

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

CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

<u>Group</u>	<u>Note</u>	31 December 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short-term funds	14	1,405,734	815,210
Deposits and placements with a financial institution	15	519,130	644,478
Financial investments portfolio	16	1,311,143	911,394
Loans and advances	17	151,741	346,616
Derivative assets	21 (i)	126,917	50,348
Other assets	18	981,455	491,786
Tax recoverable		17,146	23,223
Statutory deposit with Bank Negara Malaysia		105	105
Investment in a joint venture		223	1,147
Property, plant and equipment		5,066	6,556
Right-of-use assets		7,931	13,229
Intangible assets		9,192	11,841
Deferred tax assets		28,356	13,102
TOTAL ASSETS		4,564,139	3,329,035
LIABILITIES			
Deposits and placements from a financial institution	19	1,880,201	1,193,885
Derivative liabilities	21 (i)	276,712	280,221
Other liabilities	20	1,776,770	1,220,235
Provision for zakat		1,421	1,102
Subordinated obligation		35,055	-
TOTAL LIABILITIES		3,970,159	2,695,443
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		371,195	410,807
TOTAL EQUITY		593,980	633,592
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,564,139	3,329,035
COMMITMENTS AND CONTINGENCIES	29	3,116,237	2,401,701

(These audited 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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AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

<u>Bank</u>	Note	31 December 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short-term funds	14	1,373,724	777,622
Deposits and placements with a financial institution	15	519,110	644,458
Financial investments portfolio	16	1,311,143	911,394
Loans and advances	17	151,741	346,616
Derivative assets	21 (i)	126,917	50,348
Other assets	18	981,416	491,703
Tax recoverable		17,153	22,512
Statutory deposit with Bank Negara Malaysia		105	105
Investment in subsidiaries		197,267	203,259
Property, plant and equipment		5,066	6,556
Right-of-use assets		7,931	13,229
Intangible assets		9,192	11,841
Deferred tax assets		28,356	13,102
TOTAL ASSETS		4,729,121	3,492,745
LIABILITIES			
Deposits and placements from a financial institution	19	1,880,201	1,193,885
Derivative liabilities	21 (i)	276,712	280,221
Other liabilities	20	1,947,727	1,391,070
Provision for zakat		1,421	1,102
Subordinated obligation		35,055	-
TOTAL LIABILITIES		4,141,116	2,866,278
SHAREHOLDER'S EQUITY			
Share capital		222,785	222,785
Reserves		365,220	403,682
TOTAL EQUITY		588,005	626,467
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,729,121	3,492,745
COMMITMENTS AND CONTINGENCIES	29	3,116,237	2,401,701

(These audited 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
(Co. Reg. No.: 197301002412)
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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

<u>Group</u>	Notes	Unaudited		Audited	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Interest income	22	8,726	13,394	43,416	62,215
Interest expense	23	(8,806)	(11,091)	(41,085)	(45,101)
Net interest income		(80)	2,303	2,331	17,114
Income from Islamic Banking Scheme operations	31	11,054	17,619	56,575	59,160
Non-interest income	24	213,751	123,835	594,946	336,497
Direct costs	25	(34,335)	(2,843)	(89,502)	(20,601)
Net income		190,390	140,914	564,350	392,170
Overhead expenses	26	(79,374)	(89,667)	(292,959)	(293,762)
Operating profit		111,016	51,247	271,391	98,408
Writeback of impairment on loans and advances and other assets, net	27	570	1,646	358	1,354
Provision for contingent liability		-	-	-	(4,500)
		111,586	52,893	271,749	95,262
Share of results of a joint venture		(178)	(386)	(896)	(1,633)
Profit before taxation and zakat		111,408	52,507	270,853	93,629
Taxation and zakat		(29,887)	(13,436)	(69,661)	(26,208)
Profit for the period/year, attributable to equity holder of the Bank		81,521	39,071	201,192	67,421
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		163	78	401	135
Other comprehensive (loss)/income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain/(loss) on revaluation of financial asset at fair value through other comprehensive income		-	-	54	(14)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Net (loss)/gain on foreign exchange translation		(176)	(70)	142	98
Other comprehensive (loss)/income for the period/year, net of tax		(176)	(70)	196	84
Total comprehensive income for the period/year, attributable to equity holder of the Bank		81,345	39,001	201,388	67,505

(These audited 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
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

<u>Bank</u>	Notes	Unaudited		Audited	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Interest income	22	8,616	13,158	42,836	61,175
Interest expense	23	(8,806)	(11,091)	(41,085)	(45,101)
Net interest income		(190)	2,067	1,751	16,074
Income from Islamic Banking Scheme operations	31	11,054	17,619	56,575	59,160
Non-interest income	24	213,751	123,835	600,917	339,857
Direct costs	25	(34,335)	(2,843)	(89,502)	(20,601)
Net income		190,280	140,678	569,741	394,490
Overhead expenses	26	(79,344)	(89,630)	(292,828)	(293,609)
Operating profit		110,936	51,048	276,913	100,881
Impairment on investment in a subsidiary		-	-	(5,250)	-
Writeback of impairment on loans and advances and other assets, net	27	570	1,673	358	581
Provision for contingent liability		-	-	-	(4,500)
Profit before taxation and zakat		111,506	52,721	272,021	96,962
Taxation and zakat		(29,864)	(12,934)	(69,537)	(25,781)
Profit for the period/year, attributable to equity holder of the Bank		81,642	39,787	202,484	71,181
Other comprehensive (loss)/income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain/(loss) on revaluation of financial asset at fair value through other comprehensive income		-	-	54	(14)
Other comprehensive income/(loss) for the period/year, net of tax		-	-	54	(14)
Total comprehensive income for the period/year, attributable to equity holder of the Bank		81,642	39,787	202,538	71,167

(These audited 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
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	201,192	201,192
Other comprehensive income	-	-	54	142	-	196
Total comprehensive income for the year	-	-	54	142	201,192	201,388
Transfer from regulatory reserve	-	(4,907)	-	-	4,907	-
Dividend	-	-	-	-	(241,000)	(241,000)
At 31 December 2020	222,785	25,481	970	(156)	344,900	593,980
At 1 January 2019	222,785	34,777	930	(396)	342,229	600,325
Profit for the year	-	-	-	-	67,421	67,421
Other comprehensive (loss)/income	-	-	(14)	98	-	84
Total comprehensive (loss)/income for the year	-	-	(14)	98	67,421	67,505
Transfer from regulatory reserve	-	(4,389)	-	-	4,389	-
Dividend	-	-	-	-	(34,238)	(34,238)
At 31 December 2019	222,785	30,388	916	(298)	379,801	633,592

(These audited 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 to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	202,484	202,484
Other comprehensive income	-	-	54	-	54
Total comprehensive income for the year	-	-	54	202,484	202,538
Transfer from regulatory reserve	-	(4,907)	-	4,907	-
Dividend	-	-	-	(241,000)	(241,000)
At 31 December 2020	222,785	25,481	970	338,769	588,005
At 1 January 2019	222,785	34,777	930	331,046	589,538
Profit for the year	-	-	-	71,181	71,181
Other comprehensive loss	-	-	(14)	-	(14)
Total comprehensive (loss)/income for the year	-	-	(14)	71,181	71,167
Transfer from regulatory reserve	-	(4,389)	-	4,389	-
Dividend	-	-	-	(34,238)	(34,238)
At 31 December 2019	222,785	30,388	916	372,378	626,467

(These audited 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 to these financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Bank	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Cash flows from operating activities					
Profit before taxation and zakat		270,853	93,629	272,021	96,962
Adjustments for:					
Share of results of a joint venture		896	1,633	-	-
Depreciation of property, plant and equipment	26	2,437	4,538	2,437	4,523
Depreciation of right-of-use assets	26	8,286	8,293	8,286	8,293
Amortisation of computer software	26	3,741	5,059	3,741	5,059
Finance cost on lease liabilities	26	621	718	621	718
Allowance for/(writeback of) impairment on loans and advances and other assets, net		31	(719)	31	54
Impairment on investment in a subsidiary		-	-	5,250	-
Gross dividends	24	(22,277)	(10,593)	(28,248)	(13,953)
Realised loss/(gain) from sale of financial assets at fair value through profit or loss, net	24	18,384	(108,445)	18,384	(108,445)
Unrealised gain on revaluation of financial assets at fair value through profit or loss, net	24	(64,677)	(142,342)	(64,677)	(142,342)
Realised loss from sale of derivative financial instruments, net	24	60,876	161,361	60,876	161,361
Unrealised (gain)/loss on revaluation of derivative financial instruments, net	24	(179,334)	43,289	(179,334)	43,289
Operating profit before working capital changes		99,837	56,421	99,388	55,519
Change in cash and short-term funds with original maturity more than three months		(117,646)	78,710	(117,646)	78,710
Change in deposits and placements with original maturity more than three months		132,463	200,991	132,463	200,991
Change in financial investments portfolio and derivative financial instruments		(315,022)	(239,508)	(315,022)	(239,522)
Change in loans and advances		195,087	22,167	195,087	22,167
Change in other assets		(492,900)	314,409	(492,944)	310,514
Change in deposits and placements from a financial institution		686,316	190,569	686,316	190,569
Change in other liabilities		564,762	(521,549)	564,884	(517,825)
Cash generated from operations		752,897	102,210	752,526	101,123
Taxation and zakat paid, net		(78,519)	(20,459)	(79,113)	(21,209)
Net cash generated from operating activities		674,378	81,751	673,413	79,914
Cash flows from investing activities					
Purchase of property, plant and equipment		(947)	(1,462)	(947)	(1,462)
Purchase of computer software		(1,092)	(1,879)	(1,092)	(1,879)
Proceeds from disposal of a subsidiary		-	-	742	-
Net dividends received		22,277	10,593	28,248	13,953
Net cash generated from investing activities		20,238	7,252	26,951	10,612
Cash flows from financing activities					
Issuance of subordinated obligation		35,000	-	35,000	-
Dividends paid		(241,000)	(34,238)	(241,000)	(34,238)
Repayment of lease liabilities		(8,793)	(8,703)	(8,793)	(8,703)
Net cash used in financing activities		(214,793)	(42,941)	(214,793)	(42,941)

(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
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

	Note	Group		Bank	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Net increase in cash and cash equivalents		479,823	46,062	485,571	47,585
Cash and cash equivalents at the beginning of the year		812,313	766,134	774,705	727,120
Effects of foreign exchange rate changes		170	117	-	-
Cash and cash equivalents at the end of the year		1,292,306	812,313	1,260,276	774,705
Cash and cash equivalents comprise:					
Cash and short-term funds	14	1,405,734	815,210	1,373,724	777,622
Deposits and placements with a financial institution	15	519,130	644,478	519,110	644,458
		1,924,864	1,459,688	1,892,834	1,422,080
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		(632,558)	(647,375)	(632,558)	(647,375)
		1,292,306	812,313	1,260,276	774,705

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

1. Basis of Preparation

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

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

The audited condensed interim financial statements 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 audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2019.

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

The significant accounting policies and methods of computation applied by the Group and 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
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 - <i>Interest Benchmark Reform Phase 2</i>	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 3 Business Combination - <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - <i>Onerous Contracts-Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 - <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

2. Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 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 audited 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.

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

3. Significant Accounting Estimates and Judgements

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

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 year ended 31 December 2020.

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

During the financial year ended 31 December 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 year ended 31 December 2020.

8. Changes in Debt and Equity Securities

Save as disclosed below, there were no share issuances, cancellations, share buy-backs or resale of shares bought back by the Group and the Bank during the financial year ended 31 December 2020.

Subordinated Obligation - Issuance of Tier 2 Subordinated Loan

Issuance	Issue Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	14 December 2020	14 December 2030	RM35.0 million	Tier 2 Subordinated Loan (10 non-call 5)	10 years

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 ("BinaFikir"). Accordingly, BinaFikir ceased to be a subsidiary of the Group.

10. Dividend Declared

A single-tier special dividend in respect of the financial year ended 31 December 2020 of approximately RM4.81 on 50,116,000 ordinary shares, amounting to a net dividend payment of RM241,000,000 was approved and subsequently paid to the shareholder on 14 December 2020.

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

11. Significant and Subsequent Event

There were no significant and subsequent events after the year ended 31 December 2020.

12. Performance Review

For the financial year ended 31 December 2020, the Group's operating profit increased by 175.8% to RM271.4 million from RM98.4 million during the same period last year mainly due to higher income.

Net income increased by 43.9% from RM392.2 million to RM564.4 million. Non-interest income increased by RM258.4 million to RM594.9 million due to higher brokerage income and investment income. Income from Islamic Banking Scheme operations decreased by RM2.6 million to RM56.6 million as a result of lower fee income during the year. Net interest income decreased by 86.4% to RM2.3 million mainly due to lower interest income from loans and advances and deposits and placements with financial institutions.

Overhead expenses decreased by 0.3% or RM0.8 million from RM293.8 million to RM293.0 million in the previous year. This was mainly contributed by personnel and marketing expenses. The decreases were, however, partly mitigated by establishment and administrative and general expenses.

The Group profit before taxation and zakat increased by 189.3% or RM177.3 million from RM93.6 million to RM270.9 million. Profit for the year increased by 198.4% or RM133.8 million to RM201.2 million compared to the previous year.

13. Business Outlook

The operating landscape in 2020 was extremely challenging, with the COVID-19 pandemic leading to a global recession, following deep contractions in major and ASEAN economies. The global economy is expected to rebound in 2021 following the rollout of COVID-19 vaccines to achieve herd immunity. Global monetary policies are anticipated to remain accommodative and fiscal policies are to stay expansionary, extending economic stimulus, thus avoiding a policy cliff from premature withdrawals, ending or exiting of stimulus packages.

In Malaysia, economic recovery is expected to be gradual and uneven amid pandemic containment measures that include re-imposition of the Conditional Movement Control Order in 4Q 2020, followed by the Movement Control Order and declaration of emergency currently, as well as the rollout of vaccines starting 24 February 2021. Monetary, fiscal and economic stimulus will continue, focusing on targeted supports and interventions for individuals and businesses. Overnight Policy Rate (“OPR”) is forecasted to remain at its record low level throughout 2021 amid a benign return of inflation from deflation in 2020, while the expansionary fiscal policy will continue via Budget 2021's record spending allocation of RM322.5 billion.

The Malaysian equity market is expected to gain traction from its resilient banking sector, infrastructure stimulus from the government's Budget 2021 development expenditure allocation and rebounding commodity prices. The FBM KLCI is forecasted to report earnings recovery in 2021, after three consecutive years of earnings contraction.

For equity capital markets, secondary issuances and a resurgence of Initial Public Offerings (“IPOs”) are expected in 2021 as equity markets rebound. For mergers and acquisitions, privatisations and increase in interest activities are anticipated in view of compelling valuations. Furthermore, more business restructuring activities are expected, driven by motivation to achieve scale amidst challenging business conditions, exit of non-core activities to streamline core businesses and competitive capital fundraising for business growth.

For the Malaysian fixed income market, gross Private Debt Securities supply is forecasted at RM110.0 billion in 2021, underpinned by improved growth prospects, ongoing/new infrastructure spending and green/sustainability-labelled bonds.

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14. Cash and short-term funds

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Cash and bank balances with financial institutions	475,899	290,844	469,407	283,370
Deposit and placements maturing within one month	929,835	524,366	904,317	494,252
Total cash and short-term funds	1,405,734	815,210	1,373,724	777,622

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are approximately RM667,317,000 (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	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Licensed bank	519,130	644,478	519,110	644,458

16. Financial investments portfolio

		Group and Bank	
		31 December 2020 RM'000	31 December 2019 RM'000
Financial assets at fair value through profit or loss	(i)	1,309,973	910,278
Financial assets at fair value through other comprehensive income	(ii)	1,170	1,116
Total financial investments portfolio		1,311,143	911,394

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

	Group and Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
At fair value		
Quoted financial assets:		
Shares in Malaysia	932,674	488,055
Shares outside Malaysia	328,425	373,349
	1,261,099	861,404
Unquoted financial assets:		
Loan stock in Malaysia	48,874	48,874
	1,309,973	910,278

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

	Group and Bank	
	31 December 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	
	31 December 2020 RM'000	31 December 2019 RM'000
Term loans		
- Other term loans	-	66,620
Amount due from brokers and clients		
- Margin accounts	107,291	251,372
Staff loans	44,642	29,074
Gross loans and advances at amortised cost	<u>151,933</u>	<u>347,066</u>
Less: Allowances for impaired loans and advances:		
- Stage 1 - 12 Months ECL	(20)	(185)
- Stage 3 - Lifetime ECL credit impaired	(172)	(265)
Net loans and advances	<u>151,741</u>	<u>346,616</u>

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

	Group and Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
Domestic business enterprises		
- Small and medium enterprises	10,578	30,071
- Others	16,826	84,668
Individuals	124,351	231,602
Foreign entities	178	725
Gross loans and advances	<u>151,933</u>	<u>347,066</u>

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

	Group and Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
Fixed rate		
- Housing loans	30,828	16,931
- Hire purchase receivables	13,611	11,902
- Other fixed rate loans	203	241
Variable rate		
- Base lending rate (BLR) plus	107,291	251,372
- Cost plus	-	66,620
Gross loans and advances	<u>151,933</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	
	31 December 2020 RM'000	31 December 2019 RM'000
Purchase of securities	107,291	251,372
Purchase of transport vehicles	13,611	11,902
Purchase of residential landed property	30,828	16,931
Personal use	203	241
Others	-	66,620
Gross loans and advances	151,933	347,066

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

	Group and Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
Within one year	108,185	318,849
More than one year to three years	2,964	2,826
More than three years to five years	9,970	9,272
More than five years	30,814	16,119
Gross loans and advances	151,933	347,066

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

	Group and Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
At 1 January	1,326	626
Impaired during the year	387	703
Reclassified as non-impaired	(444)	-
Amount recovered	(391)	(3)
Amount written-off	(46)	-
Gross impaired loans and advances	832	1,326
Less: - Stage 3 - Lifetime ECL credit impaired	(172)	(265)
Net impaired loans and advances	660	1,061
Net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	0.43%	0.31%

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

	Group and Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
Purchase of transport vehicles	172	159
Purchase of residential landed property	660	1,167
Gross impaired loans and advances	832	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, net (Note 27)	(165)	-	(47)	(212)
Amount written-off	-	-	(46)	(46)
At 31 December 2020	20	-	172	192
At 1 January 2019	322	-	265	587
Amount written-back, net (Note 27)	(137)	-	-	(137)
At 31 December 2019	185	-	265	450

18. Other assets

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	791,283	320,668	791,283	320,668
Amount due from ultimate holding company	2,801	14,269	2,801	14,269
Other debtors, deposits and prepayments	200,009	176,220	199,970	173,600
	994,093	511,157	994,054	508,537
Less: Allowance for impairment losses	(12,638)	(19,371)	(12,638)	(16,834)
	981,455	491,786	981,416	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	
	31 December 2020 RM'000	31 December 2019 RM'000
Licensed bank	1,880,201	1,193,885

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20. Other liabilities

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Provisions and accruals	117,677	70,836	117,669	70,643
Amount due to brokers and clients (a)	534,617	329,575	534,617	329,575
Provision for contingent liability	4,500	4,500	4,500	4,500
Deposits and other creditors	1,071,876	772,872	1,071,367	772,210
Lease liabilities	8,173	13,377	8,173	13,377
Amount due to:				
- Holding company	37,457	26,752	37,457	26,752
- Related companies	2,470	2,323	2,470	2,323
- Subsidiaries	-	-	171,474	171,690
	<u>1,776,770</u>	<u>1,220,235</u>	<u>1,947,727</u>	<u>1,391,070</u>

(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

	Group and Bank 31 December 2020		
	Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Hedging derivatives			
Equity-related derivatives:			
Equity options			
- Less than one year	1,505,932	106,907	184,846
- One to three years	115,553	583	6,340
Equity swaps			
- Less than one year	348,392	19,427	85,379
- One to three years	3,045	-	147
	<u>1,972,922</u>	<u>126,917</u>	<u>276,712</u>

	Group and Bank 31 December 2019		
	Contract/ Notional amount RM'000	Fair Value	
		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
	<u>1,244,657</u>	<u>50,348</u>	<u>280,221</u>

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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		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Equity-related derivatives:				
Index futures	160	29	(31)	1,182
Equity options	(10,956)	(20,296)	207,527	20,291
Equity swaps	(47,206)	56,452	(28,162)	(64,762)
	(58,002)	36,185	179,334	(43,289)

22. **Interest income**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances	2,175	6,332	15,700	27,784
Money at call and deposits and placements with financial institutions	5,856	6,697	25,111	31,018
Others	695	365	2,605	3,413
Total interest income	8,726	13,394	43,416	62,215

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans and advances	2,175	6,332	15,700	27,784
Money at call and deposits and placements with financial institutions	5,746	6,461	24,531	29,978
Others	695	365	2,605	3,413
Total interest income	8,616	13,158	42,836	61,175

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM262,000 (2019: RM182,000) for the Group and the Bank.

23. **Interest expense**

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Deposits and placements from a financial institution	5,671	5,769	24,218	22,893
Derivative financial instruments	3,080	5,322	16,812	22,208
Subordinated obligation	55	-	55	-
Total interest expense	8,806	11,091	41,085	45,101

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24. Non-interest income

<u>Group</u>	Unaudited		Audited	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Fee and commission income:				
Arranger and upfront fees	24,613	31,049	40,360	60,449
Brokerage income	85,923	35,722	285,112	135,215
Corporate advisory fees	9,782	11,929	13,107	30,742
Placement and related fees	5,368	1,301	5,618	8,546
Underwriting commission	907	(158)	2,323	11,032
Others	55,417	14,755	63,319	21,907
	182,010	94,598	409,839	267,891
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	21,494	76,492	(18,384)	108,445
Unrealised gain on revaluation of financial assets at fair value through profit or loss, net	147,201	28,906	64,677	142,342
Realised loss from sale of derivative financial instruments, net	(89,140)	(127,786)	(60,876)	(161,361)
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 21 (ii))	(58,002)	36,185	179,334	(43,289)
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	6,418	4,622	17,409	6,776
- Quoted outside Malaysia	1,066	1,847	4,868	3,817
	29,037	20,266	187,028	56,730
Other income:				
Foreign exchange gain/(loss), net	1,193	7,145	(6,386)	7,020
Others	1,511	1,826	4,465	4,856
	2,704	8,971	(1,921)	11,876
Total non-interest income	213,751	123,835	594,946	336,497

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24. Non-interest income (Cont'd)

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2020 RM'000	31 December 2019 RM'000	Cumulative 12 Months Ended 31 December 2020 RM'000	31 December 2019 RM'000
Bank				
Fee and commission income:				
Arranger and upfront fees	24,613	31,049	40,360	60,449
Brokerage income	85,923	35,722	285,112	135,215
Corporate advisory fees	9,782	11,929	13,107	30,742
Placement and related fees	5,368	1,301	5,618	8,546
Underwriting commission	907	(158)	2,323	11,032
Others	55,417	14,755	63,319	21,907
	182,010	94,598	409,839	267,891
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	21,494	76,492	(18,384)	108,445
Unrealised gain on revaluation of financial assets at fair value through profit or loss, net	147,201	28,906	64,677	142,342
Realised loss from sale of derivative financial instruments, net	(89,140)	(127,786)	(60,876)	(161,361)
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 21 (ii))	(58,002)	36,185	179,334	(43,289)
Gross dividends from financial assets at fair value through profit or loss				
- Quoted in Malaysia	6,418	4,622	17,409	6,776
- Quoted outside Malaysia	1,066	1,847	4,868	3,817
Gross dividend from subsidiaries	-	-	5,971	3,360
	29,037	20,266	192,999	60,090
Other income:				
Foreign exchange gain/(loss), net	1,193	7,145	(6,386)	7,020
Others	1,511	1,826	4,465	4,856
	2,704	8,971	(1,921)	11,876
Total non-interest income	213,751	123,835	600,917	339,857

25. Direct costs

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2020 RM'000	31 December 2019 RM'000	Cumulative 12 Months Ended 31 December 2020 RM'000	31 December 2019 RM'000
Group and Bank				
Dealers' incentive	28,144	342	67,184	9,621
Trade-related charges	6,191	2,501	22,318	10,980
	34,335	2,843	89,502	20,601

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26. **Overhead expenses**

<u>Group</u>	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2020 RM'000	31 December 2019 RM'000	Cumulative 12 Months Ended 31 December 2020 RM'000	31 December 2019 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	48,899	68,316	195,200	205,745
- Pension costs - defined contribution plan	5,201	5,096	20,918	20,412
- Employees' Share Scheme expenses	3,322	1,995	10,878	6,097
- Other staff-related expenses	2,518	3,331	9,945	14,014
	<u>59,940</u>	<u>78,738</u>	<u>236,941</u>	<u>246,268</u>
Establishment costs				
- Depreciation of property, plant and equipment	557	984	2,437	4,538
- Amortisation of computer software	856	1,200	3,741	5,059
- Rental	176	356	1,241	1,439
- Finance cost on lease liability	97	135	621	718
- Depreciation of right-of-use assets	2,086	2,070	8,286	8,293
- Repairs and maintenance of property, plant and equipment	3,061	1,969	12,851	10,856
- Information technology expenses	7,001	6,742	23,951	20,701
- Others (Note (i))	(8,530)	(9,807)	(29,680)	(33,643)
	<u>5,304</u>	<u>3,649</u>	<u>23,448</u>	<u>17,961</u>
Marketing costs				
- Advertisement and publicity	141	798	1,447	6,879
- Others	280	1,409	1,812	6,301
	<u>421</u>	<u>2,207</u>	<u>3,259</u>	<u>13,180</u>
Administration and general expenses				
- Fee and brokerage	2,139	3,743	10,072	10,977
- Administrative expenses	9,946	770	15,022	3,319
- General expenses	1,624	560	4,217	2,057
	<u>13,709</u>	<u>5,073</u>	<u>29,311</u>	<u>16,353</u>
Total overhead expenses	<u>79,374</u>	<u>89,667</u>	<u>292,959</u>	<u>293,762</u>

Note (i): Included in other establishment costs are service chargebacks amounting to approximately RM30,000,000 (2019: RM35,000,000).

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26. Overhead expenses (Cont'd)

<u>Bank</u>	Unaudited		Audited	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	48,899	68,316	195,200	205,745
- Pension costs - defined contribution plan	5,201	5,096	20,918	20,412
- Employees' Share Scheme expenses	3,322	1,995	10,878	6,097
- Other staff related expenses	2,518	3,331	9,945	14,014
	<u>59,940</u>	<u>78,738</u>	<u>236,941</u>	<u>246,268</u>
Establishment costs				
- Depreciation of property, plant and equipment	557	969	2,437	4,523
- Amortisation of computer software	856	1,200	3,741	5,059
- Rental	176	356	1,241	1,439
- Finance cost on lease liability	97	135	621	718
- Depreciation of right-of-use assets	2,086	2,070	8,286	8,293
- Repairs and maintenance of property, plant and equipment	3,061	1,969	12,851	10,856
- Information technology expenses	7,001	6,742	23,951	20,701
- Others (Note (i))	(8,530)	(9,792)	(29,680)	(33,628)
	<u>5,304</u>	<u>3,649</u>	<u>23,448</u>	<u>17,961</u>
Marketing costs				
- Advertisement and publicity	141	798	1,447	6,879
- Others	280	1,409	1,812	6,301
	<u>421</u>	<u>2,207</u>	<u>3,259</u>	<u>13,180</u>
Administration and general expenses				
- Fee and brokerage	2,121	3,723	10,001	10,884
- Administrative expenses	9,937	756	14,965	3,262
- General expenses	1,621	557	4,214	2,054
	<u>13,679</u>	<u>5,036</u>	<u>29,180</u>	<u>16,200</u>
Total overhead expenses	<u>79,344</u>	<u>89,630</u>	<u>292,828</u>	<u>293,609</u>

Note (i): Included in other establishment costs is service chargeback amounting to approximately RM30,000,000 (2019: RM35,000,000).

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27. Writeback of impairment on loans and advances and other assets, net

<u>Group</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Writeback of impairment on loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	3	49	165	137
- Stage 3 - Lifetime ECL credit impaired (Note 17 (vii))	-	-	47	-
Bad debts recovered	77	286	389	635
Writeback of/(allowance for) impairment on other assets, net	490	1,311	(243)	582
Total	570	1,646	358	1,354

<u>Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Writeback of impairment on loans and advances:				
- Stage 1 - 12 months ECL (Note 17 (vii))	3	49	165	137
- Stage 3 - Lifetime ECL credit impaired (Note 17 (vii))	-	-	47	-
Bad debts recovered	77	286	389	635
Writeback of/(allowance for) impairment on other assets, net	490	1,338	(243)	(191)
Total	570	1,673	358	581

28. Capital adequacy

(I) Capital Adequacy Framework

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

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

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

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

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

	Group %	Bank %
<u>At 31 December 2020</u>		
CET1 capital ratio	20.560	19.503
Tier 1 capital ratio	20.560	19.503
Total capital ratio	22.906	21.869
<u>At 31 December 2019</u>		
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)

(l) Capital Adequacy Framework (Cont'd)

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

<u>At 31 December 2020</u>	Group RM'000	Bank RM'000
Paid-up share capital	222,785	222,785
Other reserves	371,195	365,220
CET1 capital before regulatory adjustments	593,980	588,005
Less: Deferred tax assets	(28,356)	(28,356)
Intangible assets	(9,192)	(9,192)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(534)	(534)
Regulatory reserve	(25,481)	(25,481)
Investment in subsidiaries and a joint venture ¹	(223)	(25,793)
CET1 capital/Tier 1 capital	530,194	498,649
Tier 2 capital		
Subordinated obligation	35,000	35,000
General provisions	25,501	25,501
Tier 2 capital	60,501	60,501
Total capital	590,695	559,150
	Group	Bank
	RM'000	RM'000
<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
31 December 2020				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	835,084	835,084	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,714,954	1,714,954	388,551	31,084
Corporates	33,246	13,858	13,858	1,109
Regulatory retail	131,924	72,263	71,931	5,754
Higher risk assets	50,044	50,044	75,066	6,005
Other assets	375,015	373,685	318,242	25,459
Total on-balance sheet exposures	3,140,267	3,059,888	867,648	69,411
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total on and off-balance sheet exposures	4,283,582	4,203,203	869,357	69,548
(ii) <u>Market Risk</u>				
Equity position risk	-	-	67,999	5,440
Foreign currency risk	-	-	277,582	22,206
Options risk	-	-	527,775	42,222
Total	-	-	873,356	69,868
(iii) <u>Operational Risk</u>				
	-	-	836,086	66,887
Total RWA and capital requirements	4,283,582	4,203,203	2,578,799	206,303

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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 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	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)

<u>Bank</u>	Gross credit exposures RM'000	Net credit exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
31 December 2020				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	835,084	835,084	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,682,944	1,682,944	382,149	30,572
Corporates	33,246	13,858	13,858	1,109
Regulatory retail	131,924	72,263	71,931	5,754
Higher risk assets	50,044	50,044	75,066	6,005
Other assets	374,956	373,626	318,185	25,455
Total on-balance sheet exposures	3,108,198	3,027,819	861,189	68,895
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total off-balance sheet exposures	1,143,315	1,143,315	1,709	137
Total on and off-balance sheet exposures	4,251,513	4,171,134	862,898	69,032
(ii) <u>Market Risk</u>				
Equity position risk	-	-	67,999	5,440
Foreign currency risk	-	-	272,568	21,805
Options risk	-	-	527,775	42,222
Total	-	-	868,342	69,467
(iii) <u>Operational Risk</u>	-	-	825,546	66,044
Total RWA and capital requirements	4,251,513	4,171,134	2,556,786	204,543

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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	31 December 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	1,139,898	-	-	1,155,197	-	-
- Maturity exceeding one year	3,417	1,709	1,709	1,847	924	924
	1,143,315	1,709	1,709	1,157,044	924	924
<u>Derivative financial instruments</u>						
Equity-related contracts						
- Less than one year	1,972,922	-	-	1,244,657	-	-
Total commitments and contingencies	3,116,237	1,709	1,709	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 was part heard on 21 January 2021 with continued hearing fixed on 12 March 2021.

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).

The Defendants thereafter filed a counterclaim that the Trustee has breached its duty of care to the Defendants and that the Banks assisted and abetted the Trustee in such instance. The Defendants further claim that the Banks and the Trustee conspired or caused the defendants to breach the SPA thereby causing the Defendants to suffer losses and damages.

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

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

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

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29. Commitments and contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 2 (cont'd)

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 Defendants 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 Defendants 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 Defendants 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 2019 OS, Reference Application and the Banks' Striking Out application were fixed for case management on 11 February 2021 and pending further direction from the Court to the parties vide email.

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 fixed for hearing on 5 July 2021.

The 2nd Defendant also obtained an ex parte order where the Director General of Insolvency is made the receiver of the 2nd Defendant's property and pursuant to which, no creditor shall have a remedy against the property or the person of the 2nd Defendant 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 2nd Defendant has appealed to the Court of Appeal against the setting aside of the Receiving Order and this appeal is fixed for hearing on 14 April 2021.

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 nominees 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
31 December 2020	RM'000	RM'000	RM'000	RM'000
Net interest income	144	2,187	-	2,331
Income from Islamic Banking Scheme operations	35,484	21,091	-	56,575
Non-interest income	124,596	470,350	-	594,946
Direct costs	-	(89,502)	-	(89,502)
Net income	160,224	404,126	-	564,350
Results				
Segment results	160,224	404,126	-	564,350
Overhead expenses	(98,787)	(194,172)	-	(292,959)
Writeback of impairment on loans and advances and other assets, net	84	274	-	358
Share of results of a joint venture	-	-	(896)	(896)
Profit/(loss) before taxation	61,521	210,228	(896)	270,853
Taxation and zakat				(69,661)
Profit for the year				201,192
Other segment information				
Depreciation of property, plant and equipment	438	1,999	-	2,437
Depreciation of right-of-use assets	2,448	5,838	-	8,286
Amortisation of computer software	128	3,613	-	3,741
Group				
31 December 2019	RM'000	RM'000	RM'000	RM'000
Net interest income	709	16,405	-	17,114
Income from Islamic Banking Scheme operations	55,155	4,005	-	59,160
Non-interest income	131,417	205,080	-	336,497
Direct costs	-	(20,601)	-	(20,601)
Net income	187,281	204,889	-	392,170
Results				
Segment results	187,281	204,889	-	392,170
Overhead expenses	(106,879)	(186,883)	-	(293,762)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(306)	1,660	-	1,354
Provision for contingent liability	(4,500)	-	-	(4,500)
Share of results of a joint venture	-	-	(1,633)	(1,633)
Profit/(loss) before taxation	75,596	19,666	(1,633)	93,629
Taxation and zakat				(26,208)
Profit for the year				67,421
Other segment information				
Depreciation of property, plant and equipment	564	3,974	-	4,538
Depreciation of right-of-use assets	2,932	5,361	-	8,293
Amortisation of computer software	587	4,472	-	5,059

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

Audited Statements of Financial Position as at 31 December 2020

	Notes	Group and Bank	
		31 December 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short-term funds	(a)	29,466	29,315
Other assets	(b)	468,324	437,842
Total assets		497,790	467,157
LIABILITIES			
Other liabilities	(c)	258,539	246,243
Provision for taxation and zakat	(d)	6,883	4,405
Total liabilities		265,422	250,648
ISLAMIC BANKING CAPITAL FUND			
Islamic banking fund		5,000	5,000
Retained earnings		227,368	211,509
		232,368	216,509
Total liabilities and Islamic banking capital fund		497,790	467,157

Audited Statements of Comprehensive Income

For the Fourth Quarter and Financial Year Ended 31 December 2020

Group and Bank	Notes	Unaudited		Audited	
		Fourth Quarter Ended 31 December 2020 RM'000	31 December 2019 RM'000	Cumulative 12 Months Ended 31 December 2020 RM'000	31 December 2019 RM'000
Income derived from investment of Islamic banking fund	(e)	11,054	17,619	56,575	59,160
Direct costs		(1,760)	(840)	(7,268)	(3,495)
Net income attributable to the Group and to the Bank		9,294	16,779	49,307	55,665
Overhead expenses	(f)	(2,346)	(10,498)	(26,284)	(41,902)
Operating profit		6,948	6,281	23,023	13,763
Writeback of/(allowance for) impairment on other assets		15	64	(281)	(7)
Profit before taxation and zakat		6,963	6,345	22,742	13,756
Taxation		(1,671)	(1,522)	(5,458)	(3,300)
Zakat		(215)	(548)	(1,425)	(1,105)
Profit for the period/year, representing total comprehensive income for the period/year, attributable to equity holder of the Bank		5,077	4,275	15,859	9,351

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

Audited Statements of Changes in Equity
For the Fourth Quarter and Financial Year Ended 31 December 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 year	-	15,859	15,859
Total comprehensive income for the year	-	15,859	15,859
At 31 December 2020	5,000	227,368	232,368
At 1 January 2019	5,000	202,158	207,158
Profit for the year	-	9,351	9,351
Total comprehensive income for the year	-	9,351	9,351
At 31 December 2019	5,000	211,509	216,509

Audited Statements of Cash Flows
For the Fourth Quarter and Financial Year Ended 31 December 2020

	Group and Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	22,742	13,756
Increase in receivables	(30,482)	(20,597)
Increase in payables	12,296	21,235
Taxation and zakat paid, net	(4,405)	(2,661)
Net cash generated from operating activities	151	11,733
Net increase in cash and cash equivalents	151	11,733
Cash and cash equivalents at beginning of the year	29,315	17,582
Cash and cash equivalents at end of the year	29,466	29,315

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

(a) Cash and short-term funds

	Group and Bank	
	31 December	31 December
	2020	2019
	RM'000	RM'000
Cash and bank balances with financial institutions	<u>29,466</u>	<u>29,315</u>

(b) Other assets

	Group and Bank	
	31 December	31 December
	2020	2019
	RM'000	RM'000
Debtors	<u>468,324</u>	<u>437,842</u>

(c) Other liabilities

	Group and Bank	
	31 December	31 December
	2020	2019
	RM'000	RM'000
Provisions and accruals*	<u>258,539</u>	<u>246,243</u>

* Include prohibited sources/means to charitable causes amounting to RM3,768 (2019: RM2,259).

(d) Provision for taxation and zakat

	Group and Bank	
	31 December	31 December
	2020	2019
	RM'000	RM'000
Taxation	5,458	3,300
Zakat	1,425	1,105
	<u>6,883</u>	<u>4,405</u>

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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		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 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	-	4	2	1,107
Fee and commission income from:				
- Arranger and upfront fees	(370)	11,315	19,040	36,157
- Brokerage income	7,074	1,189	21,092	4,005
- Corporate advisory fees	-	-	354	45
- Placement fees	1,907	(1,856)	5,702	2,429
- Underwriting commission	302	2,651	1,143	859
- Others	2,128	4,321	9,220	14,532
Foreign exchange gain/(loss), net	13	(5)	22	(2)
Total	11,054	17,619	56,575	59,160

(f) Overhead expenses

<u>Group and Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	1,297	8,458	18,969	33,508
Establishment costs (Note (i))	227	711	2,009	2,804
Marketing costs	(18)	221	265	1,862
Administration and general expenses	840	1,108	5,041	3,728
Total	2,346	10,498	26,284	41,902

Note (i): Included in other establishment costs is service chargeback amounting to approximately RM2,500,000 (2019: RM4,900,000).

(g) Capital adequacy

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

<u>Group and Bank</u>	31 December 2020	31 December 2019
	%	%
CET1 capital ratio	84.838	84.865
Tier 1 capital ratio	84.838	84.865
Total capital ratio	84.838	84.865

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

<u>Group and Bank</u>	31 December 2020	31 December 2019
	RM'000	RM'000
Tier 1 capital		
Islamic banking fund	5,000	5,000
Retained earnings	227,368	211,509
CET1 capital/Tier 1 capital/Total capital	232,368	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:

Group and Bank	Gross credit exposures	Net credit exposures	Risk-weighted assets	Capital requirements
31 December 2020	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	29,001	29,001	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	465	465	93	7
Other assets	678,135	678,135	169,028	13,522
Total on-balance sheet exposures	707,601	707,601	169,121	13,529
Total on and off-balance sheet exposures *	707,601	707,601	169,121	13,529
(ii) Market Risk				
Foreign currency risk	-	-	3	-
(iii) Operational Risk				
	-	-	104,772	8,382
Total RWA and capital requirements	707,601	707,601	273,896	21,911

Group and Bank	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) Credit Risk				
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) Market Risk				
Foreign currency risk	-	-	3	-
(iii) Operational Risk				
	-	-	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 five 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 31 December 2020 and 31 December 2019.

<u>Group and Bank</u>	<u>Valuation techniques using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
As at 31 December 2020				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,261,099	48,874	-	1,309,973
Derivative assets	-	126,917	-	126,917
	1,261,099	175,791	-	1,436,890
Financial liabilities measured at fair values:				
Derivative liabilities	96,890	179,822	-	276,712
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.