- Base lending rate (BLR) plus	6,994	19,706
Gross loans and advances	53,780	64,388

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

17. Loans and advances (Cont'd)

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

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
Purchase of securities	6,994	19,706
Purchase of transport vehicles	11,992	11,795
Purchase of residential landed property	34,751	32,831
Personal use	43	56
Gross loans and advances	53,780	64,388

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

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
Within one year	8,076	20,719
More than one year to three years	3,990	5,282
More than three years to five years	10,111	7,928
More than five years	31,603	30,459
Gross loans and advances	53,780	64,388

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

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
At 1 January	673	832
Impaired during the period	-	1
Amount recovered	(9)	(160)
Gross impaired loans and advances	664	673
Less: - Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net impaired loans and advances	492	501
Net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	0.92%	0.78%

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

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
Purchase of transport vehicles	172	172
Purchase of residential landed property	492	501
Gross impaired loans and advances	664	673

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

17. Loans and advances (Cont'd)

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2022	19	-	172	191
At 30 June 2022	19	-	172	191
At 1 January 2021	20	-	172	192
Amount written-back, net	(1)	-	-	(1)
At 31 December 2021	19	-	172	191

18. Other assets

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	338,735	308,589	338,735	308,589
Amount due from holding company	7,103	-	7,103	-
Other debtors, deposits and prepayments	185,072	223,313	185,088	223,261
	530,910	531,902	530,926	531,850
Less: Allowance for impairment losses	(11,458)	(11,106)	(11,458)	(11,106)
	519,452	520,796	519,468	520,744

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

19. Deposits and placements from a financial institution

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
Licensed bank	1,642,124	1,390,622

20. Other liabilities

(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.

(i) **Derivative financial assets/liabilities**

16

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

21. Derivative financial instruments (cont'd.)

(ii) The Group and the Bank have recognised the fair value changes on the derivative financial instruments as follows (Note 24):

	Group and Bank			
	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Equity-related derivatives:				
Equity options	124,841	15,413	230,803	142,532
Equity swaps	24,052	9,410	31,282	22,769
	148,893	24,823	262,085	165,301

22. Interest income

	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances	250	461	570	1,295
Money at call and deposits and placements with financial institutions	4,538	4,097	8,525	8,600
Others	665	395	1,073	997
Total interest income	5,453	4,953	10,168	10,892
	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans and advances	250	461	570	1,295
Money at call and deposits and placements with financial institutions	4,422	3,987	8,301	8,382
Others	665	395	1,073	997
Total interest income	5,337	4,843	9,944	10,674

Included in interest income was interest on impaired assets amounting to approximately RM184,000 (2021: RM180,000) for the Group and the Bank.

23. Interest expense

	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Deposits and placements from a financial institution	5,170	4,139	8,458	8,879
Derivative financial instruments	3,240	2,717	6,178	5,119
Subordinated obligation	276	277	550	550
Total interest expense	8,686	7,133	15,186	14,548

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

24. Non-interest income

<u>Group and Bank</u>	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Arranger and upfront fees	9,751	5,611	10,340	39,378
Brokerage income	30,133	58,745	69,901	138,883
Corporate advisory fees	3,689	5,302	5,781	11,642
Placement and related fees	3,001	5,787	8,238	6,929
Underwriting commission	1,269	755	1,589	762
Others	6,020	10,075	9,024	12,712
	53,863	86,275	104,873	210,306
Investment income:				
Realised (loss)/gain from sale of financial assets at fair value through profit or loss, net	(57,156)	18,816	(68,755)	48,021
Unrealised loss on revaluation of financial assets at fair value through profit or loss, net	(95,292)	(10,038)	(104,648)	(83,574)
Realised gain/(loss) from sale of derivative financial instruments, net	20,829	(38,047)	(31,115)	(78,442)
Unrealised gain on revaluation of derivative financial instruments, net (Note 21 (ii))	148,893	24,823	262,085	165,301
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	8,593	12,829	12,084	20,642
- Quoted outside Malaysia	12,462	7,684	12,699	7,819
	38,329	16,067	82,350	79,767
Other income:				
Foreign exchange (loss)/gain, net	(11,960)	1,476	(11,774)	1,431
Other operating income	16,014	27,300	30,912	27,300
Others	1,099	1,328	2,550	2,877
	5,153	30,104	21,688	31,608
Total non-interest income	97,345	132,446	208,911	321,681

25. Direct costs

<u>Group and Bank</u>	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	5,019	17,089	10,964	36,619
Trade-related charges	3,482	9,316	7,339	15,698
	8,501	26,405	18,303	52,317

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

26. Overhead expenses

<u>Group</u>	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	48,259	52,328	103,252	97,903
- Pension costs - defined contribution plan	5,688	5,395	11,162	10,711
- Employees' Share Scheme expenses	2,866	3,431	6,345	7,156
- Other staff-related expenses	3,495	2,273	6,443	4,587
	60,308	63,427	127,202	120,357
Establishment costs				
- Depreciation of property, plant and equipment	474	525	957	1,056
- Amortisation of computer software	640	804	1,327	1,644
- Rental	212	197	510	580
- Finance cost on lease liabilities	78	128	171	273
- Depreciation of right-of-use assets	2,087	2,090	4,175	4,180
- Repairs and maintenance of property, plant and equipment	5,290	3,232	7,752	6,603
- Information technology expenses	10,694	7,620	19,135	14,105
- Others (Note (i))	(6,609)	(8,472)	(10,638)	(15,965)
	12,866	6,124	23,389	12,476
Marketing costs				
- Advertisement and publicity	190	(79)	320	405
- Others	337	(9)	729	167
	527	(88)	1,049	572
Administration and general expenses				
- Fee and brokerage	654	(257)	2,121	1,033
- Administrative expenses	1,209	2,357	2,591	5,322
- General expenses	492	854	1,492	2,585
	2,355	2,954	6,204	8,940
Total overhead expenses	76,056	72,417	157,844	142,345

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM11,321,000 (2021: RM16,700,000).

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

26. Overhead expenses (Cont'd)

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	48,259	52,328	103,252	97,903
- Pension costs - defined contribution plan	5,688	5,395	11,162	10,711
- Employees' Share Scheme expenses	2,866	3,431	6,345	7,156
- Other staff related expenses	3,495	2,273	6,443	4,587
	<u>60,308</u>	<u>63,427</u>	<u>127,202</u>	<u>120,357</u>
Establishment costs				
- Depreciation of property, plant and equipment	474	525	957	1,056
- Amortisation of computer software	640	804	1,327	1,644
- Rental	212	197	510	580
- Finance cost on lease liabilities	78	128	171	273
- Depreciation of right-of-use assets	2,087	2,090	4,175	4,180
- Repairs and maintenance of property, plant and equipment	5,290	3,232	7,752	6,603
- Information technology expenses	10,694	7,620	19,135	14,105
- Others (Note (i))	(6,609)	(8,472)	(10,638)	(15,965)
	<u>12,866</u>	<u>6,124</u>	<u>23,389</u>	<u>12,476</u>
Marketing costs				
- Advertisement and publicity	190	(79)	320	405
- Others	337	(9)	729	167
	<u>527</u>	<u>(88)</u>	<u>1,049</u>	<u>572</u>
Administration and general expenses				
- Fee and brokerage	639	(274)	2,089	1,000
- Administrative expenses	1,194	2,342	2,563	5,293
- General expenses	492	854	1,492	2,585
	<u>2,325</u>	<u>2,922</u>	<u>6,144</u>	<u>8,878</u>
Total overhead expenses	<u>76,026</u>	<u>72,385</u>	<u>157,784</u>	<u>142,283</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM11,321,000 (2021: RM16,700,000).

MAYBANK INVESTMENT BANK BERHAD

(Co. Reg. No.: 197301002412)

(Incorporated in Malaysia)

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

	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Group and Bank				
Bad debts recovered	47	-	407	90
(Allowance for)/writeback of impairment on other assets, net	(160)	470	(352)	(4,767)
Total	(113)	470	55	(4,677)

28. Capital adequacy

(I) Capital Adequacy Framework

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

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

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

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

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

	Group %	Bank %
<u>At 30 June 2022</u>		
CET1 capital ratio	24.869	23.746
Tier 1 capital ratio	24.869	23.746
Total capital ratio	26.980	25.876
<u>At 31 December 2021</u>		
CET1 capital ratio	26.457	25.454
Tier 1 capital ratio	26.457	25.454
Total capital ratio	28.325	27.337

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

28. Capital adequacy (Cont'd)

(I) 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 30 June 2022</u>		
Paid-up share capital	222,785	222,785
Other reserves	410,675	404,786
CET1 capital before regulatory adjustments	633,460	627,571
Less: Deferred tax assets	(16,980)	(16,980)
Intangible assets	(8,506)	(8,506)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(541)	(541)
Regulatory reserve	(15,255)	(15,255)
Investment in subsidiaries and a joint venture ¹	-	(25,793)
CET1 capital/Tier 1 capital	592,178	560,496
Tier 2 capital		
Subordinated obligation	35,000	35,000
General provisions	15,274	15,274
Tier 2 capital	50,274	50,274
Total capital	642,452	610,770
<u>At 31 December 2021</u>		
Paid-up share capital	222,785	222,785
Other reserves	524,164	518,291
CET1 capital before regulatory adjustments	746,949	741,076
Less: Deferred tax assets	(28,846)	(28,846)
Intangible assets	(8,673)	(8,673)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(541)	(541)
Regulatory reserve	(14,046)	(14,046)
Investment in subsidiaries and a joint venture ¹	-	(25,793)
CET1 capital/Tier 1 capital	694,843	663,177
Tier 2 capital		
Subordinated obligation	35,000	35,000
General provisions	14,065	14,065
Tier 2 capital	49,065	49,065
Total capital	743,908	712,242

¹ Excludes the cost of investment in a subsidiary, Maysec Sdn. Bhd. of RM171,474,000 as its business, assets and liabilities had been transferred to the Bank on 30 December 2006.

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

28. Capital adequacy (Cont'd)

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

<u>Group</u>	<u>Gross credit exposures</u>	<u>Net credit exposures</u>	<u>Risk-weighted assets</u>	<u>Capital requirements</u>
30 June 2022				
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	512,465	512,465	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,590,894	1,590,894	377,940	30,235
Corporates	3,932	3,932	3,932	315
Regulatory retail	77,519	75,231	74,706	5,976
Higher risk assets	1,184	1,184	1,776	142
Other assets	310,446	310,311	232,472	18,598
Total on-balance sheet exposures	2,496,440	2,494,017	690,826	55,266
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	288,478	288,478	1,544	124
Total off-balance sheet exposures	288,478	288,478	1,544	124
Total on and off-balance sheet exposures	2,784,918	2,782,495	692,370	55,390
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	58,015	4,641
Equity position risk	-	-	75,675	6,054
Foreign currency risk	-	-	263,662	21,093
Options risk	-	-	296,563	23,725
Total	-	-	693,915	55,513
(iii) <u>Operational Risk</u>				
	-	-	994,887	79,591
Total RWA and capital requirements	2,784,918	2,782,495	2,381,172	190,494

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

28. Capital adequacy (Cont'd)

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

<u>Group</u>	<u>Gross credit exposures</u>	<u>Net credit exposures</u>	<u>Risk-weighted assets</u>	<u>Capital requirements</u>
31 December 2021				
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	573,106	573,106	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,508,689	1,508,689	347,976	27,838
Corporates	16,518	16,518	16,518	1,321
Regulatory retail	59,183	52,637	52,227	4,178
Higher risk assets	1,184	1,184	1,776	142
Other assets	337,791	337,625	272,191	21,775
Total on-balance sheet exposures	2,496,471	2,489,759	690,688	55,254
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	518,190	518,190	1,830	146
Total off-balance sheet exposures	518,190	518,190	1,830	146
Total on and off-balance sheet exposures	3,014,661	3,007,949	692,518	55,400
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	4,401	352
Equity position risk	-	-	79,250	6,340
Foreign currency risk	-	-	317,761	25,421
Options risk	-	-	554,913	44,393
Total	-	-	956,325	76,506
(iii) <u>Operational Risk</u>				
	-	-	977,452	78,196
Total RWA and capital requirements	3,014,661	3,007,949	2,626,295	210,102

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

28. Capital adequacy (Cont'd)

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

<u>Bank</u>	<u>Gross credit exposures</u>	<u>Net credit exposures</u>	<u>Risk-weighted assets</u>	<u>Capital requirements</u>
30 June 2022 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	512,465	512,465	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,558,405	1,558,405	371,442	29,715
Corporates	3,932	3,932	3,932	315
Regulatory retail	77,519	75,231	74,706	5,976
Higher risk assets	1,184	1,184	1,776	142
Other assets	310,441	310,306	232,469	18,598
Total on-balance sheet exposures	2,463,946	2,461,523	684,325	54,746
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	288,478	288,478	1,544	124
Total off-balance sheet exposures	288,478	288,478	1,544	124
Total on and off-balance sheet exposures	2,752,424	2,750,001	685,869	54,870
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	58,015	4,641
Equity position risk	-	-	75,675	6,054
Foreign currency risk	-	-	259,012	20,721
Options risk	-	-	296,563	23,725
Total	-	-	689,265	55,141
(iii) <u>Operational Risk</u>				
	-	-	985,262	78,821
Total RWA and capital requirements	2,752,424	2,750,001	2,360,396	188,832

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

28. Capital adequacy (Cont'd)

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

<u>Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	573,106	573,106	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,476,377	1,476,377	341,514	27,321
Corporates	16,518	16,518	16,518	1,321
Regulatory retail	59,183	52,637	52,227	4,178
Higher risk assets	1,184	1,184	1,776	142
Other assets	337,721	337,555	272,123	21,770
Total on-balance sheet exposures	2,464,089	2,457,377	684,158	54,732
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	518,190	518,190	1,830	146
Total off-balance sheet exposures	518,190	518,190	1,830	146
Total on and off-balance sheet exposures	2,982,279	2,975,567	685,988	54,878
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	4,401	352
Equity position risk	-	-	79,250	6,340
Foreign currency risk	-	-	312,915	25,033
Options risk	-	-	554,913	44,393
Total	-	-	951,479	76,118
(iii) <u>Operational Risk</u>	-	-	967,911	77,433
Total RWA and capital requirements	2,982,279	2,975,567	2,605,378	208,429

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

29. Commitments and contingencies

Group and Bank	30 June 2022			31 December 2021		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Credit-related</u>						
Revocable commitments to extend credit:						
- Maturity not exceeding one year	285,391	-	-	514,531	-	-
- Maturity exceeding one year	3,087	1,544	1,544	3,659	1,830	1,830
	288,478	1,544	1,544	518,190	1,830	1,830
<u>Derivative financial instruments</u>						
Equity-related contracts						
- Less than one year	1,966,544	-	-	2,333,095	-	-
- One year to less than five years	465,032	-	-	127,560	-	-
	2,431,576	-	-	2,460,655	-	-
Total commitments and contingencies	2,720,054	1,544	1,544	2,978,845	1,830	1,830

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

30. Segment information

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

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

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

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

- (i) Pillar 1 - Investment banking and advisory
Investment banking and advisory focus on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services and debt restructuring advisory services.
- (ii) Pillar 2 - Equities
Equities primarily engage in the shares and futures broking services, derivative financial instruments, custodian and nominees services.
- (iii) Others
Others includes share of results from investment in a joint venture.

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

30. Segment information (Cont'd)

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

Group	Pillar 1	Pillar 2	Others	Total
30 June 2022	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)	437	(5,455)	-	(5,018)
Income from Islamic Banking Scheme operations	19,634	5,642	-	25,276
Non-interest income	31,383	177,528	-	208,911
Direct costs	-	(18,303)	-	(18,303)
Net income	51,454	159,412	-	210,866
Results				
Segment results	51,454	159,412	-	210,866
Overhead expenses	(47,500)	(110,344)	-	(157,844)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(368)	423	-	55
Profit before taxation	3,586	49,491	-	53,077
Taxation and zakat				(13,409)
Profit for the period				39,668
Other segment information				
Depreciation of property, plant and equipment	221	736	-	957
Depreciation of right-of-use assets	1,448	2,727	-	4,175
Amortisation of computer software	8	1,319	-	1,327
Group	Pillar 1	Pillar 2	Others	Total
30 June 2021	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)	13	(3,669)	-	(3,656)
Income from Islamic Banking Scheme operations	12,644	9,116	-	21,760
Non-interest income	66,154	255,527	-	321,681
Direct costs	-	(52,317)	-	(52,317)
Net income	78,811	208,657	-	287,468
Results				
Segment results	78,811	208,657	-	287,468
Overhead expenses	(33,770)	(108,575)	-	(142,345)
Writeback of/(allowance for) impairment on loans and advances and other assets, net	417	(5,094)	-	(4,677)
Share of results of a joint venture	-	-	(242)	(242)
Profit/(loss) before taxation	45,458	94,988	(242)	140,204
Taxation and zakat				(29,701)
Profit for the period				110,503
Other segment information				
Depreciation of property, plant and equipment	213	843	-	1,056
Depreciation of right-of-use assets	1,462	2,718	-	4,180
Amortisation of computer software	19	1,625	-	1,644

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

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

Unaudited Statements of Financial Position as at 30 June 2022

		Group and Bank	
		30 June 2022	31 December 2021
	Notes	RM'000	RM'000
ASSETS			
Cash and short-term funds	(a)	6,960	20,198
Financial assets at fair value through profit or loss	(b)	60,000	-
Other assets	(c)	621,450	545,751
Total assets		688,410	565,949
LIABILITIES			
Other liabilities	(d)	426,892	308,494
Provision for taxation and zakat	(e)	11,676	11,255
Total liabilities		438,568	319,749
ISLAMIC BANKING CAPITAL FUND			
Islamic banking fund		5,000	5,000
Retained earnings		244,842	241,200
		249,842	246,200
Total liabilities and Islamic banking capital fund		688,410	565,949

Unaudited Statements of Comprehensive Income
For the Second Quarter and Financial Period Ended 30 June 2022

Group and Bank	Notes	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Income derived from investment of Islamic banking fund	(f)	12,370	10,975	25,276	21,760
Direct costs		(926)	(1,285)	(1,893)	(2,771)
Net income attributable to the Group and to the Bank		11,444	9,690	23,383	18,989
Overhead expenses	(g)	(9,023)	(6,274)	(17,895)	(10,451)
Operating profit		2,421	3,416	5,488	8,538
(Allowance for)/writeback of impairment on other assets, net		(187)	(210)	(367)	40
Profit before taxation and zakat		2,234	3,206	5,121	8,578
Taxation		(536)	(769)	(1,229)	(2,600)
Zakat		2,235	1,723	(250)	(656)
Profit for the period, representing total comprehensive income for the period, attributable to equity holder of the Bank		3,933	4,160	3,642	5,322

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

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

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

Group and Bank	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2022	5,000	241,200	246,200
Profit for the period	-	3,642	3,642
Total comprehensive profit for the period	-	3,642	3,642
At 30 June 2022	5,000	244,842	249,842
At 1 January 2021	5,000	227,368	232,368
Profit for the period	-	5,322	5,322
Total comprehensive profit for the period	-	5,322	5,322
At 30 June 2021	5,000	232,690	237,690

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

	Group and Bank	
	30 June 2022 RM'000	30 June 2021 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	5,121	8,578
Increase in receivables	(75,699)	(12,579)
Decrease/(increase) in payables	118,398	(9,534)
Increase in financial investments portfolio	(60,000)	-
Taxation and zakat paid, net	(1,058)	(1,425)
Net cash generated used in operating activities	(13,238)	(14,960)
Net decrease in cash and cash equivalents	(13,238)	(14,960)
Cash and cash equivalents at beginning of the period	20,198	29,466
Cash and cash equivalents at end of the period	6,960	14,506

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

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

(a) Cash and short-term funds

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Cash and bank balances with financial institutions	<u>6,960</u>	<u>20,198</u>

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

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
At fair value		
Quoted financial assets:		
Islamic debt securities in Malaysia	<u>60,000</u>	<u>-</u>

(c) Other assets

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Debtors	<u>621,450</u>	<u>545,751</u>

(d) Other liabilities

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Provisions and accruals*	<u>426,892</u>	<u>308,494</u>

* Include prohibited sources/means to charitable causes amounting to RM4,966 (2021: RM3,768).

(e) Provision for taxation and zakat

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Taxation	11,426	10,197
Zakat	<u>250</u>	<u>1,058</u>
	<u>11,676</u>	<u>11,255</u>

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

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

(f) Income derived from investment of Islamic banking fund

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit income from money at call and deposits and placements with financial institutions	149	-	237	-
Realised gain from sale of financial assets at fair value through profit or loss, net	1,059	-	1,233	-
Fee and commission income from:				
- Arranger and upfront fees	5,770	2,678	12,952	3,278
- Brokerage income	2,142	3,912	4,854	9,116
- Corporate advisory fees	125	-	125	-
- Placement fees	300	1,011	300	1,036
- Underwriting commission	-	-	226	-
- Others	2,777	2,292	5,280	8,313
Foreign exchange gain/(loss), net	48	(6)	69	17
Total	12,370	9,887	25,276	21,760

(g) Overhead expenses

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Personnel expenses	6,554	3,831	13,154	6,931
Establishment costs	1,366	429	2,398	767
Marketing costs	56	(3)	108	33
Administration and general expenses	1,047	1,387	2,235	2,720
Total	9,023	5,644	17,895	10,451

Note (i): Included in establishment costs are service chargeback amounting to approximately RM1,171,000 (2021: RM962,000).

(h) Capital adequacy

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

	30 June 2022	31 December 2021
<u>Group and Bank</u>	%	%
CET1 capital ratio	86.306	82.237
Tier 1 capital ratio	86.306	82.237
Total capital ratio	86.306	82.237

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

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

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

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

(h) Capital adequacy (Cont'd)

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

<u>Group and Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
30 June 2022				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	1,197	1,197	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	5,763	5,763	1,153	92
Other assets	778,591	778,591	188,877	15,110
Total on-balance sheet exposures	785,551	785,551	190,030	15,202
Total on and off-balance sheet exposures *	785,551	785,551	190,030	15,202
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>				
	-	-	99,450	7,956
Total RWA and capital requirements	785,551	785,551	289,483	23,158

<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 2021				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	1,020	1,020	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	19,178	19,178	3,836	307
Other assets	753,156	753,156	190,990	15,279
Total on-balance sheet exposures	773,354	773,354	194,826	15,586
Total on and off-balance sheet exposures *	773,354	773,354	194,826	15,586
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>				
	-	-	104,550	8,364
Total RWA and capital requirements	773,354	773,354	299,378	23,950

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

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

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

32. Fair value of financial instruments

Fair value hierarchy

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

(a) Level 1: Quoted prices

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

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

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

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

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

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

	Quoted Market Price (Level 1) RM'000	Valuation techniques using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
<u>Group and Bank</u>				
As at 30 June 2022				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,554,175	60,000	-	1,614,175
Financial assets at fair value through other comprehensive income	-	-	1,184	1,184
Derivative financial assets	-	313,283	-	313,283
	<u>1,554,175</u>	<u>373,283</u>	<u>1,184</u>	<u>1,928,642</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	<u>14,955</u>	<u>267,291</u>	<u>-</u>	<u>282,246</u>
As at 31 December 2021				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,377,450	-	-	1,377,450
Financial assets at fair value through other comprehensive income	-	-	1,184	1,184
Derivative financial assets	-	233,046	-	233,046
	<u>1,377,450</u>	<u>233,046</u>	<u>1,184</u>	<u>1,611,680</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	31,197	95,841	-	127,038

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

Valuation techniques

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

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

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

- (b) Derivative financial instruments

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

33. Credit Exposures Arising from Credit Transactions with Connected Parties

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