

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

<u>Group</u>	<u>Note</u>	<u>30 June 2020 RM'000</u>	<u>31 December 2019 RM'000</u>
ASSETS			
Cash and short-term funds	14	961,815	815,210
Deposits and placements with a financial institution	15	727,266	644,478
Financial investments portfolio	16	1,089,247	911,394
Loans and advances	17	282,214	346,616
Derivative assets	21 (i)	166,816	50,348
Other assets	18	655,664	491,786
Tax recoverable		26,904	23,223
Statutory deposit with Bank Negara Malaysia		105	105
Investment in a joint venture		710	1,147
Property, plant and equipment		5,660	6,556
Right-of-use assets		10,434	13,229
Intangible assets		10,052	11,841
Deferred tax assets		9,827	13,102
TOTAL ASSETS		3,946,714	3,329,035
LIABILITIES			
Deposits and placements from a financial institution	19	1,538,301	1,193,885
Derivative liabilities	21 (i)	285,603	280,221
Other liabilities	20	1,456,689	1,220,235
Provision for zakat		485	1,102
TOTAL LIABILITIES		3,281,078	2,695,443
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		442,851	410,807
TOTAL EQUITY		665,636	633,592
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,946,714	3,329,035
COMMITMENTS AND CONTINGENCIES	29	2,857,296	2,401,701

(These condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

<u>Bank</u>	Note	30 June 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short-term funds	14	929,567	777,622
Deposits and placements with a financial institution	15	727,246	644,458
Financial investments portfolio	16	1,089,247	911,394
Loans and advances	17	282,214	346,616
Derivative assets	21 (i)	166,816	50,348
Other assets	18	655,722	491,703
Tax recoverable		26,922	22,512
Statutory deposit with Bank Negara Malaysia		105	105
Investment in subsidiaries		197,267	203,259
Property, plant and equipment		5,660	6,556
Right-of-use assets		10,434	13,229
Intangible assets		10,052	11,841
Deferred tax assets		9,827	13,102
TOTAL ASSETS		4,111,079	3,492,745
LIABILITIES			
Deposits and placements from a financial institution	19	1,538,301	1,193,885
Derivative liabilities	21 (i)	285,603	280,221
Other liabilities	20	1,627,433	1,391,070
Provision for zakat		485	1,102
TOTAL LIABILITIES		3,451,822	2,866,278
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		436,472	403,682
TOTAL EQUITY		659,257	626,467
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,111,079	3,492,745
COMMITMENTS AND CONTINGENCIES	29	2,857,296	2,401,701

(These condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020

<u>Group</u>	Notes	Unaudited		Unaudited	
		Second Quarter Ended 30 June 2020 RM'000	30 June 2019 RM'000	Cumulative 6 Months Ended 30 June 2020 RM'000	30 June 2019 RM'000
Interest income	22	11,776	15,838	25,046	34,480
Interest expense	23	(10,978)	(11,039)	(23,111)	(24,257)
Net interest income		798	4,799	1,935	10,223
Income from Islamic Banking Scheme operations	31	10,975	22,576	15,966	33,436
Non-interest income	24	125,514	74,898	188,335	153,337
Direct costs	25	(16,852)	(5,920)	(24,345)	(11,558)
Net income		120,435	96,353	181,891	185,438
Overhead expenses	26	(69,457)	(71,761)	(140,281)	(143,013)
Operating profit		50,978	24,592	41,610	42,425
Writeback of impairment on loans and advances and other assets, net	27	3,136	1,127	229	1,411
		54,114	25,719	41,839	43,836
Share of results of a joint venture		(299)	(327)	(506)	(866)
Profit before taxation and zakat		53,815	25,392	41,333	42,970
Taxation and zakat		(11,022)	(6,335)	(9,721)	(12,167)
Profit for the period, attributable to equity holder of the Bank		42,793	19,057	31,612	30,803
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		85	38	63	61
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain on revaluation of financial asset at fair value through other comprehensive income		54	-	54	-
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Net gain on foreign exchange translation		54	216	378	124
Other comprehensive income for the period, net of tax		108	216	432	124
Total comprehensive income for the period, attributable to equity holder of the Bank		42,901	19,273	32,044	30,927

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020

<u>Bank</u>	Notes	Unaudited		Unaudited	
		Second Quarter Ended 30 June 2020 RM'000	30 June 2019 RM'000	Cumulative 6 Months Ended 30 June 2020 RM'000	30 June 2019 RM'000
Interest income	22	11,761	15,546	24,832	33,925
Interest expense	23	(10,978)	(11,039)	(23,111)	(24,257)
Net interest income		783	4,507	1,721	9,668
Income from Islamic Banking Scheme operations	31	10,975	22,576	15,966	33,436
Non-interest income	24	125,511	78,258	194,306	156,697
Direct costs	25	(16,852)	(5,920)	(24,345)	(11,558)
Net income		120,417	99,421	187,648	188,243
Overhead expenses	26	(69,424)	(71,725)	(140,213)	(142,935)
Operating profit		50,993	27,696	47,435	45,308
Impairment on investment in a subsidiary		-	-	(5,250)	-
Writeback of impairment on loans and advances and other assets, net	27	3,136	902	229	836
Profit before taxation and zakat		54,129	28,598	42,414	46,144
Taxation and zakat		(11,022)	(6,242)	(9,678)	(11,906)
Profit for the period		43,107	22,356	32,736	34,238
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain on revaluation of financial asset at fair value through other comprehensive income		54	-	54	-
Other comprehensive income for the period, net of tax		54	-	54	-
Profit for the period, representing total comprehensive income for the period, attributable to equity holder of the Bank		43,161	22,356	32,790	34,238

(These condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020

<u>Group</u>	<-----Non-distributable----->				Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value through other comprehensive income reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2020	222,785	30,388	916	(298)	379,801	633,592
Profit for the period	-	-	-	-	31,612	31,612
Other comprehensive income	-	-	54	378	-	432
Total comprehensive income for the period	-	-	54	378	31,612	32,044
Transfer from regulatory reserve	-	(3,631)	-	-	3,631	-
At 30 June 2020	222,785	26,757	970	80	415,044	665,636
At 1 January 2019	222,785	34,777	930	(396)	342,229	600,325
Profit for the period	-	-	-	-	30,803	30,803
Other comprehensive income	-	-	-	124	-	124
Total comprehensive income for the period	-	-	-	124	30,803	30,927
Transfer from regulatory reserve	-	(6,832)	-	-	6,832	-
At 30 June 2019	222,785	27,945	930	(272)	379,864	631,252

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020

	<-----Non-distributable----->			Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value through other comprehensive income reserve RM'000	Retained earnings RM'000	Total RM'000
Bank					
At 1 January 2020	222,785	30,388	916	372,378	626,467
Profit for the period	-	-	-	32,736	32,736
Other comprehensive income	-	-	54	-	54
Total comprehensive income for the period	-	-	54	32,736	32,790
Transfer from regulatory reserve	-	(3,631)	-	3,631	-
At 30 June 2020	222,785	26,757	970	408,745	659,257
At 1 January 2019	222,785	34,777	930	331,046	589,538
Profit for the period	-	-	-	34,238	34,238
Total comprehensive income for the period	-	-	-	34,238	34,238
Transfer from regulatory reserve	-	(6,832)	-	6,832	-
At 30 June 2019	222,785	27,945	930	372,116	623,776

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MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020

	Note	Group		Bank	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Cash flows from operating activities					
Profit before taxation and zakat		41,333	42,970	42,414	46,144
Adjustments for:					
Share of results of a joint venture		506	866	-	-
Depreciation of property, plant and equipment	26	1,296	2,504	1,296	2,504
Depreciation of right-of-use assets	26	4,114	4,144	4,114	4,144
Amortisation of computer software	26	1,989	2,578	1,989	2,578
Allowance for/(writeback of) impairment on loans and advances and other assets, net		60	(1,107)	60	(532)
Impairment on investment in a subsidiary		-	-	5,250	-
Gross dividends	24	(7,974)	(2,337)	(13,945)	(5,697)
Realised loss/(gain) from sale of financial assets at fair value through profit or loss, net	24	99,499	(18,128)	99,499	(18,128)
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss, net	24	55,325	(52,157)	55,325	(52,157)
Realised gain from sale of derivative financial instruments, net	24	(66,458)	(9,936)	(66,458)	(9,936)
Unrealised (gain)/loss on revaluation of derivative financial instruments, net	24	(151,324)	59,785	(151,324)	59,785
Operating (loss)/profit before working capital changes		(21,634)	29,182	(21,780)	28,705
Change in cash and short-term funds with original maturity more than three months		(100,383)	28,346	(100,383)	28,346
Change in deposits and placements with original maturity more than three months		(93,418)	370,148	(93,418)	370,148
Change in financial investments portfolio and derivative financial instruments		(225,927)	(84,906)	(225,927)	(84,906)
Change in loans and advances		64,383	(8,158)	64,383	(8,158)
Change in other assets		(165,238)	181,990	(165,379)	171,444
Change in deposits and placements from a financial institution		344,416	(130,089)	344,416	(130,089)
Change in other liabilities		240,851	(391,141)	240,760	(383,835)
Cash generated from/(used in) operations		43,050	(4,628)	42,672	(8,345)
Taxation and zakat paid, net		(10,744)	(9,391)	(11,430)	(9,288)
Net cash generated from/(used in) operating activities		32,306	(14,019)	31,242	(17,633)
Cash flows from investing activities					
Purchase of property, plant and equipment		(400)	(486)	(400)	(486)
Purchase of computer software		(200)	(1,237)	(200)	(1,237)
Proceeds from disposal of a subsidiary		-	-	742	-
Net dividends received		7,974	2,337	13,945	5,697
Net cash generated from investing activities		7,374	614	14,087	3,974
Cash flows from financing activity					
Repayment of lease liabilities, representing net cash used in financing activity		(4,397)	(4,354)	(4,397)	(4,354)
Net increase/(decrease) in cash and cash equivalents		35,283	(17,759)	40,932	(18,013)
Cash and cash equivalents at the beginning of the period		812,313	766,134	774,705	727,120
Effects of foreign exchange rate changes		309	124	-	-
Cash and cash equivalents at the end of the period		847,905	748,499	815,637	709,107

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020 (CONT'D.)

	Note	Group		Bank	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Cash and cash equivalents comprise:					
Cash and short-term funds	14	961,815	790,959	929,567	751,587
Deposits and placements with a financial institution	15	727,266	486,122	727,246	486,102
		<u>1,689,081</u>	<u>1,277,081</u>	<u>1,656,813</u>	<u>1,237,689</u>
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		(841,176)	(528,582)	(841,176)	(528,582)
		<u>847,905</u>	<u>748,499</u>	<u>815,637</u>	<u>709,107</u>

(These condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

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

1. Basis of Preparation

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

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

The unaudited condensed interim financial statements do not include all the information and disclosure required in the audited financial statements, and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. 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 2019.

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

The significant accounting policies and methods of computation applied by the Group and by the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2020:

Description	Effective for annual periods beginning on or after
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3 - <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 - <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139 - <i>Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

2. Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2019 were prepared in accordance with MFRS, International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2019 except for the adoption of the new MFRS, amendments to MFRS and annual improvements to MFRS which are effective for annual periods beginning on or after 1 January 2020 as disclosed in Note 1.

3. Significant Accounting Estimates and Judgements

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group’s and the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements for the financial year ended 31 December 2019.

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

4. Auditors' Report on Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 was not qualified.

5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the financial period ended 30 June 2020.

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

During the financial period ended 30 June 2020, 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 financial period ended 30 June 2020.

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 financial period ended 30 June 2020.

9. Changes in the Composition of the Group

On 13 March 2020, the Bank had completed the sale of its 100% owned subsidiary, Binafikir Sdn Bhd. Accordingly, Binafikir ceased to be a subsidiary of the Group.

10. Dividends Paid/Payable

There were no dividends paid or payable during the period ended 30 June 2020.

11. Significant and Subsequent Event

There were no significant and subsequent events after the period ended 30 June 2020.

12. Performance Review

For the financial period ended 30 June 2020, the Group's operating profit dropped by 1.9% to RM41.6 million from RM42.4 million during the same period last year mainly due to lower income.

Net income decreased by 1.9% from RM185.4 million to RM181.9 million. Non-interest income increased by RM35.0 million to RM188.3 million due to higher investment income. Income from Islamic Banking Scheme operations decreased by RM17.4 million to RM16.0 million as a result of lower fee income during the period. Net interest income decreased by 81.1% to RM1.9 million mainly due to lower interest income from deposits and placements with financial institutions.

Overhead expenses decreased by 1.9% or RM2.7 million from RM143.0 million to RM140.3 million in the previous corresponding period. This was mainly contributed by the decrease in marketing costs during the period.

The Group profit before taxation and zakat decreased by 3.8% or RM1.6 million from RM42.9 million to RM41.3 million. Profit for the period increased by 2.6% or RM0.8 million to RM31.6 million compared to the previous period.

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

13. Business Outlook

Global GDP contracted to an estimated -10% YoY in 2Q 2020 compared with -2.1% YoY in 1Q 2020, as lockdowns to contain the COVID-19 pandemic were in full motion. Following the easing of lockdown measures which will result in recovery from movement restrictions, reopening of businesses and industries and pent up demand, global GDP is expected to improve post-1H 2020.

However, the global economic outlook remains contingent upon the effects of the pandemic. The baseline scenario of a recession in 2020 and recovery in 2021 is premised on the assumption that the pandemic will be contained this year. However, a prolonged pandemic that continues into next year can result in a deeper recession for 2020 and thus delaying, and muting the expected recovery in 2021.

Compounding the downside of longer lasting economic impact of the pandemic is the risk of surge in insolvencies and job losses, once the time-bound financial and fiscal relief measures such as loan moratoriums, wage subsidies and tax deferrals to protect workers and assist businesses expire. In addition to the pandemic-induced uncertainties, the global economic outlook is also clouded by the re-escalation in US-China tensions.

In Malaysia, 2Q 2020 GDP shrank by -17.1% YoY following contractions in manufacturing, services, construction and mining sectors on the supply side, and declines in private consumption, investments and net exports on the demand side. Post 2Q 2020, we expect the Government to maintain supportive policies to spur economic recovery.

For Malaysian equities, the FBM KLCI is forecasted to report a third straight year of earnings contraction as fundamental earnings are expected to fall in 2020. Retail participation, however, has been on the rise since early 2020, hitting a record high share of 46.3% of total equity traded in July 2020. The Bursa 1H 2020 Average Daily Value traded has jumped to RM3.1 billion, an increase of 52.8% YoY.

For the Malaysian fixed income market, the combination of easing movement restrictions, 125bps OPR cut YTD and stimulus packages support a rebound in economic activity into 2H 2020. The Private Debt Securities (“PDS”) market remains favorable with stable credit conditions and plenty of domestic liquidity. Gross PDS issuance totaled RM45.9 billion as of July 2020 with issuances of RM7.1 billion in July 2020 itself.

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14. Cash and short-term funds

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Cash and bank balances with financial institutions	237,837	290,844	231,118	283,370
Deposit and placements maturing within one month	723,978	524,366	698,449	494,252
Total cash and short-term funds	961,815	815,210	929,567	777,622

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM575,155,000 (2019: RM324,559,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with FRSIC Consensus 18 Monies Held-in-Trust by Participating Organisation at Bursa Malaysia Securities Berhad.

15. Deposits and placements with a financial institution

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Licensed bank	727,266	644,478	727,246	644,458

16. Financial investments portfolio

		Group and Bank	
		30 June 2020 RM'000	31 December 2019 RM'000
Financial assets at fair value through profit or loss	(i)	1,088,077	910,278
Financial assets at fair value through other comprehensive income	(ii)	1,170	1,116
Total financial investments portfolio		1,089,247	911,394

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

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
At fair value		
Quoted financial assets:		
Shares in Malaysia	717,633	488,055
Shares outside Malaysia	321,570	373,349
	1,039,203	861,404
Unquoted financial assets:		
Loan stock in Malaysia	48,874	48,874
	1,088,077	910,278

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

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment loss		
Unquoted financial assets:		
Shares in Malaysia	1,170	1,116

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17. Loans and advances

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Term loans		
- Other term loans	54,386	66,620
Amount due from brokers and clients		
- Margin accounts	187,523	251,372
Staff loans	40,728	29,074
Gross loans and advances at amortised cost	<u>282,637</u>	<u>347,066</u>
Less: Allowances for impaired loans and advances:		
- Stage 1 - 12 Months ECL	(145)	(185)
- Stage 3 - Lifetime ECL credit impaired	(278)	(265)
Net loans and advances	<u>282,214</u>	<u>346,616</u>

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

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Domestic business enterprises		
- Small and medium enterprises	29,230	30,071
- Others	76,211	84,668
Individuals	177,131	231,602
Foreign entities	65	725
Gross loans and advances	<u>282,637</u>	<u>347,066</u>

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

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Fixed rate		
- Housing loans	28,630	16,931
- Hire purchase receivables	11,617	11,902
- Other fixed rate loans	481	241
Variable rate		
- Base lending rate (BLR) plus	187,523	251,372
- Cost plus	54,386	66,620
Gross loans and advances	<u>282,637</u>	<u>347,066</u>

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

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

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Purchase of securities	187,523	251,372
Purchase of transport vehicles	11,617	11,902
Purchase of residential landed property	28,630	16,931
Personal use	481	241
Others	54,386	66,620
Gross loans and advances	282,637	347,066

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

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Within one year	244,063	318,849
More than one year to three years	4,891	2,826
More than three years to five years	6,354	9,272
More than five years	27,329	16,119
Gross loans and advances	282,637	347,066

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

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
At 1 January	1,326	626
Impaired during the period	387	700
Reclassified as non-impaired	(203)	-
Amount recovered	(394)	-
Amount written off	(46)	-
Gross impaired loans and advances	1,070	1,326
Less: - Stage 3 - Lifetime ECL credit impaired	(278)	(265)
Net impaired loans and advances	792	1,061
Net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	0.28%	0.31%

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

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Purchase of transport vehicles	172	159
Purchase of residential landed property	898	1,167
Gross impaired loans and advances	1,070	1,326

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17. Loans and advances (Cont'd)

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	185	-	265	450
(Amount written-back)/allowance for (Note 27)	(40)	-	59	19
Amount written-off	-	-	(46)	(46)
At 30 June 2020	145	-	278	423
At 1 January 2019	322	-	265	587
Amount written-back	(137)	-	-	(137)
At 31 December 2019	185	-	265	450

18. Other assets

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	539,153	320,668	539,153	320,668
Amount due from ultimate holding company	5,688	14,269	5,688	14,269
Other debtors, deposits and prepayments	127,738	176,220	127,796	173,600
	672,579	511,157	672,637	508,537
Less: Allowance for impairment losses	(16,915)	(19,371)	(16,915)	(16,834)
	655,664	491,786	655,722	491,703

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

19. Deposits and placements from a financial institution

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Licensed bank	1,538,301	1,193,885

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20. Other liabilities

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Provisions and accruals	59,374	70,836	59,371	70,643
Amount due to brokers and clients (a)	437,972	329,575	437,972	329,575
Provision for contingent liability	4,500	4,500	4,500	4,500
Deposits and other creditors	935,919	772,872	935,192	772,210
Finance lease obligation	10,706	13,377	10,706	13,377
Amount due to:				
- Holding company	431	26,752	431	26,752
- Related companies	7,787	2,323	7,787	2,323
- Subsidiaries	-	-	171,474	171,690
	1,456,689	1,220,235	1,627,433	1,391,070

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

21. Derivative financial instruments

(i) Derivative financial assets/liabilities

	Contract/ Notional amount RM'000	Group and Bank 30 June 2020	
		Fair Value	
		Assets RM'000	Liabilities RM'000
Hedging derivatives			
Equity-related derivatives:			
Equity options			
- Less than one year	1,362,430	161,887	252,056
Equity swaps			
- Less than one year	291,493	4,929	33,547
	1,653,923	166,816	285,603
Group and Bank 31 December 2019			
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
		Assets RM'000	Liabilities RM'000
Equity-related derivatives:			
Equity options			
- Less than one year	926,562	37,095	229,031
Equity swaps			
- Less than one year	318,095	13,253	51,190
	1,244,657	50,348	280,221

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21. Derivative financial instruments (cont'd.)

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

	Group and Bank			
	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Equity-related derivatives:				
Index futures	487	13	333	1,154
Equity options	(60,480)	5,665	141,673	3,129
Equity swaps	(109,786)	(12,309)	9,318	(64,068)
	<u>(169,779)</u>	<u>(6,631)</u>	<u>151,324</u>	<u>(59,785)</u>

22. Interest income

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances				
- Interest income other than on impaired loans	4,533	7,191	10,300	14,185
- Interest income on impaired loans	402	28	583	47
Money at call and deposits and placements with financial institutions	6,446	7,783	13,284	17,684
Others	395	836	879	2,564
Total interest income	<u>11,776</u>	<u>15,838</u>	<u>25,046</u>	<u>34,480</u>

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans and advances				
- Interest income other than on impaired loans	4,533	7,191	10,300	14,185
- Interest income on impaired loans	402	28	583	47
Money at call and deposits and placements with financial institutions	6,431	7,491	13,070	17,129
Others	395	836	879	2,564
Total interest income	<u>11,761</u>	<u>15,546</u>	<u>24,832</u>	<u>33,925</u>

23. Interest expense

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Deposits and placements from a financial institution	6,197	5,539	12,897	11,659
Derivative financial instruments	4,781	5,500	10,214	12,598
Total interest expense	<u>10,978</u>	<u>11,039</u>	<u>23,111</u>	<u>24,257</u>

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24. Non-interest income

<u>Group</u>	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Fee and commission income:				
Arranger and upfront fees	6,300	2,417	12,754	23,286
Brokerage income	60,934	34,515	104,868	68,039
Corporate advisory fees	1,405	8,969	2,365	15,698
Placement and related fees	-	6,470	250	6,470
Underwriting commission	1,331	1,112	1,331	9,153
Others	2,440	1,881	5,426	4,480
	72,410	55,364	126,994	127,126
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	16,179	13,016	(99,499)	18,128
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	173,567	8,843	(55,325)	52,157
Realised gain from sale of derivative financial instruments, net	24,470	2,053	66,458	9,936
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 21 (ii))	(169,779)	(6,631)	151,324	(59,785)
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	4,840	921	6,489	1,251
- Quoted outside Malaysia	1,428	1,073	1,485	1,086
	50,705	19,275	70,932	22,773
Other income:				
Foreign exchange gain/(loss), net	693	(1,266)	(11,627)	1,498
Others	1,706	1,525	2,036	1,940
	2,399	259	(9,591)	3,438
Total non-interest income	125,514	74,898	188,335	153,337

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24. Non-interest income (Cont'd)

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Arranger and upfront fees	6,300	2,417	12,754	23,286
Brokerage income	60,934	34,515	104,868	68,039
Corporate advisory fees	1,405	8,969	2,365	15,698
Placement and related fees	-	6,470	250	6,470
Underwriting commission	1,331	1,112	1,331	9,153
Others	2,440	1,881	5,426	4,480
	<u>72,410</u>	<u>55,364</u>	<u>126,994</u>	<u>127,126</u>
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	16,179	13,016	(99,499)	18,128
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	173,567	8,843	(55,325)	52,157
Realised gain from sale of derivative financial instruments, net	24,470	2,053	66,458	9,936
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 21 (ii))	(169,779)	(6,631)	151,324	(59,785)
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	4,840	921	6,489	1,251
- Quoted outside Malaysia	1,428	1,073	1,485	1,086
Gross dividend from subsidiaries	-	3,360	5,971	3,360
	<u>50,705</u>	<u>22,635</u>	<u>76,903</u>	<u>26,133</u>
Other income:				
Foreign exchange gain/(loss), net	693	(1,266)	(11,627)	1,498
Others	1,703	1,525	2,036	1,940
	<u>2,396</u>	<u>259</u>	<u>(9,591)</u>	<u>3,438</u>
Total non-interest income	<u>125,511</u>	<u>78,258</u>	<u>194,306</u>	<u>156,697</u>

25. Direct costs

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	11,605	3,033	15,860	6,113
Trade-related charges	5,247	2,887	8,485	5,445
	<u>16,852</u>	<u>5,920</u>	<u>24,345</u>	<u>11,558</u>

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26. Overhead expenses

Group	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	48,828	50,257	98,768	99,388
- Pension costs - defined contribution plan	5,225	5,056	10,460	10,151
- Employees' Share Scheme expenses	2,518	1,368	5,037	2,735
- Other staff-related expenses	1,905	2,673	4,860	5,631
	58,476	59,354	119,125	117,905
Establishment costs				
- Depreciation of property, plant and equipment	624	1,179	1,296	2,504
- Amortisation of computer software	911	1,291	1,989	2,578
- Rental	290	369	678	710
- Finance cost on lease liability	139	197	407	414
- Depreciation of right-of-use assets	2,086	2,072	4,114	4,144
- Repairs and maintenance of property, plant and equipment	4,135	2,452	7,320	5,032
- Information technology expenses	5,155	5,718	10,301	9,439
- Service chargeback	(8,352)	(9,932)	(17,791)	(16,808)
- Others	868	665	1,870	1,275
	5,856	4,011	10,184	9,288
Marketing costs				
- Advertisement and publicity	640	3,428	1,049	4,783
- Others	441	1,979	1,364	3,315
	1,081	5,407	2,413	8,098
Administration and general expenses				
- Fee and brokerage	2,698	1,490	5,284	4,965
- Administrative expenses	645	864	1,964	1,567
- General expenses	701	635	1,311	1,190
	4,044	2,989	8,559	7,722
Total overhead expenses	69,457	71,761	140,281	143,013

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

	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	48,828	50,257	98,768	99,388
- Pension costs - defined contribution plan	5,225	5,056	10,460	10,151
- Employees' Share Scheme expenses	2,518	1,368	5,037	2,735
- Other staff related expenses	1,905	2,673	4,860	5,631
	<u>58,476</u>	<u>59,354</u>	<u>119,125</u>	<u>117,905</u>
Establishment costs				
- Depreciation of property, plant and equipment	624	1,179	1,296	2,504
- Amortisation of computer software	911	1,291	1,989	2,578
- Rental	290	369	678	710
- Finance cost on lease liability	139	197	407	414
- Depreciation of right-of-use assets	2,086	2,072	4,114	4,144
- Repairs and maintenance of property, plant and equipment	4,135	2,452	7,320	5,032
- Information technology expenses	5,155	5,718	10,301	9,439
- Service chargeback	(8,352)	(9,932)	(17,791)	(16,808)
- Others	868	665	1,870	1,275
	<u>5,856</u>	<u>4,011</u>	<u>10,184</u>	<u>9,288</u>
Marketing costs				
- Advertisement and publicity	640	3,428	1,049	4,783
- Others	441	1,979	1,364	3,315
	<u>1,081</u>	<u>5,407</u>	<u>2,413</u>	<u>8,098</u>
Administration and general expenses				
- Fee and brokerage	2,681	1,468	5,245	4,914
- Administrative expenses	630	850	1,935	1,540
- General expenses	700	635	1,311	1,190
	<u>4,011</u>	<u>2,953</u>	<u>8,491</u>	<u>7,644</u>
Total overhead expenses	<u>69,424</u>	<u>71,725</u>	<u>140,213</u>	<u>142,935</u>

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

Group	Unaudited		Unaudited	
	Second Quarter Ended	30 June	Cumulative 6 Months Ended	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/writeback of impairment on loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	(9)	33	40	48
- Stage 3 - Lifetime ECL credit impaired (Note 17 (vii))	(59)	-	(59)	-
Bad debts recovered	120	239	289	304
Writeback of/(allowance for) impairment on other assets, net	3,084	855	(41)	1,059
Total	3,136	1,127	229	1,411

Bank	Unaudited		Unaudited	
	Second Quarter Ended	30 June	Cumulative 6 Months Ended	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/writeback of impairment on loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	(9)	33	40	48
- Stage 3 - Lifetime ECL credit impaired (Note 17 (vii))	(59)	-	(59)	-
Bad debts recovered	120	239	289	304
Writeback of/(allowance for) impairment on other assets, net	3,084	630	(41)	484
Total	3,136	902	229	836

28. Capital adequacy

(i) Capital Adequacy Framework

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

The computation of capital adequacy ratios are based on Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 2 February 2018 respectively.

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

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

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

	Group	Bank
	%	%
At 30 June 2020		
CET1 capital ratio	30.163	28.715
Tier 1 capital ratio	30.163	28.715
Total capital ratio	31.548	30.110
At 31 December 2019		
CET1 capital ratio	24.507	23.080
Tier 1 capital ratio	24.507	23.080
Total capital ratio	25.807	24.389

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28. Capital adequacy (Cont'd)

(I) Capital Adequacy Framework (Cont'd)

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

	Group RM'000	Bank RM'000
<u>At 30 June 2020</u>		
Paid-up share capital	222,785	222,785
Other reserves	411,239	403,736
CET1 capital before regulatory adjustments	634,024	626,521
Less: Deferred tax assets	(9,827)	(9,827)
Intangible assets	(10,052)	(10,052)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(534)	(534)
Regulatory reserve	(26,757)	(26,757)
Investment in subsidiaries and a joint venture ¹	(710)	(25,793)
CET1 capital/Tier 1 capital	586,144	553,558
Tier 2 capital		
General provisions	26,902	26,902
Tier 2 capital	26,902	26,902
Total capital	613,046	580,460
<u>At 31 December 2019</u>		
Paid-up share capital	222,785	222,785
Other reserves	410,807	403,682
CET1 capital before regulatory adjustments	633,592	626,467
Less: Deferred tax assets	(13,102)	(13,102)
Intangible assets	(11,841)	(11,841)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(504)	(504)
Regulatory reserve	(30,388)	(30,388)
Investment in subsidiaries and a joint venture ¹	(1,147)	(31,784)
CET1 capital/Tier 1 capital	576,610	538,848
Tier 2 capital		
General provisions	30,573	30,573
Tier 2 capital	30,573	30,573
Total capital	607,183	569,421

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

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28. Capital adequacy (Cont'd)

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

<u>Group</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
30 June 2020				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	605,951	605,951	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,699,436	1,699,436	400,317	32,025
Corporates	107,004	57,377	57,377	4,590
Regulatory retail	180,487	93,644	93,215	7,457
Higher risk assets	50,044	50,044	75,066	6,005
Other assets	254,117	252,109	189,582	15,167
Total on-balance sheet exposures	2,897,039	2,758,561	815,557	65,244
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,203,373	1,203,373	773	62
Total off-balance sheet exposures	1,203,373	1,203,373	773	62
Total on and off-balance sheet exposures	4,100,412	3,961,934	816,330	65,306
(ii) <u>Market Risk</u>				
Equity position risk	-	-	80,456	6,436
Foreign currency risk	-	-	251,327	20,106
Options risk	-	-	55,838	4,467
Total	-	-	387,621	31,009
(iii) <u>Operational Risk</u>				
	-	-	739,279	59,142
Total RWA and capital requirements	4,100,412	3,961,934	1,943,230	155,457

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28. Capital adequacy (Cont'd)

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

<u>Group</u>	Gross credit exposures	Net credit exposures	Risk-weighted assets	Capital requirements
31 December 2019	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	503,110	503,110	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,210,278	1,210,278	445,999	35,680
Corporates	116,031	64,955	64,955	5,196
Regulatory retail	230,161	108,064	107,031	8,562
Higher risk assets	49,990	49,990	74,985	5,999
Other assets	554,575	550,588	513,528	41,082
Total on-balance sheet exposures	2,664,145	2,486,985	1,206,498	96,519
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,157,044	1,157,044	924	74
Total off-balance sheet exposures	1,157,044	1,157,044	924	74
Total on and off-balance sheet exposures	3,821,189	3,644,029	1,207,422	96,593
(ii) <u>Market Risk</u>				
Equity position risk	-	-	58,053	4,644
Foreign currency risk	-	-	205,008	16,400
Options risk	-	-	139,275	11,142
Total	-	-	402,336	32,186
(iii) <u>Operational Risk</u>				
	-	-	743,034	59,443
Total RWA and capital requirements	3,821,189	3,644,029	2,352,792	188,222

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28. Capital adequacy (Cont'd)

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

Bank	Gross credit exposures	Net credit exposures	Risk-weighted assets	Capital requirements
30 June 2020	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	605,951	605,951	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,667,199	1,667,199	393,869	31,510
Corporates	107,004	57,377	57,377	4,590
Regulatory retail	180,487	93,644	93,215	7,457
Higher risk assets	50,044	50,044	75,066	6,005
Other assets	254,143	252,135	189,611	15,169
Total on-balance sheet exposures	2,864,828	2,726,350	809,138	64,731
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,203,373	1,203,373	773	62
Total off-balance sheet exposures	1,203,373	1,203,373	773	62
Total on and off-balance sheet exposures	4,068,201	3,929,723	809,911	64,793
(ii) <u>Market Risk</u>				
Equity position risk	-	-	80,456	6,436
Foreign currency risk	-	-	246,142	19,691
Options risk	-	-	55,838	4,467
Total	-	-	382,436	30,594
(iii) <u>Operational Risk</u>				
Total RWA and capital requirements	4,068,201	3,929,723	1,927,797	154,223

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28. Capital adequacy (Cont'd)

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

<u>Bank</u>	Gross credit exposures	Net credit exposures	Risk- weighted assets	Capital requirements
31 December 2019	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	503,110	503,110	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,172,705	1,172,705	438,484	35,079
Corporates	116,031	64,955	64,955	5,196
Regulatory retail	230,161	108,064	107,031	8,562
Higher risk assets	49,990	49,990	74,985	5,999
Other assets	554,441	550,454	513,396	41,072
Total on-balance sheet exposures	2,626,438	2,449,278	1,198,851	95,908
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,157,044	1,157,044	924	74
Total off-balance sheet exposures	1,157,044	1,157,044	924	74
Total on and off-balance sheet exposures	3,783,482	3,606,322	1,199,775	95,982
(ii) <u>Market Risk</u>				
Equity position risk	-	-	58,053	4,644
Foreign currency risk	-	-	199,111	15,929
Options risk	-	-	139,275	11,142
Total	-	-	396,439	31,715
(iii) <u>Operational Risk</u>				
	-	-	738,487	59,079
Total RWA and capital requirements	3,783,482	3,606,322	2,334,701	186,776

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29. Commitments and contingencies

Group and Bank	30 June 2020			31 December 2019		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
<u>Credit-related</u>						
Revocable commitments to extend credit:						
- Maturity not exceeding one year	1,201,828	-	-	1,155,197	-	-
- Maturity exceeding one year	1,545	773	773	1,847	924	924
	1,203,373	773	773	1,157,044	924	924
<u>Derivative financial instruments</u>						
Equity-related contracts						
- Less than one year	1,653,923	-	-	1,244,657	-	-
Total commitments and contingencies	2,857,296	773	773	2,401,701	924	924

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

Contingent liabilities

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

Case 1

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

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

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

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

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

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

- (a) The Judgment against the Defendants is for the sum of RM177,248,747.31;
- (b) The total damages that the Bondholders can recover from the Defendants shall not exceed the aggregate sum of RM177,248,747.31;
- (c) Interest shall be calculated on the reduced sum of RM148,653,953.20 at the rate of 5% per annum from 1 November 2011 until full and final settlement; and
- (d) Costs as awarded against the Defendants in favour of the Plaintiffs:
 - (i) 1st – 3rd Defendants : RM350,000;
 - (ii) The 3rd Defendant to pay costs of RM100,000 for the dismissal of his counterclaim;
 - (iii) The Bank to pay costs of RM300,000;

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29. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 1 (Cont'd)

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

(d) Costs as awarded against the Defendants in favour of the Plaintiffs (cont'd.):

- (iv) The 5th Defendant to pay costs of RM150,000; and
- (v) The 6th Defendant to pay costs of RM200,000 and reimburse the Plaintiffs' expert witness costs of RM250,000.

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

The Court of Appeal heard the Appeals on 12, 13, 15, 22, 23, 27 – 29 November 2018. On 18 September 2019, the Court of Appeal affirmed the High Court's judgment and dismissed the Appeals with costs:

- (i) 1st – 3rd Defendants : RM233,000;
- (ii) The 3rd Defendant: RM70,000;
- (iii) The Bank: RM200,000;
- (iv) The 5th Defendant: RM100,000; and
- (v) The 6th Defendant: RM110,000

On 16 October 2019, the Bank filed an application for leave to appeal to the Federal Court against the Court of Appeal's Judgment ("Leave Application"). The Leave Application which was scheduled for hearing on 13 August 2020 has been adjourned and converted to a case management to fix a new hearing date.

Case 2

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

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

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

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

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

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

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

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

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29. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 2 (cont'd)

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

On 30 December 2016 and 5 January 2017, the Defendants filed their respective applications to the Federal Court for leave to appeal to the Federal Court against the COA Decision ("FC Leave Application"). On 26 April 2017, the Federal Court allowed the FC Leave Application ("FC Appeals"). On 15 March 2018, the Federal Court unanimously dismissed the FC Appeals with costs of RM20,000 for each appeal respectively. The Company and the Guarantor filed their respective motions to the Federal Court to review the Federal Court Decision ("FC Review Application"). On 28 January 2019, the Federal Court dismissed the FC Review Application with costs of RM30,000. On 22 February 2019, the 1st Defendant and the Guarantor filed an originating summons before the High Court for declaratory reliefs with a view to have the Federal Court Decision set aside ("2019 OS"). On 22 March 2019, the 1st Defendant and the Guarantor filed an application for the High Court to refer the constitutional issues before it is filed to the Federal Court for determination ("Reference Application"). The Banks filed an application to strike out the 2019 OS ("Banks' Striking Out Application"). The Banks' Striking Out Application, the Reference Application and the 2019 OS are fixed for case management on 28 August 2020.

On 31 January 2020, the 1st Defendant filed a claim against the Bank, another financial institution and The Trustee, alleging among others that the banks breached the SPA and acted to prevent the 1st Defendant from carrying out its obligations under the SPA, thereby causing damage to the 1st Defendant ("2020 OS"). The 1st Defendant applied for an injunction ("Injunction Application") and claimed for declaratory orders and damages to be assessed. The 2020 OS and Injunction Application were heard and dismissed by the High Court on 8 July 2020 ("High Court Decision"). On 6 August 2020, the 1st Defendant appealed against the High Court Decision and the appeal is pending case management at a date to be fixed by the Court of Appeal.

The Guarantor also obtained an ex parte order where the Director General of Insolvency is made the receiver of the Guarantor's property and pursuant to which, no creditor shall have a remedy against the property or the person of the Guarantor in respect of the debt, or commence legal action in respect of a debt unless with the leave of court ("Receiving Order") on the grounds that there is a purported scheme of arrangement for the creditors' consideration. The Banks successfully set aside the Receiving Order on 17 May 2017. The Guarantor has appealed to the Court of Appeal against the setting aside of the Receiving Order and this appeal is fixed for hearing on 5 November 2020.

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

30. Segment information

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

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

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

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

(i) Pillar 1 - Investment banking and advisory

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

(ii) Pillar 2 - Equities

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

(iii) Others

Others includes share of results from investment in a joint venture.

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30. Segment information (Cont'd)

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

Group	Pillar 1	Pillar 2	Others	Total
30 June 2020	RM'000	RM'000	RM'000	RM'000
Net interest income	-	1,935	-	1,935
Income from Islamic Banking Scheme operations	8,211	7,755	-	15,966
Non-interest income	16,194	172,141	-	188,335
Direct costs	-	(24,345)	-	(24,345)
Net income	<u>24,405</u>	<u>157,486</u>	-	<u>181,891</u>
Results				
Segment results	24,405	157,486	-	181,891
Overhead expenses	(43,805)	(96,476)	-	(140,281)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(266)	495	-	229
Share of results of a joint venture	-	-	(506)	(506)
(Loss)/profit before taxation	<u>(19,666)</u>	<u>61,505</u>	<u>(506)</u>	<u>41,333</u>
Taxation and zakat				(9,721)
Profit for the period				<u>31,612</u>
Other segment information				
Depreciation of property, plant and equipment	235	1,061	-	1,296
Depreciation of right-of-use assets	1,202	2,912	-	4,114
Amortisation of computer software	107	1,882	-	1,989
Group				
30 June 2019	RM'000	RM'000	RM'000	RM'000
Net interest income	360	9,863	-	10,223
Income from Islamic Banking Scheme operations	31,624	1,812	-	33,436
Non-interest income	57,813	95,524	-	153,337
Direct costs	-	(11,558)	-	(11,558)
Net income	<u>89,797</u>	<u>95,641</u>	-	<u>185,438</u>
Results				
Segment results	89,797	95,641	-	185,438
Overhead expenses	(53,707)	(89,306)	-	(143,013)
Writeback of impairment on loans and advances and other assets, net	535	876	-	1,411
Share of results of a joint venture	-	-	(866)	(866)
Profit/(loss) before taxation	<u>36,625</u>	<u>7,211</u>	<u>(866)</u>	<u>42,970</u>
Taxation and zakat				(12,167)
Profit for the period				<u>30,803</u>
Other segment information				
Depreciation of property, plant and equipment	299	2,205	-	2,504
Depreciation of right-of-use assets	1,461	2,683	-	4,144
Amortisation of computer software	93	2,485	-	2,578

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

Unaudited Statements of Financial Position as at 30 June 2020

	Notes	Group and Bank	
		30 June 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short-term funds	(a)	17,126	29,315
Other assets	(b)	454,277	437,842
Total assets		471,403	467,157
LIABILITIES			
Other liabilities	(c)	248,595	246,243
Provision for taxation and zakat	(d)	4,510	4,405
Total liabilities		253,105	250,648
ISLAMIC BANKING CAPITAL FUND			
Islamic banking fund		5,000	5,000
Retained earnings		213,298	211,509
		218,298	216,509
Total liabilities and Islamic banking capital fund		471,403	467,157

**Unaudited Statements of Comprehensive Income
For the Second Quarter Ended 30 June 2020**

Group and Bank	Notes	Unaudited Second Quarter Ended		Unaudited Cumulative 6 Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of Islamic banking fund	(e)	10,975	22,576	15,966	33,436
Direct costs		(1,285)	(1,290)	(1,781)	(1,935)
Net income attributable to the Group and to the Bank		9,690	21,286	14,185	31,501
Overhead expenses	(f)	(6,274)	(21,448)	(11,082)	(24,505)
Operating profit/(loss)		3,416	(162)	3,103	6,996
(Allowance for)/writeback of impairment on other assets		(210)	1	(104)	155
Profit/(loss) before taxation and zakat		3,206	(161)	2,999	7,151
Taxation		(769)	111	(720)	(1,716)
Zakat		1,723	(39)	(490)	(790)
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period, attributable to equity holder of the Bank		4,160	(89)	1,789	4,645

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

Unaudited Statements of Changes in Equity
For the Second Quarter Ended 30 June 2020

Group and Bank	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2020	5,000	211,509	216,509
Profit for the period	-	1,789	1,789
Total comprehensive income for the period	-	1,789	1,789
At 30 June 2020	5,000	213,298	218,298
At 1 January 2019	5,000	202,158	207,158
Profit for the period	-	4,645	4,645
Total comprehensive income for the period	-	4,645	4,645
At 30 June 2019	5,000	206,803	211,803

Unaudited Statements of Cash Flows
For the Second Quarter Ended 30 June 2020

	Group and Bank	
	30 June 2020 RM'000	30 June 2019 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	2,999	7,151
(Increase)/decrease in receivables	(16,435)	25,474
Increase/(decrease) in payables	2,352	(25,914)
Taxation and zakat paid, net	(1,105)	-
Net cash (used in)/generated from operating activities	(12,189)	6,711
Net (decrease)/increase in cash and cash equivalents	(12,189)	6,711
Cash and cash equivalents at beginning of the period	29,315	17,582
Cash and cash equivalents at end of the period	17,126	24,293

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

(a) Cash and short-term funds

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Cash and bank balances with financial institutions	17,126	29,315

(b) Other assets

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Debtors	454,277	437,842

(c) Other liabilities

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Provisions and accruals*	248,595	246,243

* Include prohibited sources/means to charitable causes amounting to RM2,259 (2019: RM2,259).

(d) Provision for taxation and zakat

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Taxation	4,021	3,300
Zakat	489	1,105
	4,510	4,405

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

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

<u>Group and Bank</u>	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Profit income from financial assets at fair value through profit or loss	-	-	-	28
Realised gain from sale of financial assets at fair value through profit or loss, net	-	300	2	949
Fee and commission income from:				
- Arranger and upfront fees	2,675	19,128	2,950	21,433
- Brokerage income	5,037	921	7,755	1,812
- Corporate advisory fees	100	45	100	45
- Underwriting commission	-	50	41	50
- Placement fees	851	850	1,001	850
- Others	2,308	1,282	4,102	8,269
Foreign exchange gain, net	4	-	15	-
Total	10,975	22,576	15,966	33,436

(f) Overhead expenses

<u>Group and Bank</u>	Unaudited		Unaudited	
	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	4,698	17,102	8,713	19,745
Establishment costs				
- Service chargeback	(411)	(2,471)	(1,301)	(2,815)
- Other establishment costs	1,122	3,879	2,028	4,340
Marketing costs	88	1,212	176	1,356
Administration and general expenses	777	1,726	1,466	1,879
Total	6,274	21,448	11,082	24,505

(g) Capital adequacy

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

<u>Group and Bank</u>	30 June 2020	31 December 2019
	%	%
CET1 capital ratio	81.662	84.865
Tier 1 capital ratio	81.662	84.865
Total capital ratio	81.662	84.865

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

<u>Group and Bank</u>	30 June 2020	31 December 2019
	RM'000	RM'000
Tier 1 capital		
Islamic banking fund	5,000	5,000
Retained earnings	211,509	211,509
CET1 capital/Tier 1 capital/Total capital	216,509	216,509

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

(g) Capital adequacy (Cont'd)

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

<u>Group and Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
30 June 2020				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	17,038	17,038	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	87	87	17	1
Other assets	647,024	647,024	162,824	13,026
Total on-balance sheet exposures	664,149	664,149	162,841	13,027
Total on and off-balance sheet exposures *	664,149	664,149	162,841	13,027
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>	-	-	102,284	8,183
Total RWA and capital requirements	664,149	664,149	265,128	21,210

<u>Group and Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2019				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	22,077	22,077	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	7,238	7,238	1,448	116
Other assets	599,668	599,668	131,211	10,497
Total on-balance sheet exposures	628,983	628,983	132,659	10,613
Total on and off-balance sheet exposures *	628,983	628,983	132,659	10,613
(ii) <u>Market Risk</u>				
Foreign currency risk	-	-	3	-
(iii) <u>Operational Risk</u>	-	-	122,460	9,797
Total RWA and capital requirements	628,983	628,983	255,122	20,410

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

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

(h) Fair values of financial assets and liabilities

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

(i) Allocation of income

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

(j) Shariah committee

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

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

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

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

The Group and the Bank presently have seven Shariah members.

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32. Fair value of financial instruments

Fair value hierarchy

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

(a) Level 1: Quoted prices

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

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

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

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

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

The following table shows the Group's and the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2020 and 31 December 2019.

<u>Group and Bank</u>	<u>Valuation techniques using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
As at 30 June 2020				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,039,203	48,874	-	1,088,077
Derivative assets	-	166,816	-	166,816
	1,039,203	215,690	-	1,254,893
Financial liabilities measured at fair values:				
Derivative liabilities	77,268	208,335	-	285,603
As at 31 December 2019				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	861,404	48,874	-	910,278
Derivative assets	-	50,348	-	50,348
	861,404	99,222	-	960,626
Financial liabilities measured at fair values:				
Derivative liabilities	31,703	248,518	-	280,221

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

Valuation techniques

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

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

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

(b) Derivative financial instruments

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

33. Credit Exposures Arising from Credit Transactions with Connected Parties

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