

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

<u>Group</u>	Notes	30 September 2013 RM'000	31 December 2012 RM'000
<b>ASSETS</b>			
Cash and short-term funds	14	202,893	330,142
Deposits and placements with banks and other financial institutions	15	49,018	37,573
Securities held-for-trading	16 (i)	68,866	181,862
Securities available-for-sale	16 (ii)	85,164	87,527
Securities held-to-maturity	16 (iii)	33	33
Loans and advances	17	376,654	375,980
Derivative assets	20 (i)	-	96
Other assets	18	369,865	263,522
Statutory deposits with Bank Negara Malaysia		105	105
Investment in associates		-	4,718
Investment in joint venture		9,738	-
Property, plant and equipment		18,671	16,059
Intangible assets		9,740	9,375
Tax recoverable		40,080	-
Deferred tax assets		10,828	17,681
<b>TOTAL ASSETS</b>		<b>1,241,655</b>	<b>1,324,673</b>
<b>LIABILITIES</b>			
Deposits and placements of a licensed bank		187,221	150,050
Derivative liabilities	20 (ii)	4,005	8,953
Other liabilities	19	473,916	407,121
Provision for taxation and zakat		91	27,244
Deferred tax liabilities		1,095	1,088
<b>TOTAL LIABILITIES</b>		<b>666,328</b>	<b>594,456</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital		50,116	50,116
Reserves		525,211	680,101
<b>TOTAL EQUITY</b>		<b>575,327</b>	<b>730,217</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>1,241,655</b>	<b>1,324,673</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
	27	1,236,254	827,536

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)*

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

<u>Bank</u>	Notes	30 September 2013 RM'000	31 December 2012 RM'000
<b>ASSETS</b>			
Cash and short-term funds	14	146,987	271,642
Deposits and placements with banks and other financial institutions	15	47,730	36,312
Securities held-for-trading	16 (i)	68,866	181,862
Securities available-for-sale	16 (ii)	37,630	39,435
Securities held-to-maturity	16 (iii)	33	33
Loans and advances	17	376,654	375,980
Derivative assets	20 (i)	-	96
Other assets	18	370,216	263,734
Statutory deposits with Bank Negara Malaysia		105	105
Investment in subsidiaries		233,269	233,269
Investment in associates		-	4,200
Investment in joint venture		9,738	-
Property, plant and equipment		18,536	15,912
Intangible assets		9,740	9,375
Tax recoverable		38,801	-
Deferred tax assets		10,828	17,681
<b>TOTAL ASSETS</b>		<b>1,369,133</b>	<b>1,449,636</b>
<b>LIABILITIES</b>			
Deposits and placements of a licensed bank		187,221	150,050
Derivative liabilities	20 (ii)	4,005	8,953
Other liabilities	19	643,998	576,819
Provision for taxation and zakat		91	26,977
<b>TOTAL LIABILITIES</b>		<b>835,315</b>	<b>762,799</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital		50,116	50,116
Reserves		483,702	636,721
<b>TOTAL EQUITY</b>		<b>533,818</b>	<b>686,837</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>1,369,133</b>	<b>1,449,636</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
	27	1,236,254	827,536

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)*

**MAYBANK INVESTMENT BANK BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

<u>Group</u>	Notes	Quarter Ended		Cumulative 9 Months Ended	
		30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Interest income	21	8,716	11,462	30,095	28,133
Interest expense	22	(2,121)	(1,380)	(10,192)	(8,329)
Net interest income		6,595	10,082	19,903	19,804
Net income from Islamic					
Banking Scheme operations	29	6,407	33,543	32,681	131,166
Non-interest income	23	52,676	40,088	274,117	309,276
Net income		65,678	83,713	326,701	460,246
Overhead expenses	24	(59,831)	(45,985)	(202,860)	(191,703)
Operating profit		5,847	37,728	123,841	268,543
(Allowance for)/writeback of impairment on loans and advances and other debtors, net	25	(929)	(506)	(2,042)	304
Allowance for commitments and contingencies		(127)	-	(127)	-
		4,791	37,222	121,672	268,847
Share of results of associate		-	46	-	(3,870)
<b>Profit before taxation and zakat</b>		4,791	37,268	121,672	264,977
Taxation and zakat		(1,262)	(8,520)	(31,257)	(67,882)
<b>Net profit for the period, attributable to equity holder of the Bank</b>		<b>3,529</b>	<b>28,748</b>	<b>90,415</b>	<b>197,095</b>
<b>Other comprehensive income/(loss):</b>					
Net gain/(loss) on fair value changes on securities available-for-sale, net of tax		2,430	2,513	(2,385)	(10,026)
Foreign currency translation		1,639	(1,784)	3,145	(1,625)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>4,069</b>	<b>729</b>	<b>760</b>	<b>(11,651)</b>
<b>Total comprehensive income for the period, attributable to equity holder of the Bank</b>		<b>7,598</b>	<b>29,477</b>	<b>91,175</b>	<b>185,444</b>
<b>Basic earnings per share (sen) attributable to equity holder of the Bank</b>		<b>7</b>	<b>57</b>	<b>180</b>	<b>393</b>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)*

**MAYBANK INVESTMENT BANK BERHAD**

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(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

<b>Bank</b>	<b>Notes</b>	<b>Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
		<b>30 September 2013</b>	<b>30 September 2012</b>	<b>30 September 2013</b>	<b>30 September 2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	21	8,498	11,237	29,405	27,499
Interest expense	22	(2,121)	(1,380)	(10,192)	(8,329)
Net interest income		6,377	9,857	19,213	19,170
Net income from Islamic					
Banking Scheme operations	29	6,407	33,543	32,681	131,166
Non-interest income	23	51,693	39,036	272,588	297,177
Net income		64,477	82,436	324,482	447,513
Overhead expenses	24	(58,690)	(45,036)	(197,959)	(189,384)
Operating profit		5,787	37,400	126,523	258,129
(Allowance for)/writeback of impairment on					
loans and advances and other debtors, net	25	(755)	(506)	(2,033)	304
Allowance for commitments and contingencies		(127)	-	(127)	-
<b>Profit before taxation and zakat</b>		<b>4,905</b>	<b>36,894</b>	<b>124,363</b>	<b>258,433</b>
Taxation and zakat		(1,242)	(8,504)	(31,317)	(65,703)
<b>Net profit for the period, attributable to equity holder of the Bank</b>		<b>3,663</b>	<b>28,390</b>	<b>93,046</b>	<b>192,730</b>
<b>Other comprehensive (loss)/income:</b>					
Net (loss)/gain on fair value changes on securities available-for-sale, net of tax		(14)	390	-	(9,022)
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(14)</b>	<b>390</b>	<b>-</b>	<b>(9,022)</b>
<b>Total comprehensive income for the period, attributable to equity holder of the Bank</b>		<b>3,649</b>	<b>28,780</b>	<b>93,046</b>	<b>183,708</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

<u>Group</u>	<-----Non-distributable----->						Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Unrealised holding reserves RM'000	Exchange fluctuation reserve RM'000	Distributable retained earnings RM'000	
<b>At 1 January 2013</b>	50,116	172,669	50,116	18,984	(6,130)	444,462	730,217
Profit for the period	-	-	-	-	-	90,415	90,415
Other comprehensive (loss)/income	-	-	-	(2,385)	3,145	-	760
Total comprehensive (loss)/income for the period	-	-	-	(2,385)	3,145	90,415	91,175
Dividends paid	-	-	-	-	-	(246,065)	(246,065)
<b>At 30 September 2013</b>	<b>50,116</b>	<b>172,669</b>	<b>50,116</b>	<b>16,599</b>	<b>(2,985)</b>	<b>288,812</b>	<b>575,327</b>
<b>At 1 January 2012</b>	50,116	172,669	50,116	21,871	(4,526)	224,457	514,703
Profit for the period	-	-	-	-	-	197,095	197,095
Other comprehensive loss	-	-	-	(10,026)	(1,625)	-	(11,651)
Total comprehensive (loss)/income for the period	-	-	-	(10,026)	(1,625)	197,095	185,444
<b>At 30 September 2012</b>	<b>50,116</b>	<b>172,669</b>	<b>50,116</b>	<b>11,845</b>	<b>(6,151)</b>	<b>421,552</b>	<b>700,147</b>

\* The statutory reserves are maintained in compliance with Financial Services Act, 2013 and are not distributable as cash dividends.

*(These unaudited condensed financial statements should be read in conjunction with the unaudited financial statements for the period ended 31 December 2012 and the accompanying explanatory notes to the interim financial statements)*

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

<b>Bank</b>	<-----Non-distributable----->				<b>Distributable</b>	<b>Total</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory reserves *</b>	<b>Unrealised holding reserves</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2013</b>	50,116	172,669	50,116	(1)	413,937	686,837
Profit for the period	-	-	-	-	93,046	93,046
Total comprehensive income for the period	-	-	-	-	93,046	93,046
Dividends paid	-	-	-	-	(246,065)	(246,065)
<b>At 30 September 2013</b>	<b>50,116</b>	<b>172,669</b>	<b>50,116</b>	<b>(1)</b>	<b>260,918</b>	<b>533,818</b>
<b>At 1 January 2012</b>	50,116	172,669	50,116	7,249	213,191	493,341
Profit for the period	-	-	-	-	192,730	192,730
Other comprehensive loss	-	-	-	(9,022)	-	(9,022)
Total comprehensive (loss)/income for the period	-	-	-	(9,022)	192,730	183,708
<b>At 30 September 2012</b>	<b>50,116</b>	<b>172,669</b>	<b>50,116</b>	<b>(1,773)</b>	<b>405,921</b>	<b>677,049</b>

\* The statutory reserves are maintained in compliance with Financial Services Act, 2013 and are not distributable as cash dividends.

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	Group		Bank	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Profit before taxation and zakat	121,672	264,977	124,363	258,433
Adjustment for non-operating and non-cash items	22,184	9,739	21,617	7,738
Operating profit before working capital changes	<u>143,856</u>	<u>274,716</u>	<u>145,980</u>	<u>266,171</u>
Changes in working capital:				
Net changes in operating assets	(4,084)	28,463	(9,984)	34,121
Net changes in operating liabilities	87,915	(143,520)	88,299	(148,637)
Net taxes paid	(91,489)	(39,455)	(90,003)	(38,478)
<b>Net cash generated from operating activities</b>	<u>136,198</u>	<u>120,204</u>	<u>134,292</u>	<u>113,177</u>
<b>Net cash used in investing activities</b>	(17,382)	(7,687)	(12,882)	(7,609)
<b>Net cash used in financing activities - dividends paid</b>	(246,065)	-	(246,065)	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	(127,249)	112,517	(124,655)	105,568
<b>Cash and cash equivalents at beginning of the period</b>	<u>330,142</u>	<u>320,898</u>	<u>271,642</u>	<u>289,971</u>
<b>Cash and cash equivalents at end of the period</b>	<u>202,893</u>	<u>433,415</u>	<u>146,987</u>	<u>395,539</u>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)*

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

**1. Basis of Preparation**

The unaudited condensed interim financial statements of the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading, securities available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

The unaudited condensed interim financial statements incorporated 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 year ended 31 December 2012 except for adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs, Interpretations of the Issues Committee ("IC Interpretations") and Annual Improvements 2009-2011 Cycle with effective dates of 1 July 2012 and 1 January 2013:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans (Amendments to MFRS 1)*
- MFRS 3 *Business Combinations (IFRS Business Combinations issued by IASB March 2004)*
- MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments MFRS 101)*
- MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*
- MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2013)*
- MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*
- MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

**Annual Improvements 2009-2011 Cycle:**

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Repeated application of MFRS 1 and borrowing costs*
- MFRS 101 *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- MFRS 116 *Property, Plant and Equipment - Classification of servicing equipment*
- MFRS 132 *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- MFRS 134 *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

The adoption of the above MFRSs, amendments to MFRSs, IC Interpretations and Annual Improvements 2009-2011 Cycle did not have any material impact on the financial statements of the Group and of the Bank, except for the adoption of following MFRSs and amendments to MFRSs:



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**1. Basis of Preparation (Cont'd)**

**MFRS 10 Consolidated Financial Statements ("MFRS 10")**

MFRS 10 replaces the requirements of MFRS 127 *Consolidated and Separate Financial Statements* ("MFRS 127") that address the accounting for consolidated financial statements and IC Interpretation 112 *Consolidation – Special Purpose Entities* ("IC 112"). Under MFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied MFRS 10 retrospectively in accordance with the transition provisions of MFRS 10.

Based on the preliminary assessment performed, the Group assessed that adoption of MFRS 10 did not result in any change in the consolidation status of its subsidiaries as at 1 January 2013 and as at 30 September 2013.

**MFRS 13 Fair Value Measurement ("MFRS 13")**

MFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. MFRS 13 also requires fair value disclosures for financial instruments to be included in the interim financial report.

The Group and the Bank have adopted the above standard and the fair value disclosures for financial instruments are disclosed in Note 30.

**2. Significant Accounting Policies**

The audited financial statements of the Group and of the Bank for the year ended 31 December 2012 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS"). The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012 except for those as disclosed in Note 1 above.

**3. Significant Accounting Estimates and Judgements**

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity are as follows:

**(i) Fair Value Estimation of Securities Held-For-Trading (Note 16 (i)), Securities Available-For-Sale (Note 16 (ii)) and Derivative Financial Instruments (Note 20)**

The fair value of securities and derivatives that are not traded in an active market are determined using appropriate valuation techniques. Valuation techniques include the discounted cash flows method, options pricing models, credit models and other relevant valuation models.

**(ii) Amortisation of Intangible Assets**

The Group's and the Bank's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful life. The determination of the estimated useful life of these intangible assets requires the management's judgement which includes analysing the circumstances, the industry and market practice.

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**3. Significant Accounting Estimates and Judgements (Cont'd)**

**(iii) Deferred Tax and Income Taxes**

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period which the estimates is revised or the final liability is established.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

**(iv) Impairment Losses on Loans and Advances**

The Group and the Bank review its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statements of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgements about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loans and advances that have been assessed individually but for which no impairment is required and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowances should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loans and advances portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and judgements on the effects of concentrations of risks (such as the performance of different individual groups).

**(v) Impairment of Investment in Subsidiaries, Associates and Joint Venture**

The Group and the Bank assess whether there is any indication that an investment in subsidiaries, associates and joint venture may be impaired at each reporting date.

If indicators are present, these investments are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's and the Bank's accounting policies in respect of investment in subsidiaries, associates and joint venture are as follows:

- (i) The Group and the Bank determine whether its investments are impaired following certain indicators of impairments such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and
- (ii) Depending on their nature and the industries in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows, realisable net asset value and sector average price-earnings ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past trends.

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**3. Significant Accounting Estimates and Judgements (Cont'd)**

**(v) Impairment of Investments in Subsidiaries, Associates and Joint Venture (Cont'd)**

Sensitivity to changes in assumptions

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

**(vi) Impairment of Securities Portfolio**

The Group and the Bank review the securities portfolio of securities available-for-sale and securities held-to-maturity at each reporting date whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the assets are subject to impairment review.

The impairment review comprises the following judgement made by management:

- (i) Determination whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuers or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluation on various factors, such as historical value movement and the significant reduction in fair value.

**4. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2012 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 quarter ended 30 September 2013.

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

During the quarter ended 30 September 2013, 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 quarter ended 30 September 2013.

**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 quarter ended 30 September 2013.

**9. Changes in the Composition of the Group**

There were no changes to the composition of the Group during the quarter ended 30 September 2013, other than as disclosed in Note 11.

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**10. Dividends**

Dividends paid for the financial period ended 30 September 2013 are as follows:

- (a) At the Annual General Meeting on 27 March 2013, a single-tier first and final dividend in respect of the financial year ended 31 December 2012 of RM3.52 on 50,116,000 ordinary shares, amounting to a net dividend payment of RM176,408,320 was approved and subsequently paid to the shareholder.
- (b) On 20 August 2013, a single-tier interim dividend in respect of the financial year ending 31 December 2013 of RM1.39 on 50,116,000 ordinary shares, amounting to a net dividend payment of RM69,661,240 was approved and subsequently paid to the shareholder.

**11. Significant and Subsequent Events**

- (a) Acquisition of additional Anfaal shares

The Bank had on 9 April 2012 entered into a conditional Share Purchase Agreement ("SPA") with Al Numu Real Estate Co ("Al Numu") and Anfaal Capital ("Anfaal") for the following :-

- i. Proposed acquisition of 858,499 ordinary shares of SAR10 each in Anfaal ("Anfaal Shares"), representing approximately 17.17% of the ordinary share capital of Anfaal for a cash consideration of SAR10,516,613 (RM9,154,711) being SAR12.25 for each Anfaal Share; and
- ii. Proposed assignment of the subordinated loan of SAR2,070,000 (RM1,801,935) from Al Numu to the Bank.

((i) and (ii) collectively referred to as the "Proposals")

On 30 September 2013, the Board of Directors of Maybank announced that all the conditions precedent in the SPA in relation to the Proposals had been fulfilled on 19 September 2013. The Proposals were completed on 30 September 2013, being the completion date agreed upon between the Bank, Al Numu and Anfaal in accordance with the terms of the SPA. Upon completion of the Proposals, the Bank's equity interest in Anfaal has increased from 18% to 35.17%.

- (b) Disposal of Maybank Ventures Sdn Bhd ("MVSB")

On 2 January 2013, the Bank has disposed MVSB, an associated company to Aseamlease Berhad, a wholly-owned subsidiary of Maybank.

MVSB is principally a venture capital company that engages in the promotion of and investment in companies in and outside of Malaysia with the objective of achieving capital appreciation primarily through disposal of such investments.

The disposal of MVSB did not have any material effect on the earnings or assets of the Group and of the Bank for the financial period ended 30 September 2013.

- (c) Liquidation of Maysec (Ipoh) Sdn Bhd ("Maysec Ipoh")

Maysec Ipoh was placed under members' voluntary liquidation on 10 December 2010, and had its final meeting on 14 January 2013.

Maysec Ipoh was previously engaged in stockbroking business and has been dormant since 2005 following the merger of its holding company, Maysec Sdn Bhd (then known as Mayban Securities (Holdings) Sdn Bhd) with Aseambankers Malaysia Berhad to form the Bank. The liquidation of Maysec Ipoh is part of the corporate rationalisation exercise of the Bank which aims to streamline the capital structure of the Group and of the Bank.

The dissolution of Maysec Ipoh did not have any material effect on the earnings or assets of the Group and of the Bank for the financial period ended 30 September 2013.

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**11. Significant and Subsequent Events (Cont'd)**

(d) Liquidation of Mayban Securities (Jersey) Limited ("MSJL")

MSJL was placed under members' voluntary liquidation on 25 June 2011. The final statement of solvency was filed with Jersey Financial Services Commission on 21 June 2013 and was dissolved on 25 June 2013.

MSJL was previously an investment holding company and has been dormant since 1998. The liquidation of MSJL is part of the corporate rationalisation exercise of the Bank which aims to streamline the capital structure of the Group and of the Bank.

The dissolution of MSJL did not have any material effect on the earnings or assets of the Group and of the Bank for the financial period ended 30 September 2013.

**12. Performance Review**

For the period ended 30 September 2013, the Group recorded a lower operating profit compared to the corresponding period last year due to the reduction in number of investment banking deals for the third quarter ended 30 September 2013. Operating profit dipped by 53.9% from RM268.5 million to RM123.8 million.

Non-interest income declined by 11.4% from RM309.3 million to RM274.1 million due to lower fee-based income from investment banking business. The Islamic Banking income contracted by RM98.5 million from RM131.2 million due to a relatively slower sukuk activities. The net income recorded a significant reduction of RM133.5 million or 29.0% to RM326.7 million. However, the net interest income grew marginally by 0.5% or RM0.1 million due to higher interest income from securities held-for-trading and share margin financing.

Overhead expenses increased by 5.8% or RM11.2 million to RM202.9 million from RM191.7 million. This was largely attributable from the increase in establishment expenses and personnel related costs.

The Group's profit before taxation and zakat declined by 54.1% or RM143.3 million from RM265.0 million to RM121.7 million. Net profit decreased by 54.1% or RM106.7 million to RM90.4 million compared to the corresponding period previous year.

**13. Prospects**

The International Monetary Fund ("IMF") expects global real Gross Domestic Product to grow at 2.9% in 2013 (2012: 3.2%) due to sub-trend US recovery, recession in Eurozone, moderation in China's growth, stimulus-driven expansion in Japan and continued growth momentum in Asia ex-Japan. The IMF projects the ASEAN-5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam to maintain positive growth momentum of 5.0% (2012: 6.2%) on the strength of domestic demand, especially consumer spending and investment.

Despite the slower 4.2% growth in the first half of the year amid the soft external demand conditions, Malaysia is projected to see full-year economic growth of at least 4.5% (2012: 5.6%), driven by domestic demand that is powered by strong investment momentum, mainly from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme.

Considering the above factors, the Group anticipates to see reasonable growth in its business for the financial year ending 31 December 2013. In addition, the Group will adopt a strategy of responsible growth with equal focus on managing asset quality, liquidity and capital through sound risk management practices.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance for the financial year ending 31 December 2013.

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Cash and bank balances with licensed commercial banks and other licensed financial institutions	157,235	94,697	107,629	46,617
Deposit placements maturing within one month	45,658	235,445	39,358	225,025
<b>Total</b>	<b>202,893</b>	<b>330,142</b>	<b>146,987</b>	<b>271,642</b>

The monies held-in-trust for clients by the Group and the Bank as at reporting date are approximately RM686,515,000 (31 December 2012: RM88,699,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with FRSIC 18.

**15. Deposits and placements with banks and other financial institutions**

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Licensed banks	49,018	37,573	47,730	36,312

**16. Securities portfolio**

		Group		Bank	
		30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Securities held-for-trading	16 (i)	68,866	181,862	68,866	181,862
Securities available-for-sale	16 (ii)	85,164	87,527	37,630	39,435
Securities held-to-maturity	16 (iii)	33	33	33	33
<b>Total</b>		<b>154,063</b>	<b>269,422</b>	<b>106,529</b>	<b>221,330</b>

**(i) Securities held-for-trading**

At fair value	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
<b>Quoted Securities:</b>		
Shares in Malaysia	17,443	32,120
Shares outside Malaysia	2,996	-
<b>Unquoted Securities:</b>		
Private debt securities in Malaysia	48,427	149,742
<b>Total securities held-for-trading</b>	<b>68,866</b>	<b>181,862</b>

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16. Securities portfolio (Cont'd)

(ii) Securities available-for-sale

At fair value, or cost less impairment losses for certain unquoted equity instruments	Group		Bank	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
<b>Quoted Securities:</b>				
Shares and loan stocks in Malaysia	-	50	-	50
Shares and loan stocks outside Malaysia	47,534	48,273	-	181
	<u>47,534</u>	<u>48,323</u>	<u>-</u>	<u>231</u>
<b>Unquoted Securities:</b>				
Shares and loan stocks in Malaysia	37,627	37,627	37,627	37,627
Shares outside Malaysia	3	1,577	3	1,577
	<u>37,630</u>	<u>39,204</u>	<u>37,630</u>	<u>39,204</u>
<b>Total securities available-for-sale</b>	<u><b>85,164</b></u>	<u><b>87,527</b></u>	<u><b>37,630</b></u>	<u><b>39,435</b></u>

(iii) Securities held-to-maturity

At amortised cost	Group and Bank	
	30 September 2013	31 December 2012
	RM'000	RM'000
<b>Unquoted Securities:</b>		
Private debt securities in Malaysia	33	33
<b>Total securities held-to-maturity</b>	<u><b>33</b></u>	<u><b>33</b></u>

17. Loans and advances

	Group and Bank	
	30 September 2013	31 December 2012
	RM'000	RM'000
Term loans		
- Syndicated term loan	6,447	6,447
- Other term loans	15,769	1,806
Amount due from brokers and clients		
- Margin accounts	342,181	358,038
Foreign currency loans	3,134	1,468
Staff loans	15,390	14,488
Gross loans and advances	<u>382,921</u>	<u>382,247</u>
Less: Allowance for impairment		
- Individual assessment allowance	(6,267)	(6,267)
Net loans and advances	<u><b>376,654</b></u>	<u><b>375,980</b></u>

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

	Group and Bank	
	30 September 2013	31 December 2012
	RM'000	RM'000
Domestic business enterprises	142,177	200,065
Individuals	237,610	180,714
Foreign entities	3,134	1,468
Gross loans and advances	<u><b>382,921</b></u>	<u><b>382,247</b></u>

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

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Fixed rate		
- Housing loans	9,163	9,123
- Hire purchase receivables	5,754	4,910
- Other fixed rate loans	14,651	455
Variable rate		
- BLR-plus	11,172	9,721
- Cost-plus	342,181	358,038
Gross loans and advances	<u>382,921</u>	<u>382,247</u>

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Purchase of securities	356,358	358,038
Purchase of transport vehicles	5,914	5,070
Purchase of residential landed property	10,595	10,769
Personal use	470	448
Consumer durables	3	7
Working capital	9,581	7,915
Gross loans and advances	<u>382,921</u>	<u>382,247</u>

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Maturing within one year	366,392	359,881
One year to three years	1,665	962
Three years to five years	4,182	4,047
After five years	10,682	17,357
Gross loans and advances	<u>382,921</u>	<u>382,247</u>

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Gross balance at beginning of the period/year	7,009	6,980
Impaired during the period/year	29	964
Recovered/regularised during the period/year	(22)	(935)
Gross balance at end of the period/year	<u>7,016</u>	<u>7,009</u>
Less:		
Individual assessment allowance	<u>(6,267)</u>	<u>(6,267)</u>
Net balance at end of the period/year	<u>749</u>	<u>742</u>
Net impaired loans as % of gross loans and advances less individual assessment allowance	<u>0.20%</u>	<u>0.20%</u>



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

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

	<b>Group and Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Purchase of transport vehicles	156	156
Purchase of residential landed property	413	406
Working capital	<b>6,447</b>	6,447
Gross balance at end of the period/year	<b><u>7,016</u></b>	<b><u>7,009</u></b>

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

	<b>Group and Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Individual assessment allowance:</b>		
Balance at beginning of the period/year	6,267	6,267
Allowance made during the period/year	11	205
Amount written back in respect of recoveries	<b>(11)</b>	<b>(205)</b>
Balance at end of the period/year	<b><u>6,267</u></b>	<b><u>6,267</u></b>

**18. Other assets**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Amount due from brokers and clients				
- Non-margin accounts (a)	<b>321,527</b>	238,647	<b>321,527</b>	238,647
Amount due from ultimate holding company	<b>6,069</b>	8,074	<b>6,069</b>	8,074
Other debtors, deposits and prepayment	<b>53,410</b>	25,715	<b>51,266</b>	23,441
	<b><u>381,006</u></b>	<u>272,436</u>	<b><u>378,862</u></b>	<u>270,162</u>
Less: Allowance for doubtful debts	<b>(11,141)</b>	(8,914)	<b>(8,646)</b>	(6,428)
<b>Total</b>	<b><u>369,865</u></b>	<u>263,522</u>	<b><u>370,216</u></b>	<u>263,734</u>

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

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**19. Other liabilities**

	Group		Bank	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Provisions and accruals	70,318	89,386	66,750	85,487
Provision for commitments and contingencies	500	6,619	500	6,619
Amount due to brokers and clients (a)	273,472	212,384	273,472	212,384
Deposits and other creditors	129,626	98,732	303,276	272,329
<b>Total</b>	<b>473,916</b>	<b>407,121</b>	<b>643,998</b>	<b>576,819</b>

(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 and contra gains.

**20. Derivatives**

**(i) Derivative assets**

	Group and Bank			
	30 September 2013		31 December 2012	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
<b>Commodity related derivatives:</b>				
Commodity futures	-	-	4,291	96
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,291</b>	<b>96</b>

**(ii) Derivative liabilities**

	Group and Bank			
	30 September 2013		31 December 2012	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
<b>Equity related derivatives:</b>				
Index futures	-	-	2,527	10
Equity options	260,867	4,005	202,528	8,824
<b>Commodity related derivatives:</b>				
Commodity futures	-	-	5,041	53
Commodity options	-	-	40,790	66
<b>Total</b>	<b>260,867</b>	<b>4,005</b>	<b>250,886</b>	<b>8,953</b>

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**20. Derivatives (Cont'd)**

(iii) The Group and the Bank have recognised the fair value changes of the derivative assets and derivative liabilities as follows (Note 23):

	Group and Bank			
	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
<b>Equity related derivatives:</b>				
Index futures	(28)	69	(33)	(30)
Equity options	(735)	8,000	(14,323)	13,253
<b>Commodity related derivatives:</b>				
Commodity futures	-	80	-	80
Commodity options	870	597	3,401	597
<b>Total</b>	<b>107</b>	<b>8,746</b>	<b>(10,955)</b>	<b>13,900</b>

**21. Interest income**

	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
	<u>Group</u>			
Loans and advances				
- Interest income other than recoveries from impaired loans	6,117	5,358	17,462	13,762
- Recoveries from impaired loans	15	23	78	57
Money at call and deposit placements with banks and other financial institutions	2,620	5,984	9,070	12,458
Securities held-for-trading	-	90	3,611	268
Securities available-for-sale	-	7	-	1,588
Others	36	-	86	-
	<b>8,788</b>	<b>11,462</b>	<b>30,307</b>	<b>28,133</b>
Amortisation of premiums less accretion of discounts, net	(72)	-	(212)	-
<b>Total</b>	<b>8,716</b>	<b>11,462</b>	<b>30,095</b>	<b>28,133</b>

	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
	<u>Bank</u>			
Loans and advances				
- Interest income other than recoveries from impaired loans	6,117	5,358	17,462	13,762
- Recoveries from impaired loans	15	23	78	57
Money at call and deposit placements with banks and other financial institutions	2,402	5,759	8,380	11,824
Securities held-for-trading	-	90	3,611	268
Securities available-for-sale	-	7	-	1,588
Others	36	-	86	-
	<b>8,570</b>	<b>11,237</b>	<b>29,617</b>	<b>27,499</b>
Amortisation of premiums less accretion of discounts, net	(72)	-	(212)	-
<b>Total</b>	<b>8,498</b>	<b>11,237</b>	<b>29,405</b>	<b>27,499</b>

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**22. Interest expense**

	Group and Bank Quarter Ended		Group and Bank Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Deposits and placements of a licensed bank	2,121	1,380	10,192	8,329

**23. Non-interest income**

	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000

**Group**

**Fee and commission income:**

Arranger and upfront fees	1,925	6,605	48,538	74,551
Brokerage income	35,274	27,596	119,648	99,907
Corporate advisory fees	4,573	2,285	27,722	62,605
Placement and related fees	2,247	(1,032)	53,422	39,238
Underwriting commission	673	(19)	1,014	9,738
Others	3,447	610	9,041	12,799
	<b>48,139</b>	<b>36,045</b>	<b>259,385</b>	<b>298,838</b>

**Investment income:**

Realised (loss)/gain from sale of securities held-for-trading, net	(285)	(6,463)	1,454	(10,436)
Unrealised gain/(loss) on revaluation of securities held-for-trading, net	12	(3,127)	751	(4,186)
Realised gain from sale of derivative financial instruments, net	2,658	3,389	19,182	6,313
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 20 (iii))	107	8,746	(10,955)	13,900
Realised gain from sale of securities available-for-sale, net	-	-	-	900
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	-	534	312	1,175
- Quoted outside Malaysia	762	604	1,364	1,383
Securities held-for-trading				
- Quoted in Malaysia	98	-	619	-
- Quoted outside Malaysia	87	-	87	-
	<b>3,439</b>	<b>3,683</b>	<b>12,814</b>	<b>9,049</b>

**Other income:**

Unrealised foreign exchange gain/(loss)	453	(299)	584	740
Others	645	659	1,334	649
	<b>1,098</b>	<b>360</b>	<b>1,918</b>	<b>1,389</b>

<b>Total</b>	<b>52,676</b>	<b>40,088</b>	<b>274,117</b>	<b>309,276</b>
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23. **Non-interest income (Cont'd)**

<u>Bank</u>	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<b>Fee and commission income:</b>				
Arranger and upfront fees	1,925	6,605	48,538	74,551
Brokerage income	35,274	27,596	119,648	98,170
Corporate advisory fees	4,092	1,945	26,331	52,192
Placement and related fees	2,247	(1,032)	53,422	39,238
Underwriting commission	673	(19)	1,014	11,475
Others	3,447	610	9,041	12,799
	<b>47,658</b>	<b>35,705</b>	<b>257,994</b>	<b>288,425</b>
<b>Investment income:</b>				
Realised (loss)/gain from sale of securities held-for-trading, net	(285)	(6,463)	1,454	(10,436)
Unrealised gain/(loss) on revaluation of securities held-for-trading, net	12	(3,127)	751	(4,186)
Realised gain from sale of derivative financial instruments, net	2,658	3,389	19,182	6,313
Unrealised gain/(loss) on revaluation of derivative financial instruments, net (Note 20 (iii))	107	8,746	(10,955)	13,900
Realised gain from sale of securities available-for-sale, net	-	-	-	900
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	-	534	312	1,175
Securities held-for-trading				
- Quoted in Malaysia	98	-	619	-
- Quoted outside Malaysia	87	-	87	-
Gain from disposal of investment in associate	-	-	508	-
	<b>2,677</b>	<b>3,079</b>	<b>11,958</b>	<b>7,666</b>
<b>Other income:</b>				
Unrealised foreign exchange gain/(loss)	975	(396)	1,685	152
Others	383	648	951	934
	<b>1,358</b>	<b>252</b>	<b>2,636</b>	<b>1,086</b>
<b>Total</b>	<b>51,693</b>	<b>39,036</b>	<b>272,588</b>	<b>297,177</b>

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**24. Overhead expenses**

<u>Group</u>	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<b>Personnel expenses</b>				
- Salaries, allowances and bonuses	27,944	20,759	121,760	119,568
- Pension costs - defined contribution plan	3,705	3,415	10,743	9,094
- Other staff related expenses	3,043	1,581	7,281	4,698
- Dealers' incentives	3,036	2,993	7,509	12,046
- Employee Share Scheme expenses	3,010	4,470	8,762	7,544
	<b>40,738</b>	<b>33,218</b>	<b>156,055</b>	<b>152,950</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	858	864	2,499	2,455
- Amortisation of computer software	592	416	1,825	1,221
- Rental	2,661	2,311	7,823	6,796
- Repairs and maintenance of property, plant and equipment	2,153	2,027	5,888	5,151
- Information technology expenses	1,663	1,051	4,159	2,186
- Service chargeback	(231)	(2,350)	(8,470)	(9,662)
- Others	2,263	(158)	5,732	4,830
	<b>9,959</b>	<b>4,161</b>	<b>19,456</b>	<b>12,977</b>
<b>Marketing costs</b>				
- Advertisement and publicity	947	1,623	4,570	5,925
- Others	3,053	2,043	8,164	5,682
	<b>4,000</b>	<b>3,666</b>	<b>12,734</b>	<b>11,607</b>
<b>Administration and general expenses</b>				
- Fee and brokerage	3,528	2,978	9,950	9,230
- Administrative expenses	1,215	1,117	3,271	3,496
- General expenses	391	845	1,394	1,443
	<b>5,134</b>	<b>4,940</b>	<b>14,615</b>	<b>14,169</b>
<b>Total</b>	<b>59,831</b>	<b>45,985</b>	<b>202,860</b>	<b>191,703</b>

<u>Bank</u>	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<b>Personnel expenses</b>				
- Salaries, allowances and bonuses	27,944	20,723	121,760	119,532
- Pension costs - defined contribution plan	3,705	3,415	10,743	9,094
- Other staff related expenses	3,008	1,596	7,210	4,698
- Dealers' incentives	3,036	2,993	7,509	12,046
- Employee Share Scheme expenses	3,010	4,470	8,762	7,544
	<b>40,703</b>	<b>33,197</b>	<b>155,984</b>	<b>152,914</b>

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

<u>Bank</u>	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	853	797	2,486	2,376
- Amortisation of computer software	592	416	1,825	1,221
- Rental	2,661	2,349	7,824	6,796
- Repairs and maintenance of property, plant and equipment	2,153	2,027	5,888	5,151
- Information technology expenses	1,663	1,051	4,159	2,186
- Service chargeback	(1,148)	(5,264)	(13,119)	(12,576)
- Others	2,263	1,943	5,732	5,705
	<u>9,037</u>	<u>3,319</u>	<u>14,795</u>	<u>10,859</u>
<b>Marketing costs</b>				
- Advertisement and publicity	946	1,623	4,569	5,925
- Others	3,055	2,042	8,162	5,681
	<u>4,001</u>	<u>3,665</u>	<u>12,731</u>	<u>11,606</u>
<b>Administration and general expenses</b>				
- Fee and brokerage	3,537	2,868	9,905	9,081
- Administrative expenses	1,020	1,141	3,150	3,481
- General expenses	392	846	1,394	1,443
	<u>4,949</u>	<u>4,855</u>	<u>14,449</u>	<u>14,005</u>
<b>Total</b>	<u>58,690</u>	<u>45,036</u>	<u>197,959</u>	<u>189,384</u>

**25. (Allowance for)/writeback of impairment on loans and advances and other debtors, net**

<u>Group</u>	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Allowance for impaired loans and advances:				
Individual assessment allowance				
- Made during the period	-	(182)	(11)	(203)
- Written back during the period	-	188	11	201
Bad debts recovered	10	216	185	1,245
Allowance for impairment on other debtors, net	(939)	(728)	(2,227)	(939)
<b>Total</b>	<u>(929)</u>	<u>(506)</u>	<u>(2,042)</u>	<u>304</u>
<b>Bank</b>				
Allowance for impaired loans and advances:				
Individual assessment allowance				
- Made during the period	-	(182)	(11)	(203)
- Written back during the period	-	188	11	201
Bad debts recovered	10	216	185	1,245
Allowance for impairment on other debtors, net	(765)	(728)	(2,218)	(939)
<b>Total</b>	<u>(755)</u>	<u>(506)</u>	<u>(2,033)</u>	<u>304</u>

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**26. Capital adequacy**

(I) Capital Adequacy Framework

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

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

The minimum regulatory capital adequacy ratios are set out as follows:

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

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

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

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the Total Capital Ratio.

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

	<b>Group</b>	<b>Bank</b>
<u><b>At 30 September 2013</b></u>	%	%
<b>Capital ratios</b>		
CET1 capital ratio	<b>28.297</b>	<b>25.598</b>
Tier 1 capital ratio	<b>28.297</b>	<b>25.598</b>
Total capital ratio	<b>28.297</b>	<b>25.598</b>
	<b>Group</b>	<b>Bank</b>
	%	%
<b>At 31 December 2012</b>		
<b>Capital ratios</b>		
<b>Before deducting proposed dividends:</b>		
Core capital ratio	40.30	38.34
Risk-weighted capital ratio	40.30	38.34
<b>After deducting proposed dividends:</b>		
Core capital ratio	30.73	27.78
Risk-weighted capital ratio	30.73	27.78



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

(I) Capital Adequacy Framework (Cont'd)

<u>At 30 September 2013</u>	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Regulatory capital</b>		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	298,893	257,250
<b>CET1 capital before regulatory adjustments</b>	<b>571,794</b>	<b>530,151</b>
Less: Deferred tax assets	(9,733)	(10,828)
Intangible assets	(9,740)	(9,740)
Investment in subsidiaries and joint venture <sup>1</sup>	(9,738)	(71,532)
Liquidity reserve <sup>2</sup>	(192)	(192)
Other regulatory deductions	(9,129)	-
<b>CET1 capital/Tier 1 capital/Total capital</b>	<b>533,262</b>	<b>437,859</b>
<u>At 31 December 2012</u>	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Tier 1 capital</b>		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	444,462	413,937
Less: Deferred tax assets	(17,681)	(17,681)
<b>Total Tier 1 capital/Total capital</b>	<b>699,682</b>	<b>669,157</b>
Less: Investment in subsidiaries <sup>1</sup>	-	(61,794)
Liquidity reserve <sup>2</sup>	(2,395)	(2,395)
<b>Capital base<sup>3</sup></b>	<b>697,287</b>	<b>604,968</b>

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

<sup>2</sup> This is reserve for less liquid positions as per Bank Negara Malaysia Guidelines.

<sup>3</sup> For purpose of computation of capital adequacy ratio, the core capital is taken to be similar to the capital base.

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

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

<u>Group</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
<b>30 September 2013</b>				
<b>Exposure Class</b>				
(i) <b><u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	184	184	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	498,947	432,393	87,416	6,993
Corporates	224,774	10,396	8,764	701
Regulatory retail	280,080	34,933	30,397	2,432
Higher risk assets	104,641	104,641	156,962	12,557
Other assets	178,267	178,267	76,907	6,153
<b>Total on-balance sheet exposures</b>	<b>1,286,893</b>	<b>760,814</b>	<b>360,446</b>	<b>28,836</b>
<b>Off-balance sheet exposures:</b>				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	676,071	676,071	170	14
<b>Total off-balance sheet exposures</b>	<b>706,071</b>	<b>706,071</b>	<b>3,170</b>	<b>254</b>
<b>Total on and off-balance sheet exposures</b>	<b>1,992,964</b>	<b>1,466,885</b>	<b>363,616</b>	<b>29,090</b>
(ii) <b><u>Market Risk</u></b>				
Interest rate risk	-	-	42,519	3,402
Equity position risk	-	-	3,204	256
Foreign currency risk	-	-	88,770	7,102
Options risk	-	-	457,057	36,565
<b>Total</b>	<b>-</b>	<b>-</b>	<b>591,550</b>	<b>47,325</b>
(iii) <b><u>Operational Risk</u></b>	-	-	929,363	65,492
<b>Total RWA and capital requirements</b>	<b>1,992,964</b>	<b>1,466,885</b>	<b>1,884,529</b>	<b>141,907</b>

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

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

<u>Group</u>	<b>Gross exposures</b>	<b>Net Exposures</b>	<b>Risk-weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2012</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure Class</b>				
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	260	260	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	450,760	450,760	90,152	7,212
Corporates	341,725	341,725	340,140	27,211
Regulatory retail	194,216	194,216	182,688	14,615
Higher risk assets	92,014	92,014	138,021	11,042
Other assets	125,326	125,326	58,956	4,716
Equity exposures	233	233	233	19
<b>Total on-balance sheet exposures</b>	<b>1,204,534</b>	<b>1,204,534</b>	<b>810,190</b>	<b>64,815</b>
<b>Off-balance sheet exposures:</b>				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	542,359	542,359	70	6
<b>Total off-balance sheet exposures</b>	<b>572,359</b>	<b>572,359</b>	<b>3,070</b>	<b>246</b>
<b>Total on and off-balance sheet exposures</b>	<b>1,776,893</b>	<b>1,776,893</b>	<b>813,260</b>	<b>65,061</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	95,729	7,658
Commodity risk	-	-	2,528	202
Equity position risk	-	-	12,557	1,005
Foreign currency risk	-	-	70,696	5,656
Options risk	-	-	18,971	1,518
<b>Total</b>	<b>-</b>	<b>-</b>	<b>200,481</b>	<b>16,039</b>
<b>(iii) <u>Operational Risk</u></b>				
	-	-	716,690	57,335
<b>Total RWA and capital requirements</b>	<b>1,776,893</b>	<b>1,776,893</b>	<b>1,730,431</b>	<b>138,435</b>

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

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

<u>Bank</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
<b>30 September 2013</b>				
<b>Exposure Class</b>				
(i) <b><u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	184	184	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	441,752	375,198	75,977	6,078
Corporates	224,774	10,396	8,764	701
Regulatory retail	280,080	34,933	30,397	2,432
Higher risk assets	37,630	37,630	56,445	4,516
Other assets	178,488	178,488	77,128	6,170
<b>Total on-balance sheet exposures</b>	<b>1,162,908</b>	<b>636,829</b>	<b>248,711</b>	<b>19,897</b>
<b>Off-balance sheet exposures:</b>				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	676,071	676,071	170	14
<b>Total off-balance sheet exposures</b>	<b>706,071</b>	<b>706,071</b>	<b>3,170</b>	<b>254</b>
<b>Total on and off-balance sheet exposures</b>	<b>1,868,979</b>	<b>1,342,900</b>	<b>251,881</b>	<b>20,151</b>
(ii) <b><u>Market Risk</u></b>				
Interest rate risk	-	-	42,519	3,402
Equity position risk	-	-	3,204	256
Foreign currency risk	-	-	37,365	2,989
Options risk	-	-	457,057	36,565
	-	-	540,145	43,212
(iii) <b><u>Operational Risk</u></b>	-	-	918,492	64,547
<b>Total RWA and capital requirements</b>	<b>1,868,979</b>	<b>1,342,900</b>	<b>1,710,518</b>	<b>127,910</b>

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

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

<u>Bank</u>	<b>Gross exposures</b>	<b>Net Exposures</b>	<b>Risk-weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2012</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure Class</b>				
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	260	260	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	391,026	391,026	78,205	6,256
Corporates	341,725	341,725	340,140	27,211
Regulatory retail	194,216	194,216	182,687	14,615
Higher risk assets	43,404	43,404	65,106	5,208
Other assets	125,368	125,368	59,296	4,744
Equity exposures	233	233	233	19
<b>Total on-balance sheet exposures</b>	<b>1,096,232</b>	<b>1,096,232</b>	<b>725,667</b>	<b>58,053</b>
<b>Off-balance sheet exposures:</b>				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	542,359	542,359	70	6
<b>Total off-balance sheet exposures</b>	<b>572,359</b>	<b>572,359</b>	<b>3,070</b>	<b>246</b>
<b>Total on and off-balance sheet exposures</b>	<b>1,668,591</b>	<b>1,668,591</b>	<b>728,737</b>	<b>58,299</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	95,729	7,658
Commodity risk	-	-	2,528	202
Equity position risk	-	-	12,557	1,005
Foreign currency risk	-	-	17,497	1,400
Options risk	-	-	18,971	1,518
<b>Total</b>	<b>-</b>	<b>-</b>	<b>147,282</b>	<b>11,783</b>
<b>(iii) <u>Operational Risk</u></b>				
	-	-	701,958	56,157
<b>Total RWA and capital requirements</b>	<b>1,668,591</b>	<b>1,668,591</b>	<b>1,577,977</b>	<b>126,239</b>

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

(III) The RWA and capital requirements for the various categories of market risk:

Group	30 September 2013		31 December 2012	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
Interest rate risk	42,519	3,402	95,729	7,658
Commodity risk	-	-	2,528	202
Equity position risk	3,204	256	12,557	1,005
Foreign currency risk	88,770	7,102	70,696	5,656
Options risk	457,057	36,565	18,971	1,518
<b>Total</b>	<b>591,550</b>	<b>47,325</b>	<b>200,481</b>	<b>16,039</b>

Bank	30 September 2013		31 December 2012	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
Interest rate risk	42,519	3,402	95,729	7,658
Commodity risk	-	-	2,528	202
Equity position risk	3,204	256	12,557	1,005
Foreign currency risk	37,365	2,989	17,497	1,400
Options risk	457,057	36,565	18,971	1,518
<b>Total</b>	<b>540,145</b>	<b>43,212</b>	<b>147,282</b>	<b>11,783</b>

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

(IV) The breakdown of exposures by risk weights are as follows:

Group	Exposures after Netting and Credit Risk Mitigation									
	Sovereigns/ Central banks	Public Sector Entities	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
30 September 2013										
<b>Risk weights</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	184	-	-	-	-	-	38,436	-	38,620	-
20%	-	-	429,268	-	-	-	78,655	-	507,923	101,585
50%	-	-	3,125	3,607	308	-	-	-	7,040	3,520
75%	-	-	-	-	18,628	-	-	-	18,628	13,971
100%	-	-	-	6,446	15,448	-	61,176	-	83,070	83,070
150%	-	-	-	343	549	104,641	-	-	105,533	158,300
<b>Total exposures</b>	<b>184</b>	<b>-</b>	<b>432,393</b>	<b>10,396</b>	<b>34,933</b>	<b>104,641</b>	<b>178,267</b>	<b>-</b>	<b>760,814</b>	<b>360,446</b>
<b>Risk-weighted assets by exposures</b>	<b>-</b>	<b>-</b>	<b>87,416</b>	<b>8,764</b>	<b>30,397</b>	<b>156,962</b>	<b>76,907</b>	<b>-</b>	<b>360,446</b>	
<b>Average risk weights</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	<b>84%</b>	<b>87%</b>	<b>150%</b>	<b>43%</b>	<b>0%</b>	<b>47%</b>	

Group	Exposures after Netting and Credit Risk Mitigation									
	Sovereigns/ Central banks	Public Sector Entities	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
31 December 2012										
<b>Risk weights</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	260	-	-	-	-	-	6	-	266	-
20%	-	-	450,760	-	-	-	82,584	-	533,344	106,669
50%	-	-	-	3,171	83	-	593	-	3,847	1,924
75%	-	-	-	-	46,712	-	-	-	46,712	35,034
100%	-	-	-	338,554	147,039	-	42,143	233	527,969	527,969
150%	-	-	-	-	382	92,014	-	-	92,396	138,594
<b>Total exposures</b>	<b>260</b>	<b>-</b>	<b>450,760</b>	<b>341,725</b>	<b>194,216</b>	<b>92,014</b>	<b>125,326</b>	<b>233</b>	<b>1,204,534</b>	<b>810,190</b>
<b>Risk-weighted assets by exposures</b>	<b>-</b>	<b>-</b>	<b>90,152</b>	<b>340,140</b>	<b>182,688</b>	<b>138,021</b>	<b>58,956</b>	<b>233</b>	<b>810,190</b>	
<b>Average risk weights</b>	<b>0%</b>	<b>-</b>	<b>20%</b>	<b>100%</b>	<b>94%</b>	<b>150%</b>	<b>47%</b>	<b>100%</b>	<b>67%</b>	

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

(IV) The breakdown of exposures by risk weights are as follows (Cont'd):

Bank	Exposures after Netting and Credit Risk Mitigation									
	Sovereigns/ Central banks	Public Sector Entities	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 September 2013										
<b>Risk weights</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	184	-	-	-	-	-	38,436	-	38,620	-
20%	-	-	372,073	-	-	-	78,655	-	450,728	90,146
50%	-	-	3,125	3,607	308	-	-	-	7,040	3,520
75%	-	-	-	-	18,628	-	-	-	18,628	13,971
100%	-	-	-	6,446	15,448	-	61,397	-	83,291	83,291
150%	-	-	-	343	549	37,630	-	-	38,522	57,783
<b>Total exposures</b>	<b>184</b>	<b>-</b>	<b>375,198</b>	<b>10,396</b>	<b>34,933</b>	<b>37,630</b>	<b>178,488</b>	<b>-</b>	<b>636,829</b>	<b>248,711</b>
<b>Risk-weighted assets by exposures</b>	<b>-</b>	<b>-</b>	<b>75,977</b>	<b>8,764</b>	<b>30,397</b>	<b>56,445</b>	<b>77,128</b>	<b>-</b>	<b>248,711</b>	
<b>Average risk weights</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	<b>84%</b>	<b>87%</b>	<b>150%</b>	<b>43%</b>	<b>0%</b>	<b>39%</b>	

Bank	Exposures after Netting and Credit Risk Mitigation									
	Sovereigns/ Central banks	Public Sector Entities	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
31 December 2012										
<b>Risk weights</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	260	-	-	-	-	-	5	-	265	-
20%	-	-	391,026	-	-	-	82,584	-	473,610	94,722
50%	-	-	-	3,171	83	-	-	-	3,254	1,627
75%	-	-	-	-	46,712	-	-	-	46,712	35,034
100%	-	-	-	338,554	147,039	-	42,779	233	528,605	528,605
150%	-	-	-	-	382	43,404	-	-	43,786	65,679
<b>Total exposures</b>	<b>260</b>	<b>-</b>	<b>391,026</b>	<b>341,725</b>	<b>194,216</b>	<b>43,404</b>	<b>125,368</b>	<b>233</b>	<b>1,096,232</b>	<b>725,667</b>
<b>Risk-weighted assets by exposures</b>	<b>-</b>	<b>-</b>	<b>78,205</b>	<b>340,140</b>	<b>182,687</b>	<b>65,106</b>	<b>59,296</b>	<b>233</b>	<b>725,667</b>	
<b>Average risk weights</b>	<b>0%</b>	<b>-</b>	<b>20%</b>	<b>100%</b>	<b>94%</b>	<b>150%</b>	<b>47%</b>	<b>100%</b>	<b>66%</b>	



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**27. Commitments and Contingencies**

Group and Bank	As at 30 September 2013			As at 31 December 2012		
	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
<b><u>Credit-related</u></b>						
Obligations under underwriting agreements	299,308	149,654	373,299	30,000	15,000	3,000
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	675,731	-	-	542,219	-	-
- Maturity exceeding one year	340	170	170	140	70	70
	<b>975,379</b>	<b>149,824</b>	<b>373,469</b>	<b>572,359</b>	<b>15,070</b>	<b>3,070</b>
<b><u>Derivative Financial Instruments</u></b>						
Equity related contracts						
- Less than one year	60,935	-	-	205,010	-	-
- One year to less than five years	199,940	-	-	45	-	-
Commodity related contracts						
- Less than one year	-	-	-	50,122	-	-
	<b>260,875</b>	<b>-</b>	<b>-</b>	<b>255,177</b>	<b>-</b>	<b>-</b>
Total commitments and contingencies	<b>1,236,254</b>	<b>149,824</b>	<b>373,469</b>	<b>827,536</b>	<b>15,070</b>	<b>3,070</b>

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

**Contingent liabilities**

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

Case 1

A corporate borrower had issued a writ of summons and statement of claim against the Bank in 2005 in the latter's capacity as agent bank for three financial institutions, claiming general, special and exemplary damages arising from alleged breach of duty owed by the Bank in connection with a syndicated facility.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the Bank and the three syndicated lenders. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, the Bank and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the said credit facilities. The two claims were heard together.

The High Court had on 6 May 2009 entered Judgement against the Bank as agent for the syndicated lenders for, inter alia, a sum of RM115.5 million with interest at 6% per annum from date of disbursement to realisation, with the balance of the corporate borrower's claim (including general damages) ordered to be assessed at a later date. In the same Judgement, the recovery action by the Bank and the three syndicated lenders was also dismissed.

The Bank as one of the syndicated lenders has an exposure of RM48.0 million out of the RM115.5 million awarded pursuant to the Judgement.

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**27. Commitments and Contingencies (Cont'd)**

**Contingent liabilities (Cont'd)**

Case 1 (Cont'd)

The Bank filed an appeal against the Judgement and an application for stay of execution of the Judgement on 8 May 2009 ("Appeal"). On 24 June 2009, the Bank successfully obtained a stay order for execution of the Judgement pending the disposal of the Appeal against the Judgement. The corporate borrower's appeal to the Court of Appeal against the decision on the stay order was dismissed on 23 November 2009.

The Appeal came up for hearing on 10 February 2012, wherein all parties agreed for this matter to be mediated. As the parties could not come to any consensus at the mediation on 9 March 2012, the Appeal was fixed for hearing and the same was concluded on 23 January 2013.

The Court of Appeal fixed 27 September 2013 for delivery of its decision and on that date, the Appeal was allowed. The Judgement against the Bank and the three syndicated lenders was set aside and Judgement was also entered against the corporate borrower for the sum of RM47.2 million as well as the Bank's annual fees of RM50,000 as at 30 September 2008, both with interest thereon, together with costs of RM120,000.

Case 2

Several holders of a bond ("bondholders") issued by a company served a Summons and Statement of Claim on the Bank and five (5) other defendants to recover their losses arising from the limited recovery made by the bondholders following the default of the company's bonds. The claims by the bondholders, inter alia, include the sum of RM156.3 million or any other sum that the Court deems fit.

Following an order in terms for a joinder application by two (2) applicants as 5th and 6th plaintiffs to the suit, the quantum of the claim has increased from RM156.3 million to RM177.25 million. Hearing of the case is scheduled for 25 November 2013 to 29 November 2013.

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

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**28. Interest rate risk**

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows.

The table below summarises the Group's and the Bank's exposure to interest rate risk. The table indicates effective interest rates at the balance sheet date and periods in which the financial instruments reprice or mature, whichever is earlier.

<b>Group</b>						<b>Non- interest sensitive</b>	<b>Trading book</b>	<b>Total</b>	<b>Effective interest rate</b>
<b>30 September 2013</b>	<b>Up to 1 month</b>	<b>&gt; 1 - 3 months</b>	<b>&gt; 3 - 12 months</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>Assets</b>									
Cash and short-term funds	62,777	-	-	-	-	140,116	-	202,893	2.89
Deposits and placements with banks and other financial institutions	1,253	-	-	-	-	47,765	-	49,018	2.95
Securities held-for-trading	-	-	-	-	-	-	68,866	68,866	-
Securities available-for-sale	-	-	-	-	-	85,164	-	85,164	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	342,179	3,134	14,180	745	9,982	5,685	-	375,905	6.61
- impaired*	-	-	-	-	-	749	-	749	-
Other assets	-	-	-	-	-	369,865	-	369,865	-
Other non-interest sensitive balances	-	-	-	-	-	89,162	-	89,162	-
<b>Total assets</b>	<b>406,209</b>	<b>3,134</b>	<b>14,180</b>	<b>745</b>	<b>9,982</b>	<b>738,539</b>	<b>68,866</b>	<b>1,241,655</b>	

\* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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28. Interest rate risk (Cont'd)

<u>Group (Cont'd)</u> 30 September 2013	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
<b>Liabilities and equity</b>									
Deposits and placements of a licensed bank	36,999	50,000	100,000	-	-	222	-	187,221	2.94
Derivative liabilities	-	-	-	-	-	-	4,005	4,005	-
Other liabilities	-	-	-	-	-	473,916	-	473,916	-
Other non-interest sensitive balances	-	-	-	-	-	1,186	-	1,186	-
<b>Total liabilities</b>	<b>36,999</b>	<b>50,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>475,324</b>	<b>4,005</b>	<b>666,328</b>	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	525,211	-	525,211	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>575,327</b>	<b>-</b>	<b>575,327</b>	
<b>Total liabilities and equity</b>	<b>36,999</b>	<b>50,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>1,050,651</b>	<b>4,005</b>	<b>1,241,655</b>	
On-balance sheet interest sensitivity gap	369,210	(46,866)	(85,820)	745	9,982	(312,112)	64,861	-	
<b>Total interest sensitivity gap</b>	<b>369,210</b>	<b>(46,866)</b>	<b>(85,820)</b>	<b>745</b>	<b>9,982</b>	<b>(312,112)</b>	<b>64,861</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>369,210</b>	<b>322,344</b>	<b>236,524</b>	<b>237,269</b>	<b>247,251</b>	<b>(64,861)</b>	<b>-</b>		

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**28. Interest rate risk (Cont'd)**

<u>Group</u> 31 December 2012	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
<b>Assets</b>									
Cash and short-term funds	226,668	-	-	-	-	103,474	-	330,142	2.83
Deposits and placements with banks and other financial institutions	20	-	1,233	-	-	36,320	-	37,573	3.15
Securities held-for-trading	-	-	-	-	-	-	181,862	181,862	-
Securities available-for-sale	-	-	-	-	-	87,527	-	87,527	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	360,012	-	4	750	10,235	4,237	-	375,238	6.38
- impaired*	-	-	-	-	-	742	-	742	-
Other assets	-	-	-	-	-	263,522	-	263,522	-
Derivative assets	-	-	-	-	-	-	96	96	-
Other non-interest sensitive balances	-	-	-	-	-	47,938	-	47,938	-
<b>Total assets</b>	<b>586,700</b>	<b>-</b>	<b>1,237</b>	<b>750</b>	<b>10,235</b>	<b>543,793</b>	<b>181,958</b>	<b>1,324,673</b>	

\* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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28. Interest rate risk (Cont'd)

<u>Group (Cont'd)</u>	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
<b>31 December 2012</b>									
<b>Liabilities and equity</b>									
Deposits and placements of a licensed bank	150,000	-	-	-	-	50	-	150,050	3.06
Derivative liabilities	-	-	-	-	-	-	8,953	8,953	-
Other liabilities	-	-	-	-	-	407,121	-	407,121	-
Other non-interest sensitive balances	-	-	-	-	-	28,332	-	28,332	-
<b>Total liabilities</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435,503</b>	<b>8,953</b>	<b>594,456</b>	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	680,101	-	680,101	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>730,217</b>	<b>-</b>	<b>730,217</b>	
<b>Total liabilities and equity</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,165,720</b>	<b>8,953</b>	<b>1,324,673</b>	
On-balance sheet interest sensitivity gap	436,700	-	1,237	750	10,235	(621,927)	173,005	-	
<b>Total interest sensitivity gap</b>	<b>436,700</b>	<b>-</b>	<b>1,237</b>	<b>750</b>	<b>10,235</b>	<b>(621,927)</b>	<b>173,005</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>436,700</b>	<b>436,700</b>	<b>437,937</b>	<b>438,687</b>	<b>448,922</b>	<b>(173,005)</b>	<b>-</b>		

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28. Interest rate risk (Cont'd)

<b>Bank</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Trading</b>	<b>Total</b>	<b>Effective</b>
<b>30 September 2013</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>interest</b>	<b>book</b>	<b>RM'000</b>	<b>interest</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>			<b>%</b>
<b>Assets</b>									
Cash and short-term funds	50,977	-	-	-	-	96,010	-	146,987	2.90
Deposits and placements with banks and other financial institutions	-	-	-	-	-	47,730	-	47,730	-
Securities held-for-trading	-	-	-	-	-	-	68,866	68,866	-
Securities available-for-sale	-	-	-	-	-	37,630	-	37,630	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	342,179	3,134	14,180	745	9,982	5,685	-	375,905	6.61
- impaired*	-	-	-	-	-	749	-	749	-
Other assets	-	-	-	-	-	370,216	-	370,216	-
Other non-interest sensitive balances	-	-	-	-	-	321,017	-	321,017	-
<b>Total assets</b>	<b>393,156</b>	<b>3,134</b>	<b>14,180</b>	<b>745</b>	<b>9,982</b>	<b>879,070</b>	<b>68,866</b>	<b>1,369,133</b>	

\* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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28. Interest rate risk (Cont'd)

<b>Bank (Cont'd)</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Trading</b>	<b>Total</b>	<b>Effective</b>
<b>30 September 2013</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>interest</b>	<b>book</b>	<b>RM'000</b>	<b>interest</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>			<b>%</b>
<b>Liabilities and equity</b>									
Deposits and placements of a licensed bank	36,999	50,000	100,000	-	-	222	-	187,221	2.94
Derivative liabilities	-	-	-	-	-	-	4,005	4,005	-
Other liabilities	-	-	-	-	-	643,998	-	643,998	-
<b>Total liabilities</b>	<b>36,999</b>	<b>50,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>644,311</b>	<b>4,005</b>	<b>835,315</b>	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	483,702	-	483,702	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>533,818</b>	<b>-</b>	<b>533,818</b>	
<b>Total liabilities and equity</b>	<b>36,999</b>	<b>50,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>1,178,129</b>	<b>4,005</b>	<b>1,369,133</b>	
On-balance sheet interest sensitivity gap	356,157	(46,866)	(85,820)	745	9,982	(299,059)	64,861	-	
<b>Total interest sensitivity gap</b>	<b>356,157</b>	<b>(46,866)</b>	<b>(85,820)</b>	<b>745</b>	<b>9,982</b>	<b>(299,059)</b>	<b>64,861</b>	<b>-</b>	
Cumulative interest rate sensitivity gap	356,157	309,291	223,471	224,216	234,198	(64,861)	-		



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**28. Interest rate risk (Cont'd)**

<b>Bank</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Trading</b>	<b>Total</b>	<b>Effective</b>
<b>31 December 2012</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>interest</b>	<b>book</b>	<b>RM'000</b>	<b>interest</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>			<b>%</b>
<b>Assets</b>									
Cash and short-term funds	192,040	-	-	-	-	79,602	-	271,642	2.86
Deposits and placements with banks and other financial institutions	-	-	-	-	-	36,312	-	36,312	-
Securities held-for-trading	-	-	-	-	-	-	181,862	181,862	-
Securities available-for-sale	-	-	-	-	-	39,435	-	39,435	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	360,012	-	4	750	10,235	4,237	-	375,238	6.38
- impaired*	-	-	-	-	-	742	-	742	-
Other assets	-	-	-	-	-	263,734	-	263,734	-
Derivative assets	-	-	-	-	-	-	96	96	-
Other non-interest sensitive balances	-	-	-	-	-	280,542	-	280,542	-
<b>Total assets</b>	<b>552,052</b>	<b>-</b>	<b>4</b>	<b>750</b>	<b>10,235</b>	<b>704,637</b>	<b>181,958</b>	<b>1,449,636</b>	

\* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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28. Interest rate risk (Cont'd)

<b>Bank (Cont'd)</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 - 3 months RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non- interest sensitive RM'000</b>	<b>Trading book RM'000</b>	<b>Total RM'000</b>	<b>Effective interest rate %</b>
<b>31 December 2012</b>									
<b>Liabilities and equity</b>									
Deposits and placements of a licensed bank	150,000	-	-	-	-	50	-	150,050	3.06
Derivative liabilities	-	-	-	-	-	-	8,953	8,953	-
Other liabilities	-	-	-	-	-	576,819	-	576,819	-
Other non-interest sensitive balances	-	-	-	-	-	26,977	-	26,977	-
<b>Total liabilities</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603,846</b>	<b>8,953</b>	<b>762,799</b>	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	636,721	-	636,721	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>686,837</b>	<b>-</b>	<b>686,837</b>	
<b>Total liabilities and equity</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,290,683</b>	<b>8,953</b>	<b>1,449,636</b>	
On-balance sheet interest sensitivity gap	402,052	-	4	750	10,235	(586,046)	173,005	-	
<b>Total interest sensitivity gap</b>	<b>402,052</b>	<b>-</b>	<b>4</b>	<b>750</b>	<b>10,235</b>	<b>(586,046)</b>	<b>173,005</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>402,052</b>	<b>402,052</b>	<b>402,056</b>	<b>402,806</b>	<b>413,041</b>	<b>(173,005)</b>	<b>-</b>		

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**29. Net income from Islamic Banking Scheme operations**

Unaudited Statements of Financial Position as at 30 September 2013

	Group and Bank	
	30 September 2013	31 December 2012
Notes	RM'000	RM'000
<b>ASSETS</b>		
Cash and short-term funds	352	37,709
Securities held-for-trading	(a) 48,427	-
Other assets	(b) 119,197	115,510
<b>Total assets</b>	<b>167,976</b>	<b>153,219</b>
<b>LIABILITIES</b>		
Other liabilities	(c) 127	143
Provision for taxation and zakat	24,259	21,528
<b>Total liabilities</b>	<b>24,386</b>	<b>21,671</b>
<b>ISLAMIC BANKING FUND</b>		
Islamic banking capital fund	5,000	5,000
Reserves	138,590	126,548
	<b>143,590</b>	<b>131,548</b>
<b>Total liabilities and Islamic banking fund</b>	<b>167,976</b>	<b>153,219</b>

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

**Unaudited Statements of Comprehensive Income**  
**For the Third Quarter Ended 30 September 2013**

Group and Bank	Notes	Quarter Ended		Cumulative 9 Months Ended	
		30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of Islamic banking capital funds	(d)	6,407	33,543	32,681	131,166
<b>Income attributable to the Group and the Bank</b>		<b>6,407</b>	<b>33,543</b>	<b>32,681</b>	<b>131,166</b>
Overhead expenses	(e)	(5,555)	(4,905)	(16,427)	(42,822)
<b>Profit before taxation and zakat</b>		<b>852</b>	<b>28,638</b>	<b>16,254</b>	<b>88,344</b>
Taxation		(213)	(7,330)	(4,064)	(33,151)
Zakat		(8)	(300)	(148)	(1,179)
<b>Net profit for the period</b>		<b>631</b>	<b>21,008</b>	<b>12,042</b>	<b>54,014</b>
<b>Total comprehensive income for the period</b>		<b>631</b>	<b>21,008</b>	<b>12,042</b>	<b>54,014</b>

**Unaudited Statements of Changes in Equity**  
**For the Third Quarter Ended 30 September 2013**

Group and Bank	Islamic banking capital fund RM'000	Distributable retained profits RM'000	Total RM'000
<b>At 1 January 2013</b>	5,000	126,548	131,548
Profit for the period	-	12,042	12,042
Total comprehensive income for the period	-	12,042	12,042
<b>At 30 September 2013</b>	<b>5,000</b>	<b>138,590</b>	<b>143,590</b>
<b>At 1 January 2012</b>	5,000	66,514	71,514
Profit for the period	-	54,014	54,014
Total comprehensive income for the period	-	54,014	54,014
<b>At 30 September 2012</b>	<b>5,000</b>	<b>120,528</b>	<b>125,528</b>

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

**Unaudited Statements of Cash Flows**  
**For the Third Quarter Ended 30 September 2013**

	Group and Bank	
	30 September 2013 RM'000	30 September 2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat, representing operating profit before working capital changes	16,254	88,344
(Increase)/decrease in securities held-for-trading	(48,427)	30,000
Increase in receivables	(3,687)	(185,666)
(Decrease)/increase in payables	(1,497)	71,510
Net cash (used in)/generated from operating activities	<u>(37,357)</u>	<u>4,188</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(37,357)</b>	<b>4,188</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>37,709</b>	<b>10,258</b>
<b>Cash and cash equivalents at end of the period</b>	<b><u>352</u></b>	<b><u>14,446</u></b>

**(a) Securities held-for-trading**

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
<b>Unquoted Securities:</b>		
Private debt securities in Malaysia	<u>48,427</u>	<u>-</u>

**(b) Other assets**

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Debtors and prepayments	<u>119,197</u>	<u>115,510</u>

**(c) Other liabilities**

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Provisions and accruals	<u>127</u>	<u>143</u>

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

**(d) Income derived from investment of Islamic banking capital funds**

	Group and Bank Quarter Ended		Group and Bank Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Gross income from:				
- Securities held-for-trading	1,221	1,653	2,315	1,772
- Securities available-for-sale	-	-	-	206
- Deposits and placements with financial institutions	121	516	477	1,069
- Realised gain from sale of securities available- for-sale, net	1,674	29,399	13,872	106,242
- Unrealised loss on revaluation of securities held-for-trading, net	-	(1,975)	-	-
Fee and commission income from:				
- Arranger and upfront fee	1,521	1,400	9,024	15,806
- Corporate advisory fee	42	200	429	530
- Brokerage income	878	1,615	3,407	2,494
- Other fee income	950	735	3,157	1,688
Others	-	-	-	1,359
<b>Total</b>	<b>6,407</b>	<b>33,543</b>	<b>32,681</b>	<b>131,166</b>

**(e) Overhead expenses**

	Group and Bank Quarter Ended		Group and Bank Cumulative 9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Personnel expenses	5,215	2,526	16,211	45,316
Establishment costs				
- Service chargeback	(819)	1,282	(2,717)	(8,175)
- Other establishment costs	633	393	1,464	2,392
Marketing costs	329	393	870	1,592
Administration and general expenses	197	311	599	1,697
<b>Total</b>	<b>5,555</b>	<b>4,905</b>	<b>16,427</b>	<b>42,822</b>

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

**(f) Capital adequacy**

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

	<b>Group and Bank %</b>
<b><u>At 30 September 2013</u></b>	
<b>Capital ratios</b>	
CET1 capital ratio	35.032
Tier 1 capital ratio	35.032
Total capital ratio	35.032
<b><u>At 31 December 2012</u></b>	
<b>Capital ratios</b>	
Core capital ratio	56.25
Risk-weighted capital ratio	56.25
<b><u>At 30 September 2013</u></b>	
<b>Tier 1 capital</b>	
Islamic banking capital fund	5,000
Retained profits	137,959
<b>CET1 capital before regulatory adjustments</b>	<b>142,959</b>
Less: Liquidity reserve	(192)
<b>CET1 capital/Tier 1 capital/Total capital</b>	<b>142,767</b>
<b><u>At 31 December 2012</u></b>	
<b>Tier 1 capital</b>	
Islamic banking capital fund	5,000
Retained profits	126,548
<b>Capital base</b>	<b>131,548</b>

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

(f) Capital adequacy (Cont'd)

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

<u>Group and Bank</u>	Gross exposures	Net exposures	Risk-weighted assets	Capital requirements
30 September 2013 Exposure Class	RM'000	RM'000	RM'000	RM'000
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	52	52	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	300	300	60	5
Other assets	292,950	292,950	90,594	7,248
<b>Total on-balance sheet exposures</b>	<b>293,302</b>	<b>293,302</b>	<b>90,654</b>	<b>7,253</b>
<b>Total off-balance sheet exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>293,302</b>	<b>293,302</b>	<b>90,654</b>	<b>7,253</b>
<b>(ii) <u>Market Risk</u></b>				
Profit rate risk	-	-	42,519	3,402
<b>(iii) <u>Operational Risk</u></b>				
	-	-	274,355	21,948
<b>Total RWA and capital requirements</b>	<b>293,302</b>	<b>293,302</b>	<b>407,528</b>	<b>32,603</b>

<u>Group and Bank</u>	Gross exposures	Net exposures	Risk-weighted assets	Capital requirements
31 December 2012 Exposure Class	RM'000	RM'000	RM'000	RM'000
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/Central banks	106	106	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	37,603	37,603	7,520	601
Other assets	216,249	216,249	75,258	6,021
<b>Total on-balance sheet exposures</b>	<b>253,958</b>	<b>253,958</b>	<b>82,778</b>	<b>6,622</b>
<b>Total off-balance sheet exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>253,958</b>	<b>253,958</b>	<b>82,778</b>	<b>6,622</b>
<b>(ii) <u>Operational Risk</u></b>				
	-	-	151,096	12,088
<b>Total RWA and capital requirements</b>	<b>253,958</b>	<b>253,958</b>	<b>233,874</b>	<b>18,710</b>



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

(f) Capital adequacy (Cont'd)

(III) The breakdown of exposures by risk weights are as follows:

Group and Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
30 September 2013									
<b>Risk weights</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	52	-	-	-	-	-	-	52	-
20%	-	300	-	-	-	252,945	-	253,245	50,649
100%	-	-	-	-	-	40,005	-	40,005	40,005
<b>Total exposures</b>	<b>52</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,950</b>	<b>-</b>	<b>293,302</b>	<b>90,654</b>
<b>Risk-weighted assets by exposures</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,594</b>	<b>-</b>	<b>90,654</b>	
<b>Average risk weights</b>	<b>0%</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>31%</b>	<b>0%</b>	<b>31%</b>	

Group and Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
31 December 2012									
<b>Risk weights</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	106	-	-	-	-	-	-	106	-
20%	-	37,603	-	-	-	176,239	-	213,842	42,768
100%	-	-	-	-	-	40,010	-	40,010	40,010
<b>Total exposures</b>	<b>106</b>	<b>37,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,249</b>	<b>-</b>	<b>253,958</b>	<b>82,778</b>
<b>Risk-weighted assets by exposures</b>	<b>-</b>	<b>7,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,258</b>	<b>-</b>	<b>82,778</b>	
<b>Average risk weights</b>	<b>0%</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>35%</b>	<b>0%</b>	<b>33%</b>	

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

**(g) Yield/profit rate risk on IBS portfolio**

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in interest rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Group and the Bank to protect the income from IBS operations.

The table below summarises the Group's and the Bank's exposure to yield/profit rate risk for the IBS operations. The table indicates effective yield/profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

<b>Group and Bank</b> 30 September 2013	<b>Up to 1 month RM'000</b>	<b>&gt; 1 - 3 months RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non-yield/ profit rate sensitive RM'000</b>	<b>Trading book RM'000</b>	<b>Total RM'000</b>	<b>Effective yield/profit rate %</b>
<b>Assets</b>									
Cash and short-term funds	300	-	-	-	-	52	-	352	2.95
Securities held-for-trading	-	-	-	-	-	-	48,427	48,427	-
Other assets	-	-	-	-	-	119,197	-	119,197	-
<b>Total assets</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,249</b>	<b>48,427</b>	<b>167,976</b>	
<b>Liabilities and Islamic banking fund</b>									
Other liabilities	-	-	-	-	-	24,386	-	24,386	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,386</b>	<b>-</b>	<b>24,386</b>	
Reserves	-	-	-	-	-	138,590	-	138,590	-
Islamic banking fund	-	-	-	-	-	5,000	-	5,000	-
<b>Total Islamic banking fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,590</b>	<b>-</b>	<b>143,590</b>	
<b>Total liabilities and Islamic banking fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,976</b>	<b>-</b>	<b>167,976</b>	
<b>Total yield/profit rate sensitivity gap</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48,727)</b>	<b>48,427</b>	<b>-</b>	
<b>Cumulative yield/profit rate sensitivity gap</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>(48,427)</b>	<b>-</b>		

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

(g) Yield/profit rate risk on IBS portfolio (Cont'd)

<b>Group and Bank</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-yield/ profit rate</b>	<b>Trading</b>	<b>Total</b>	<b>Effective</b>
<b>31 December 2012</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>sensitive</b>	<b>book</b>	<b>RM'000</b>	<b>yield/profit</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
									<b>%</b>
<b>Assets</b>									
Cash and short-term funds	37,600	-	-	-	-	109	-	37,709	2.95
Other assets	-	-	-	-	-	115,510	-	115,510	-
<b>Total assets</b>	<b>37,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,619</b>	<b>-</b>	<b>153,219</b>	
<b>Liabilities and Islamic banking fund</b>									
Other liabilities	-	-	-	-	-	21,671	-	21,671	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,671</b>	<b>-</b>	<b>21,671</b>	
Reserves	-	-	-	-	-	126,548	-	126,548	-
Islamic banking fund	-	-	-	-	-	5,000	-	5,000	-
<b>Total Islamic banking fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,548</b>	<b>-</b>	<b>131,548</b>	
<b>Total liabilities and Islamic banking fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,219</b>	<b>-</b>	<b>153,219</b>	
<b>Total yield/profit rate sensitivity gap</b>	<b>37,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,600)</b>	<b>-</b>	<b>-</b>	
<b>Cumulative yield/profit rate sensitivity gap</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>	<b>-</b>	<b>-</b>		

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

**(h) Fair values of financial assets and liabilities**

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet 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 Islamic Financial Services Act 2013 ("the Act"), which stipulates that "any licensed institution carrying on Islamic financial business, in addition to its existing licensed business may, from time to time seek the advise of the Shariah Advisory Council ("SAC") established under subsection (7) of the Act, on the operations of its business in order to ensure that it does not involve any element which is not approved by the Religion of Islam" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" known as Shariah Governance Framework ("SGF") (which supersedes the BNM/GPS 1), 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 of the Bank's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's and of 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 (31 December 2012: five) Shariah committee members.

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**30. Fair value of financial instruments**

**Fair value hierarchy**

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

(a) Level 1: Quoted prices

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

(b) Level 2: Valuation techniques using observable inputs

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 less liquid equities.

(c) Level 3: Valuation techniques using significant unobservable inputs

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 Banks' own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

The following table shows the Group's and the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 September 2013 and 31 December 2012.

	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
<b>Securities held-for-trading</b>				
Non-money market instruments	20,439	48,427	-	68,866
<b>Securities available-for-sale</b>				
Non-money market instruments	47,534	37,630	-	85,164
	<b>67,973</b>	<b>86,057</b>	-	<b>154,030</b>
Financial liabilities measured at fair value:				
<b>Derivative liabilities</b>				
Equity related contracts	3,430	575	-	4,005

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

<b>Group</b>	<b>Quoted Market Price (Level 1) RM'000</b>	<b>Valuation technique using</b>		<b>Total RM'000</b>
		<b>Observable Inputs (Level 2) RM'000</b>	<b>Unobservable Inputs (Level 3) RM'000</b>	
<b>As at 31 December 2012</b>				
Financial assets measured at fair value:				
<b>Securities held-for-trading</b>				
Non-money market instruments	32,120	149,742	-	181,862
<b>Securities available-for-sale</b>				
Non-money market instruments	48,323	39,204	-	87,527
<b>Derivative assets</b>				
Commodity related contracts	96	-	-	96
	<u>80,539</u>	<u>188,946</u>	<u>-</u>	<u>269,485</u>

Financial liabilities measured at fair value:

<b>Derivative liabilities</b>				
Equity and commodity related contracts	8,746	207	-	8,953
	<u>8,746</u>	<u>207</u>	<u>-</u>	<u>8,953</u>

<b>Bank</b>	<b>Quoted Market Price (Level 1) RM'000</b>	<b>Valuation technique using</b>		<b>Total RM'000</b>
		<b>Observable Inputs (Level 2) RM'000</b>	<b>Unobservable Inputs (Level 3) RM'000</b>	
<b>As at 30 September 2013</b>				
Financial assets measured at fair value:				
<b>Securities held-for-trading</b>				
Non-money market instruments	20,439	48,427	-	68,866
<b>Securities available-for-sale</b>				
Non-money market instruments	-	37,630	-	37,630
	<u>20,439</u>	<u>86,057</u>	<u>-</u>	<u>106,496</u>

Financial liabilities measured at fair value:

<b>Derivative liabilities</b>				
Equity related contracts	3,430	575	-	4,005
	<u>3,430</u>	<u>575</u>	<u>-</u>	<u>4,005</u>

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

<b>Bank As at 31 December 2012</b>	<b>Quoted Market Price (Level 1) RM'000</b>	<b>Valuation technique using</b>		<b>Total RM'000</b>
		<b>Observable Inputs (Level 2) RM'000</b>	<b>Unobservable Inputs (Level 3) RM'000</b>	
Financial assets measured at fair value:				
<b>Securities held-for-trading</b>				
Non-money market instruments	32,120	149,742	-	181,862
<b>Securities available-for-sale</b>				
Non-money market instruments	231	39,204	-	39,435
<b>Derivative assets</b>				
Commodity related contracts	96	-	-	96
	<u>32,447</u>	<u>188,946</u>	<u>-</u>	<u>221,393</u>
Financial liabilities measured at fair value:				
<b>Derivative liabilities</b>				
Equity and commodity related contracts	8,746	207	-	8,953
	<u>8,746</u>	<u>207</u>	<u>-</u>	<u>8,953</u>

**Valuation techniques**

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

**Derivatives**

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

**Securities held-for-trading and available-for-sale**

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