

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position
as at 31 March 2021

| | Note | The Group | | The Bank | |
|--|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As at 31-03-2021 RM'000 | As at 31-12-2020 RM'000 | As at 31-03-2021 RM'000 | As at 31-12-2020 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 1,835,917 | 858,178 | 1,240,904 | 401,122 |
| Financial assets at fair value through profit or loss ("FVTPL") | 11 | 603,645 | 470,343 | 440,212 | 308,231 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 11 | 3,300,869 | 4,074,381 | 3,300,869 | 4,074,381 |
| Financial investments at amortised cost | 11 | 43,093 | 42,515 | 43,093 | 42,515 |
| Loans, advances and financing | 12 | 990,500 | 947,363 | 990,500 | 947,363 |
| Trade receivables | 13 | 983,870 | 918,847 | 802,513 | 657,426 |
| Derivative financial assets | | 144,549 | 160,336 | 142,157 | 157,908 |
| Other assets | 14 | 121,351 | 63,244 | 112,623 | 54,801 |
| Statutory deposits with Bank Negara Malaysia | | 8,201 | 19,000 | 8,100 | 18,900 |
| Amount due from subsidiaries | | - | - | 260 | 194 |
| Amount due from related companies | | 350 | 134 | - | - |
| Amount due from ultimate holding company | | 64 | 22 | - | - |
| Investment in subsidiaries | | - | - | 126,521 | 126,521 |
| Investment in associates | | 4,108 | 4,108 | 1,332 | 1,332 |
| Tax recoverable | | 22,172 | 12,251 | 11,448 | 8,276 |
| Deferred tax assets | | 75,231 | 46,205 | 68,666 | 29,713 |
| Property and equipment | | 22,128 | 23,032 | 10,451 | 11,086 |
| Intangible assets | | 324,580 | 324,861 | 315,202 | 315,375 |
| Right-of-use ("ROU") assets | | 12,886 | 15,343 | 7,020 | 8,460 |
| TOTAL ASSETS | | 8,493,514 | 7,980,163 | 7,621,871 | 7,163,604 |
| LIABILITIES AND EQUITY | | | | | |
| Deposits from customers | 15 | 4,195,519 | 4,214,726 | 4,195,519 | 4,214,726 |
| Deposits and placements of banks and other financial institutions | 16 | 450,783 | 180,522 | 450,783 | 180,522 |
| Trade payables | 17 | 1,262,055 | 921,301 | 740,475 | 516,533 |
| Lease liabilities | | 13,139 | 15,504 | 6,979 | 8,335 |
| Derivative financial liabilities | | 135,637 | 150,939 | 135,637 | 150,939 |
| Amount due to holding company | | 303 | 71 | - | - |
| Amount due to related companies | | 310 | 170 | - | - |
| Other liabilities | 18 | 858,331 | 835,178 | 567,713 | 493,933 |
| TOTAL LIABILITIES | | 6,916,077 | 6,318,411 | 6,097,106 | 5,564,988 |
| Share capital | | 999,800 | 999,800 | 999,800 | 999,800 |
| Reserves | 19 | 510,825 | 591,367 | 524,965 | 598,816 |
| | | 1,510,625 | 1,591,167 | 1,524,765 | 1,598,616 |
| Non-controlling interest | | 66,812 | 70,585 | - | - |
| TOTAL EQUITY | | 1,577,437 | 1,661,752 | 1,524,765 | 1,598,616 |
| TOTAL LIABILITIES AND EQUITY | | 8,493,514 | 7,980,163 | 7,621,871 | 7,163,604 |
| COMMITMENTS AND CONTINGENCIES | 28 | 16,037,616 | 12,498,121 | 16,037,616 | 12,498,121 |
| CAPITAL ADEQUACY | | | | | |
| Basel III | | | | | |
| CET 1 capital ratio | 27 | 29.671% | 35.119% | 37.928% | 47.060% |
| Tier 1 capital ratio | 27 | 30.442% | 36.047% | 37.928% | 47.060% |
| Total capital ratio | 27 | 30.938% | 36.463% | 38.630% | 47.666% |
| After deducting proposed dividends: | | | | | |
| CET 1 capital ratio (net of proposed dividends) | 27 | 29.671% | 34.071% | 37.928% | 45.531% |
| Tier 1 capital ratio (net of proposed dividends) | 27 | 30.442% | 34.999% | 37.928% | 45.531% |
| Total capital ratio (net of proposed dividends) | 27 | 30.938% | 35.415% | 38.630% | 46.136% |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 31 March 2021****The Group**

| | Note | Individual Quarter | | Cumulative Quarter | |
|---|-------|--|---|--|---|
| | | Current Financial Period 31-03-2021 RM'000 | Preceding Year Corresponding Period 31-03-2020 RM'000 | Current Financial Period-to-date 31-03-2021 RM'000 | Preceding Year Corresponding Period-to-date 31-03-2020 RM'000 |
| Interest income | 20 | 47,420 | 60,757 | 47,420 | 60,757 |
| Interest expense | 21 | (32,181) | (46,218) | (32,181) | (46,218) |
| Net interest income | | 15,239 | 14,539 | 15,239 | 14,539 |
| Fee and commission income | 22(a) | 283,548 | 135,984 | 283,548 | 135,984 |
| Fee and commission expense | 22(b) | (153,218) | (45,458) | (153,218) | (45,458) |
| Net fee and commission income | | 130,330 | 90,526 | 130,330 | 90,526 |
| Net gains and losses on financial instruments | 23 | 28,432 | 120,521 | 28,432 | 120,521 |
| Other operating income | 24 | 5,574 | 870 | 5,574 | 870 |
| Net income | | 179,575 | 226,456 | 179,575 | 226,456 |
| Other operating expenses | 25 | (102,631) | (88,791) | (102,631) | (88,791) |
| Operating profit before allowances | | 76,944 | 137,665 | 76,944 | 137,665 |
| (Allowances)/write-back of credit impairment losses | 26 | (9,734) | (8,041) | (9,734) | (8,041) |
| Profit before zakat and taxation | | 67,210 | 129,624 | 67,210 | 129,624 |
| Zakat | | (1,165) | (2,203) | (1,165) | (2,203) |
| Profit before taxation | | 66,045 | 127,421 | 66,045 | 127,421 |
| Taxation | | (13,657) | (31,233) | (13,657) | (31,233) |
| Net profit after zakat and taxation | | 52,388 | 96,188 | 52,388 | 96,188 |
| Attributable to: | | | | | |
| - Equity holders of the Bank | | 39,717 | 90,134 | 39,717 | 90,134 |
| - Non-controlling interests | | 12,671 | 6,054 | 12,671 | 6,054 |
| | | 52,388 | 96,188 | 52,388 | 96,188 |
| Earnings per share (sen): | | | | | |
| - basic/fully diluted | | 5.09 | 11.56 | 5.09 | 11.56 |

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 31 March 2021****The Group**

| | Individual Quarter | | Cumulative Quarter | |
|--|---|--|---|--|
| | Current Financial Period 31-03-2021 RM'000 | Preceding Year Corresponding Period 31-03-2020 RM'000 | Current Financial Period-to-date 31-03-2021 RM'000 | Preceding Year Corresponding Period-to-date 31-03-2020 RM'000 |
| Net profit after zakat and taxation | 52,388 | 96,188 | 52,388 | 96,188 |

Other comprehensive income:

**Items that may be reclassified subsequently to
profit or loss :**

| | | | | |
|--|-----------|----------|-----------|----------|
| Net fair value change in financial investments at FVOCI (debt instruments) | (103,346) | 1,544 | (103,346) | 1,544 |
| Net credit impairment losses change in financial investments at FVOCI (debt instruments) | 6,057 | 16 | 6,057 | 16 |
| Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments) | (16,807) | (97,920) | (16,807) | (97,920) |
| Deferred tax on financial investments at FVOCI | 28,837 | 23,130 | 28,837 | 23,130 |

**Items that will not be reclassified subsequently to
profit or loss :**

| | | | | |
|--|---|------|---|------|
| Net fair value change in financial investments designated at FVOCI (equity instruments) | - | (88) | - | (88) |
| Deferred tax on financial investments designated at FVOCI | - | 21 | - | 21 |

**Other comprehensive income for the financial period,
net of tax**

| | | | | |
|--|-----------------|----------|-----------------|----------|
| | (85,259) | (73,297) | (85,259) | (73,297) |
|--|-----------------|----------|-----------------|----------|

Total comprehensive income for the financial period**Attributable to:**

| | | | | |
|------------------------------|-----------------|--------|-----------------|--------|
| - Equity holders of the Bank | (45,542) | 16,837 | (45,542) | 16,837 |
| - Non-controlling interests | 12,671 | 6,054 | 12,671 | 6,054 |
| | (32,871) | 22,891 | (32,871) | 22,891 |

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 31 March 2021****The Bank**

| | Note | Individual Quarter | | Cumulative Quarter | |
|---|-------|--|---|--|---|
| | | Current Financial Period 31-03-2021 RM'000 | Preceding Year Corresponding Period 31-03-2020 RM'000 | Current Financial Period-to-date 31-03-2021 RM'000 | Preceding Year Corresponding Period-to-date 31-03-2020 RM'000 |
| Interest income | 20 | 46,843 | 60,339 | 46,843 | 60,339 |
| Interest expense | 21 | (31,471) | (46,078) | (31,471) | (46,078) |
| Net interest income | | 15,372 | 14,261 | 15,372 | 14,261 |
| Fee and commission income | | 41,137 | 25,154 | 41,137 | 25,154 |
| Fee and commission expense | 22(a) | - | - | - | - |
| Net fee and commission income | 22(b) | 41,137 | 25,154 | 41,137 | 25,154 |
| Net gains and losses on financial instruments | 23 | 28,639 | 126,687 | 28,639 | 126,687 |
| Other operating income | 24 | 32,290 | (245) | 32,290 | (245) |
| Net income | | 117,438 | 165,857 | 117,438 | 165,857 |
| Other operating expenses | 25 | (54,057) | (49,516) | (54,057) | (49,516) |
| Operating profit before allowances | | 63,381 | 116,341 | 63,381 | 116,341 |
| Allowances of credit impairment losses | 26 | (9,597) | (7,998) | (9,597) | (7,998) |
| Profit before zakat and taxation | | 53,784 | 108,343 | 53,784 | 108,343 |
| Zakat | | (939) | (2,153) | (939) | (2,153) |
| Profit before taxation | | 52,845 | 106,190 | 52,845 | 106,190 |
| Taxation | | (6,437) | (26,160) | (6,437) | (26,160) |
| Net profit after zakat and taxation | | 46,408 | 80,030 | 46,408 | 80,030 |
| Attributable to: | | | | | |
| - Equity holders of the Bank | | 46,408 | 80,030 | 46,408 | 80,030 |
| Earnings per share (sen): | | | | | |
| - basic/fully diluted | | 5.95 | 10.26 | 5.95 | 10.26 |

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 31 March 2021

| The Bank | Individual Quarter | | Cumulative Quarter | |
|---|--|---|--|---|
| | Current Financial Period 31-03-2021 RM'000 | Preceding Year Corresponding Period 31-03-2020 RM'000 | Current Financial Period-to-date 31-03-2021 RM'000 | Preceding Year Corresponding Period-to-date 31-03-2020 RM'000 |
| Net profit after zakat and taxation | 46,408 | 80,030 | 46,408 | 80,030 |
| Other comprehensive income: | | | | |
| <u>Items that may be reclassified subsequently to profit or loss :</u> | | | | |
| Net fair value change in financial investments at FVOCI (debt instruments) | (103,346) | 1,544 | (103,346) | 1,544 |
| Net credit impairment losses change in financial investments at FVOCI (debt instruments) | 6,057 | 16 | 6,057 | 16 |
| Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments) | (16,807) | (97,920) | (16,807) | (97,920) |
| Deferred tax on financial investments at FVOCI | 28,837 | 23,130 | 28,837 | 23,130 |
| <u>Items that will not be reclassified subsequently to profit or loss :</u> | | | | |
| Net fair value change in financial investments designated at FVOCI (equity instruments) | - | (88) | - | (88) |
| Deferred tax on financial investments designated at FVOCI | - | 21 | - | 21 |
| Other comprehensive income for the financial period, net of tax | (85,259) | (73,297) | (85,259) | (73,297) |
| Total comprehensive income for the financial period | (38,851) | 6,733 | (38,851) | 6,733 |
| Attributable to equity holders of the Bank | (38,851) | 6,733 | (38,851) | 6,733 |

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity
for the financial period ended 31 March 2021**

<----- Attributable to equity holders of the Bank ----->

| | Share Capital RM'000 | Regulatory reserves RM'000 | Foreign exchange reserves RM'000 | Other reserves # RM'000 | FVOCI revaluation reserves RM'000 | Retained profits RM'000 | Sub-total RM'000 | Non- controlling interest RM'000 | Total equity RM'000 |
|--|-------------------------|----------------------------------|---|-------------------------------|--|-------------------------------|---------------------|---|---------------------------|
| The Group | | | | | | | | | |
| At 1 January 2021 | 999,800 | 10,972 | (205) | (65,909) | 76,991 | 569,518 | 1,591,167 | 70,585 | 1,661,752 |
| Comprehensive income: | | | | | | | | | |
| Net profit for the financial period | - | - | - | - | - | 39,717 | 39,717 | 12,671 | 52,388 |
| Other comprehensive income (net of tax) | | | | | | | | | |
| - Financial investments at FVOCI | - | - | - | - | (85,259) | - | (85,259) | - | (85,259) |
| Total comprehensive income | - | - | - | - | (85,259) | 39,717 | (45,542) | 12,671 | (32,871) |
| Transfer (from)/to regulatory reserves | - | 3,858 | - | - | - | (3,858) | - | - | - |
| Dividend paid | - | - | - | - | - | (35,000) | (35,000) | (16,444) | (51,444) |
| At 31 March 2021 | 999,800 | 14,830 | (205) | (65,909) | (8,268) | 570,377 | 1,510,625 | 66,812 | 1,577,437 |
| | | | | | | | | | |
| At 1 January 2020 | 999,800 | 23,731 | 135 | (61,010) | 77,210 | 515,621 | 1,555,487 | 57,715 | 1,613,202 |
| Comprehensive income: | | | | | | | | | |
| Net profit for the financial period | - | - | - | - | - | 90,134 | 90,134 | 6,054 | 96,188 |
| Other comprehensive income, (net of tax) | | | | | | | | | |
| - Financial investments at FVOCI | - | - | - | - | (73,297) | - | (73,297) | - | (73,297) |
| Total comprehensive income | - | - | - | - | (73,297) | 90,134 | 16,837 | 6,054 | 22,891 |
| Transfer (from)/to regulatory reserves | - | (5,553) | - | - | - | 5,553 | - | - | - |
| Dividend paid | - | - | - | - | - | - | - | - | - |
| At 31 March 2020 | 999,800 | 18,178 | 135 | (61,010) | 3,913 | 611,308 | 1,572,324 | 63,769 | 1,636,093 |

Other reserves represents corresponding debit arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note 19 (c) (i) and (ii) of the unaudited condensed interim financial statements.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Condensed Interim Financial Statements Unaudited Statements of Changes in Equity for the financial period ended 31 March 2021

| | ←----- Non-distributable -----→ | ← Distributable → | | | |
|--|---------------------------------|----------------------------------|--|-------------------------------|---------------------------|
| | Share Capital RM'000 | Regulatory reserves RM'000 | FVOCI revaluation reserves RM'000 | Retained profits RM'000 | Total equity RM'000 |
| The Bank | | | | | |
| At 1 January 2021 | 999,800 | 10,972 | 76,936 | 510,908 | 1,598,616 |
| Comprehensive income: | | | | | |
| Net profit for the financial period | - | - | - | 46,408 | 46,408 |
| Other comprehensive income (net of tax) | | | | | |
| - Financial investments at FVOCI | - | - | (85,259) | - | (85,259) |
| Total comprehensive income | - | - | (85,259) | 46,408 | (38,851) |
| Transfer to/(from) regulatory reserves | - | 3,858 | - | (3,858) | - |
| Dividend paid | - | - | - | (35,000) | (35,000) |
| At 31 March 2021 | 999,800 | 14,830 | (8,323) | 518,458 | 1,524,765 |
| | | | | | |
| At 1 January 2020 | 999,800 | 23,731 | 77,155 | 482,776 | 1,583,462 |
| Comprehensive income: | | | | | |
| Net profit for the financial period | - | - | - | 80,030 | 80,030 |
| Other comprehensive income, (net of tax) | | | | | |
| - Financial investments at FVOCI | - | - | (73,297) | - | (73,297) |
| Total comprehensive income | - | - | (73,297) | 80,030 | 6,733 |
| Transfer (from)/to regulatory reserves | - | (5,553) | - | 5,553 | - |
| At 31 March 2020 | 999,800 | 18,178 | 3,858 | 568,359 | 1,590,195 |

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Condensed Statements of Cash Flows
for the financial period ended 31 March 2021**

| | The Group | | The Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flow from operating activities | | | | |
| Profit before taxation | 66,045 | 127,421 | 52,845 | 106,190 |
| Adjustments for items not involving the movement of cash and cash equivalents | 62,638 | (125,759) | 32,340 | (133,526) |
| <i>Operating profit/(loss) before changes in working capital</i> | 128,683 | 1,662 | 85,185 | (27,336) |
| Net changes in operating assets | (270,570) | 318,876 | (350,174) | 146,473 |
| Net changes in operating liabilities | 494,373 | (717,928) | 428,874 | (417,603) |
| Tax paid | (23,768) | (9,366) | (19,725) | (4,835) |
| Zakat paid | (73) | - | (75) | - |
| Net cash generated from/(used in) operating activities | 328,645 | (406,756) | 144,085 | (303,301) |
| Cash flow from investing activities | | | | |
| Interest received: | | | | |
| - financial investments at FVOCI | 43,703 | 51,119 | 43,703 | 51,119 |
| Purchase of: | | | | |
| - financial investments at FVOCI | (409,816) | (2,192,113) | (409,816) | (2,192,113) |
| Redemption/disposal of: | | | | |
| - financial investments at FVOCI | 1,064,617 | 3,058,865 | 1,064,617 | 3,058,865 |
| Dividend income received from: | | | | |
| - subsidiary | - | - | 28,000 | - |
| Proceeds from disposal of property and equipment | 109 | 24 | 3 | - |
| Purchase of property and equipment | (1,562) | (3,389) | (764) | (1,365) |
| Purchase of intangible assets | (431) | (387) | (91) | (65) |
| Net cash generated from investing activities | 696,620 | 914,119 | 725,652 | 916,441 |
| Cash flow from financing activities | | | | |
| Lease payments | (2,568) | (2,595) | (1,441) | (1,455) |
| Dividend paid by a subsidiary to minority interest | (16,444) | - | - | - |
| Dividend paid to holding company | (35,000) | - | (35,000) | - |
| Net cash used in financing activities | (54,012) | (2,595) | (36,441) | (1,455) |
| Net increase in cash and cash equivalents | 971,253 | 504,768 | 833,296 | 611,685 |
| Cash and cash equivalents at beginning of the financial period | 792,386 | 707,679 | 335,330 | 223,091 |
| Cash and cash equivalents at end of the financial period | 1,763,639 | 1,212,447 | 1,168,626 | 834,776 |
| Analysis of cash and cash equivalents | | | | |
| Cash and short term funds | 1,835,917 | 1,260,693 | 1,240,904 | 883,022 |
| Amount held on behalf of commissioned dealer's representatives | (72,278) | (48,246) | (72,278) | (48,246) |
| Cash and cash equivalents at end of the financial period | 1,763,639 | 1,212,447 | 1,168,626 | 834,776 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the unaudited condensed interim financial statements for the financial period ended 31 March 2021

1. Review of financial performance

The Group recorded a lower Profit Before Zakat and Taxation ("PBT") of RM67.2 million for the 3 months period ended 31 March 2021 ("1Q2021") compared to the PBT of RM129.6 million in the previous corresponding period ("1Q2020"). The Bank contributed RM53.8 million (1Q2020: RM108.3 million) for period ended 31 March 2021 while the Group's asset management business contributed RM41.4 million (1Q2020: RM21.4 million) to the Group's PBT.

Analysis of the Group's performance for the 3 months period ended 31 March 2021 is as follows:

- Net interest income of RM15.2 million was higher than the net interest income of RM14.5 million recorded in the previous corresponding period primarily due to lower average cost of funds, driven by the reduction in Overnight Policy Rate ("OPR").
- Net fee and commission income of RM130.3 million in the period under review was higher than RM90.5 million in the previous corresponding period. The increase was primarily due to the higher initial service charge and higher unit trusts management and incentive fees earned from the asset management business, and higher net brokerage income earned in the current period.
- Net gains and losses on financial instruments registered a decrease of RM92.1 million to RM28.4 million in the current period from RM120.5 million in the previous corresponding period mainly due to lower gains on disposal of financial investments at FVOCI of RM17.3 million (1Q2020: RM100.5 million), lower net trading gains from financial assets at FVTPL of RM12.3 million (1Q2020: RM15.2 million) and net losses on derivative instruments of RM1.1 million (1Q2020: RM4.8 million).
- Other operating income registered an increase from RM0.9 million in the previous corresponding period to RM5.6 million in the current period mainly due to higher net foreign exchange gains.
- Operating expenses incurred for the period under review were higher at RM102.6 million compared to RM88.8 million incurred in the previous corresponding period mainly due to higher personnel costs, establishment-related expenses and general administrative expenses, partially offset by lower promotion and marketing-related expenses.
- Higher net credit impairment losses of RM9.7 million compared to RM8.0 million in the previous corresponding period was mainly due to higher stage 2 lifetime ECL provided for financial investments at FVOCI.

2. Prospect for the current financial year

The Group remains cautious on the economic outlook in 2021 amid uncertainties surrounding the development of the Covid-19 pandemic and its impact on the domestic economy. Downside risks could arise from the possible resurgence of cases, delays in the rollout of vaccines and emergence of new variants of Covid-19. Nevertheless, growth is expected to improve and turn positive from Q2 2021 onwards supported by better external demand from expansion in global growth, ongoing fiscal stimulus and monetary policy measures, as well as the ongoing rollout of vaccines which will lift business and consumer sentiments. The easing of containment measures from Q2 2021 onwards in selected districts and states will also support domestic growth while the extension of fiscal measures introduced in 2020, the 2021 Budget as well as the PERMAI and PEMERKASA assistance packages will add to Malaysia's economic growth in 2021. Meanwhile, global economic recovery and sustained healthy demand for Malaysia's electrical and electronic ("E&E") products will support export growth in the months ahead. Despite the anticipated recovery in growth, the downside risks could impact the performance of local and regional bourses. This in turn may weigh on the performance of the Group which is dependent on the performance of the capital markets.

The Group which comprises three key pillars i.e. investment banking, securities and asset management businesses, will continue to identify and capitalise on opportunities within the Malaysian Capital Market, despite the challenging environment. The Group will also continue its focus on diversifying its revenue base, by expanding and strengthening its products and services offerings with the aim of delivering value added propositions to the Group's clients and stakeholders. The Group will also continue with its digitalisation and innovation initiatives, and adopt best practices to deliver seamless customer experience.

3. Basis of preparation

The unaudited interim financial statements for the period under review have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Policy Document on Financial Reporting issued by Bank Negara Malaysia ("BNM") and the requirements of the Companies Act 2016 in Malaysia.

The unaudited condensed interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 31 December 2020. The explanatory notes 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 Group and the Bank since the financial year ended 31 December 2020.

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the financial year ended 31 December 2020, except for the adoption of the Amendments to MFRS 9 "Financial Instruments", MFRS 139 "Financial Instruments: Recognition and Measurement", MFRS 7 "Financial Instruments: Disclosures" and MFRS 16 "Leases" Interest Rate Benchmark Reform—Phase 2' that are effective and applicable to the Group and the Bank for the financial period beginning or after 1 January 2021.

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****3. Basis of preparation (continued)**

As disclosed in the audited financial statements for the financial year ended 31 December 2020, the Bank has changed its accounting policy where certain benefits paid to employees are considered incremental and directly attributable to the disposal of quoted shares. Therefore, these benefits paid can be treated as transaction costs when determining the gain or loss on disposal of the quoted shares. These expenses were previously recognised as employee costs under MFRS 119 "Employee Benefits".

In accordance with MFRS 108 "Accounting Policies, Changes in Estimates and Errors", the change in accounting policy has been accounted for retrospectively. Accordingly, the 31 March 2020 comparatives in the notes to the income statement, i.e. Note 23 and Note 25 have been restated. The statements of financial position, comprehensive income, cash flows and changes in equity of the Bank and the Group are not impacted by the change in accounting policy.

| | As previously reported 31.03.2020 RM'000 | Reclassification 31.03.2020 RM'000 | As restated 31.03.2020 RM'000 |
|---|---|---|--|
| Income statements (Extract) | | | |
| The Group | | | |
| Net gains and losses on financial instruments | 126,100 | (5,579) | 120,521 |
| Net income | 232,035 | (5,579) | 226,456 |
| Other operating expenses | (94,370) | 5,579 | (88,791) |
| The Bank | | | |
| Net gains and losses on financial instruments | 132,266 | (5,579) | 126,687 |
| Net income | 171,436 | (5,579) | 165,857 |
| Other operating expenses | (55,095) | 5,579 | (49,516) |

Note 23 - Net gains and losses on financial instruments (Extract)**The Group**

Gains/(losses) arising on financial assets at FVTPL:

| | | | |
|-------------------------|--------|---------|--------|
| - net gains on disposal | 22,887 | (5,579) | 17,308 |
|-------------------------|--------|---------|--------|

The Bank

Gains/(losses) arising on financial assets at FVTPL:

| | | | |
|-------------------------|--------|---------|--------|
| - net gains on disposal | 22,590 | (5,579) | 17,011 |
|-------------------------|--------|---------|--------|

Note 25 - Other operating expenses (Extract)**The Group**

Personnel costs

| | | | |
|------------------------------------|--------|---------|--------|
| - Salaries, allowances and bonuses | 51,226 | (5,579) | 45,647 |
|------------------------------------|--------|---------|--------|

The Bank

Personnel costs

| | | | |
|------------------------------------|--------|---------|--------|
| - Salaries, allowances and bonuses | 33,399 | (5,579) | 27,820 |
|------------------------------------|--------|---------|--------|

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Notes to the unaudited condensed interim financial statements for the financial period ended 31 March 2021

4. Qualification of preceding annual financial statements

The Group's and the Bank's financial statements for financial year ended 31 December 2020 were not qualified by the auditors.

5. Seasonal or cyclical factors

The Group's and Bank's operations are generally not affected by any seasonal or cyclical factors but are in tandem with domestic and global economy, and the performance of the capital markets.

6. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial reporting period.

7. Changes in debt and equity securities

There were no issuances, cancellation, repurchases, resale or repayment of debt and equity securities at the Bank's level during the financial reporting period.

8. Material litigations

There is no material litigation during the financial period ended 31 March 2021.

9. Changes in the composition of the Bank

There is no change to the composition of the Bank as at end of the financial reporting period.

10. Dividends

The Directors did not recommend any payment of interim dividend for the financial period ended 31 March 2021. Second interim dividend of 4.487 sen gross per share amounted to RM35,000,000 for the financial year ended 31 December 2020 was paid on 25 March 2021.

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****11. Securities portfolio****(i) Financial assets at fair value through profit or loss ("FVTPL")**

| | The Group | | The Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| At fair value | | | | |
| Money Market Instruments | | | | |
| Treasury Bills | 99,056 | - | 99,056 | - |
| Malaysian Government Securities | 82,670 | - | 82,670 | - |
| Malaysian Government Islamic Investment Issues | 21 | - | 21 | - |
| | <u>181,747</u> | <u>-</u> | <u>181,747</u> | <u>-</u> |
| Quoted securities | | | | |
| Unit trusts | 222,768 | 229,378 | 189,252 | 197,290 |
| Shares, warrants and REITs in Malaysia | 69,796 | 108,083 | 68,455 | 106,743 |
| Shares, warrants and REITs outside Malaysia | 70,490 | 74,388 | 399 | 4,198 |
| | <u>363,054</u> | <u>411,849</u> | <u>258,106</u> | <u>308,231</u> |
| Unquoted securities | | | | |
| Corporate bonds and/or Sukuk in Malaysia | 14,355 | 14,005 | 359 | - |
| Corporate bonds and/or Sukuk outside Malaysia | 44,489 | 44,489 | - | - |
| | <u>58,844</u> | <u>58,494</u> | <u>359</u> | <u>-</u> |
| | <u>603,645</u> | <u>470,343</u> | <u>440,212</u> | <u>308,231</u> |

(ii) Financial investments at fair value through other comprehensive income ("FVOCI")

| | The Group and the Bank | |
|--|------------------------|----------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| At fair value | | |
| Money Market Instruments | | |
| Malaysian Government Islamic Investment Issues | 1,008,975 | 1,022,844 |
| Malaysian Government Securities | 793,488 | 1,144,251 |
| Cagamas Bonds | 10,881 | 11,103 |
| | <u>1,813,344</u> | <u>2,178,198</u> |
| Unquoted securities | | |
| Corporate bonds and/or Sukuk in Malaysia | 1,432,029 | 1,841,989 |
| Corporate bonds and/or Sukuk outside Malaysia | 30,177 | 28,875 |
| Shares in Malaysia ^ | 25,319 | 25,319 |
| | <u>3,300,869</u> | <u>4,074,381</u> |

^ Equity securities designated at fair value through other comprehensive income.

(a) The Group and the Bank designated certain equity investments at FVOCI as shown in the following table. The FVOCI designation was made as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, these strategic investment is more of medium term investment.

| | The Group and the Bank | |
|-------------------------------------|------------------------|----------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| Shares in Malaysia: | | |
| Cagamas Berhad | 20,923 | 20,923 |
| RAM Holdings Berhad | 3,226 | 3,226 |
| Malaysian Rating Corporation Berhad | 1,170 | 1,170 |
| | <u>25,319</u> | <u>25,319</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****11. Securities portfolio (continued)****(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

(b) Movements in expected credit losses ("ECL") for financial investments at FVOCI:

| | The Group and the Bank | | | Total 31-03-2021 RM'000 |
|---|------------------------|----------------------------|----------------------------|-------------------------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | |
| | Stage 1 | Credit Impaired Stage 2 | Credit Impaired Stage 3 | |
| | 31-03-2021 RM'000 | 31-03-2021 RM'000 | 31-03-2021 RM'000 | |
| At beginning of the financial period | 4,749 | 4,219 | 12,170 | 21,138 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | - | - | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (522) | 522 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (522) | 522 | - | - |
| Derecognised during the financial period (other than write-offs) | (592) | - | - | (592) |
| New originated or purchased | 264 | - | - | 264 |
| Changes due to change in credit risk | (1,142) | 7,356 | 162 | 6,376 |
| Changes due to foreign exchange | - | 9 | - | 9 |
| At end of the financial period | 2,757 | 12,106 | 12,332 | 27,195 |

| | The Group and the Bank | | | Total 31-12-2020 RM'000 |
|---|------------------------|----------------------------|----------------------------|-------------------------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | |
| | Stage 1 | Credit Impaired Stage 2 | Credit Impaired Stage 3 | |
| | 31-12-2020 RM'000 | 31-12-2020 RM'000 | 31-12-2020 RM'000 | |
| At beginning of the financial year | 1,099 | 37 | 12,166 | 13,302 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | 198 | (198) | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (675) | 675 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (477) | 477 | - | - |
| Derecognised during the financial year (other than write-offs) | (2,050) | (1) | - | (2,051) |
| New originated or purchased | 2,075 | - | - | 2,075 |
| Changes due to change in credit risk | 3,681 | 187 | 4 | 3,872 |
| Changes in model/risk parameters | 420 | 3,519 | - | 3,939 |
| Changes due to foreign exchange | 1 | - | - | 1 |
| At end of the financial year | 4,749 | 4,219 | 12,170 | 21,138 |

The gross carrying amount of financial investments at FVOCI is at fair value. ECL are provided based on Exposure at Default ("EAD") of the assets. In the case of Stage 3 financial investments at FVOCI for the Group & Bank, ECL of Stage 3 is higher than the gross carrying amount, as the EAD of the assets is higher than its fair value. ECL is recognised in reserves with the corresponding entry to income statement.

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****11. Securities portfolio (continued)****(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

(c) Movements in the gross carrying amount of financial investments that contributed to changes in the expected credit losses ("ECL") are as follows:

| | The Group and the Bank | | | Total |
|--|------------------------|----------------------------|----------------------------|------------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | |
| | Stage 1 | Credit Impaired Stage 2 | Credit Impaired Stage 3 | |
| 31-03-2021 | 31-03-2021 | 31-03-2021 | 31-03-2021 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period | 3,940,061 | 104,544 | 4,457 | 4,049,062 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | - | - | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (24,794) | 24,794 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (24,794) | 24,794 | - | - |
| Derecognised during the financial period | | | | |
| (other than write-offs) | (1,052,070) | - | - | (1,052,070) |
| New originated or purchased | 409,816 | - | - | 409,816 |
| Changes due to interest accruals | (10,200) | (1,438) | - | (11,638) |
| Changes due to fair value | (118,962) | (1,088) | - | (120,050) |
| Changes due to foreign exchange | (19) | 390 | 59 | 430 |
| At end of the financial period | 3,143,832 | 127,202 | 4,516 | 3,275,550 |

| | The Group and the Bank | | | Total |
|--|------------------------|----------------------------|----------------------------|------------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | |
| | Stage 1 | Credit Impaired Stage 2 | Credit Impaired Stage 3 | |
| 31-12-2020 | 31-12-2020 | 31-12-2020 | 31-12-2020 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial year | 4,677,576 | 57,905 | 4,516 | 4,739,997 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | 42,212 | (42,212) | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (103,878) | 103,878 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (61,666) | 61,666 | - | - |
| Derecognised during the financial year | | | | |
| (other than write-offs) | (5,535,094) | (15,446) | - | (5,550,540) |
| New originated or purchased | 4,886,032 | - | - | 4,886,032 |
| Changes due to interest accruals | (13,118) | 139 | - | (12,979) |
| Changes due to fair value | (13,776) | 280 | (64) | (13,560) |
| Changes due to foreign exchange | 107 | - | 5 | 112 |
| At end of the financial year | 3,940,061 | 104,544 | 4,457 | 4,049,062 |

The gross carrying amount of financial investments at FVOCI is at fair value. ECL are provided based on Exposure at Default ("EAD") of the assets. In the case of Stage 3 financial investments at FVOCI for the Group & Bank, ECL of Stage 3 is higher than the gross carrying amount, as the EAD of the assets is higher than its fair value. ECL is recognised in reserves with the corresponding entry to income statement.

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****11. Securities portfolio (continued)****(iii) Financial investments at amortised cost**

| | The Group and the Bank | |
|--|-------------------------------|-------------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 |
| Unquoted securities | | |
| Corporate bonds and/or Sukuk in Malaysia | 41,077 | 40,497 |
| Redeemable secured loan stocks | 15,000 | 15,000 |
| | <u>56,077</u> | <u>55,497</u> |
| Expected credit losses | (12,984) | (12,982) |
| | <u>43,093</u> | <u>42,515</u> |

(a) Movements in expected credit losses ("ECL") for financial investments at amortised cost:

| | The Group and the Bank | | | |
|--------------------------------------|-------------------------------|-------------------------|------------------------|---------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | Total |
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-03-2021 | 31-03-2021 | 31-03-2021 | |
| RM'000 | RM'000 | RM'000 | | |
| At beginning of the financial period | 60 | - | 12,922 | 12,982 |
| Changes due to change in credit risk | 2 | - | - | 2 |
| At end of the financial period | <u>62</u> | <u>-</u> | <u>12,922</u> | <u>12,984</u> |

| | The Group and the Bank | | | |
|--------------------------------------|-------------------------------|-------------------------|------------------------|---------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | Total |
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-12-2020 | 31-12-2020 | 31-12-2020 | |
| RM'000 | RM'000 | RM'000 | | |
| At beginning of the financial year | 150 | - | 10,780 | 10,930 |
| Changes due to change in credit risk | (97) | - | 2,142 | 2,045 |
| Changes in model/risk parameters | 7 | - | - | 7 |
| At end of the financial year | <u>60</u> | <u>-</u> | <u>12,922</u> | <u>12,982</u> |

(b) Movements in the gross carrying amount of financial investments that contributed to changes in the expected credit losses ("ECL"):

| | The Group and the Bank | | | |
|--------------------------------------|-------------------------------|-------------------------|------------------------|---------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | Total |
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-03-2021 | 31-03-2021 | 31-03-2021 | |
| RM'000 | RM'000 | RM'000 | | |
| At beginning of the financial period | 40,497 | - | 15,000 | 55,497 |
| Changes due to interest accruals | 580 | - | - | 580 |
| At end of the financial period | <u>41,077</u> | <u>-</u> | <u>15,000</u> | <u>56,077</u> |

| | The Group and the Bank | | | |
|--|-------------------------------|-------------------------|------------------------|---------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | Total |
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-12-2020 | 31-12-2020 | 31-12-2020 | |
| RM'000 | RM'000 | RM'000 | | |
| At beginning / end of the financial year | <u>40,497</u> | <u>-</u> | <u>15,000</u> | <u>55,497</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****12. Loans, advances and financing**

| | The Group and the Bank | |
|--|-------------------------------|-------------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM000 |
| (i) By Type of Loan/Financing | | |
| Term loans/financing | | |
| - Syndicated term loans/financing | 105,813 | 107,053 |
| - Other term loans/financing | 158,624 | 162,163 |
| Share margin financing | 641,282 | 605,485 |
| Revolving credits | 113,355 | 97,653 |
| Staff loans | 5,831 | 5,992 |
| Gross loans, advances and financing | 1,024,905 | 978,346 |
| Less : expected credit losses | (34,405) | (30,983) |
| Total net loans, advances and financing | 990,500 | 947,363 |
| (ii) By Type of Customers | | |
| Domestic business enterprises: | | |
| - Small medium enterprises | 17,911 | 19,123 |
| - Others | 484,642 | 415,959 |
| Domestic non-bank financial institutions | 107,415 | 188,385 |
| Individuals | 412,684 | 354,298 |
| Foreign individuals | 2,253 | 581 |
| Total gross loans, advances and financing | 1,024,905 | 978,346 |
| (iii) By Interest Rate Sensitivity | | |
| Fixed rate | | |
| - Other fixed rate loans/financing | 36,545 | 36,545 |
| - Housing loans/financing | 3,635 | 3,738 |
| - Hire purchase receivables | 2,197 | 2,254 |
| Variable rate | | |
| - Cost-plus | 952,863 | 907,033 |
| - Other floating rate | 29,665 | 28,776 |
| Total gross loans, advances and financing | 1,024,905 | 978,346 |
| (iv) By Economic Purpose | | |
| Purchase of securities | 748,218 | 700,843 |
| Purchase of landed properties of which | | |
| - Residential | 3,635 | 3,738 |
| - Non-residential | 50,049 | 52,655 |
| Working capital | 83,337 | 84,656 |
| Construction | 41,679 | 37,164 |
| Purchase of transport vehicles | 34,158 | 33,329 |
| Others | 63,829 | 65,961 |
| Total gross loans, advances and financing | 1,024,905 | 978,346 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****12. Loans, advances and financing (continued)**

| | The Group and the Bank | |
|---|-------------------------------|-------------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 |
| (v) By Economic Sector | | |
| Household | 414,936 | 354,880 |
| Real estate | 195,766 | 156,172 |
| Finance, insurance and business services | 140,928 | 193,020 |
| Construction | 93,147 | 88,631 |
| Transport, storage and communication | 85,936 | 89,750 |
| Agriculture | 41,085 | 43,089 |
| Manufacturing | 30,214 | 30,156 |
| Wholesale & retail trade and restaurants & hotels | 10,882 | 10,663 |
| Education, health and others | 9,644 | 9,616 |
| Mining and quarrying | 2,367 | 2,369 |
| Total gross loans, advances and financing | 1,024,905 | 978,346 |
| (vi) By Geographical Distribution | | |
| Wilayah Persekutuan | 520,948 | 509,620 |
| Selangor | 259,082 | 232,432 |
| Sarawak | 65,676 | 63,285 |
| Johor | 59,813 | 56,916 |
| Sabah | 41,839 | 53,628 |
| Terengganu | 34,153 | 29,638 |
| Pulau Pinang | 33,973 | 23,723 |
| Perak | 4,659 | 5,146 |
| Negeri Sembilan | 3,752 | 3,324 |
| Kedah | 1,010 | 634 |
| Total gross loans, advances and financing | 1,024,905 | 978,346 |
| (vii) By Maturity Structure | | |
| Maturing within one year | 732,269 | 685,308 |
| One year to three years | 88,736 | 76,354 |
| Three years to five years | 55,406 | 95,287 |
| Over five years | 148,494 | 121,397 |
| Total gross loans, advances and financing | 1,024,905 | 978,346 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****12. Loans, advances and financing (continued)**

| | The Group and the Bank | |
|--|-------------------------------|-------------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 |
| (viii) Movement of impaired loans, advances and financing | | |
| At beginning of the financial period | 89,292 | 98,782 |
| Classified as impaired during the financial period | - | 96,752 |
| Reclassified as non-impaired during the financial period | - | (69,900) |
| Amount written-off | - | (20,626) |
| Amount recovered | (974) | (15,716) |
| At end of the financial period | 88,318 | 89,292 |
| | 8.62% | 9.13% |
| (ix) Impaired loans, advances and financing analysed by their economic sector | | |
| Construction | 36,545 | 36,545 |
| Manufacturing | 7,169 | 7,369 |
| Real estate | 35,089 | 35,089 |
| Transport, storage and communication | 7,148 | 7,920 |
| Mining and quarrying | 2,367 | 2,369 |
| Total impaired loans, advances and financing | 88,318 | 89,292 |
| (x) Impaired loans, advances and financing analysed by their economic purpose | | |
| Working capital | 50,863 | 51,835 |
| Purchase of securities | 26,075 | 26,075 |
| Other purpose | 9,013 | 9,013 |
| Purchase of transport vehicles | 2,367 | 2,369 |
| Total impaired loans, advances and financing | 88,318 | 89,292 |
| (xi) Impaired loans, advances, and financing by geographical distribution | | |
| Sarawak | 36,545 | 36,545 |
| Selangor | 49,406 | 50,378 |
| Wilayah Persekutuan | 2,367 | 2,369 |
| Total impaired loans, advances and financing | 88,318 | 89,292 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****12. Loans, advances and financing (continued)****(xii) Movement in expected credit losses ("ECL") for loans, advances and financing**

| | The Group and the Bank | | | Total |
|---|------------------------|-------------------------------------|---------------------------------|---------------|
| | 12-months ECL | Lifetime ECL Not Credit Impaired | Lifetime ECL Credit Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | |
| | 31-03-2021 | 31-03-2021 | 31-03-2021 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of financial period | 1,781 | 8,150 | 21,052 | 30,983 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | 7 | (7) | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (748) | 748 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (741) | 741 | - | - |
| Loans/Financing derecognised during the period (other than write-offs) | (13) | - | - | (13) |
| New loans/financing originated or purchased | 15 | - | - | 15 |
| Changes due to change in credit risk | (7) | (117) | 3,400 | 3,276 |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | - | 144 | - | 144 |
| At end of financial period | 1,035 | 8,918 | 24,452 | 34,405 |

| | The Group and the Bank | | | Total |
|---|------------------------|-------------------------------------|---------------------------------|---------------|
| | 12-months ECL | Lifetime ECL Not Credit Impaired | Lifetime ECL Credit Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | |
| | 31-12-2020 | 31-12-2020 | 31-12-2020 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial year | 2,007 | 676 | 14,827 | 17,510 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | 1,275 | - | (1,275) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (1,158) | 2,428 | (1,270) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (1) | (1,393) | 1,394 | - |
| Total transfer between stages | 116 | 1,035 | (1,151) | - |
| Loans/Financing derecognised during the financial year (other than write-offs) | (143) | (27) | (149) | (319) |
| New loans/financing originated or purchased | 43 | - | - | 43 |
| Changes due to change in credit risk | (321) | 6,684 | 28,151 | 34,514 |
| Changes in model/risk parameters | 47 | - | - | 47 |
| Write-offs | - | - | (20,626) | (20,626) |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | 32 | (218) | - | (186) |
| At end of the financial year | 1,781 | 8,150 | 21,052 | 30,983 |

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**Notes to the unaudited condensed interim financial statements
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12. Loans, advances and financing (continued)

(xiii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses ("ECL")

| | The Group and the Bank | | | Total 31-03-2021 RM'000 |
|--|------------------------|-----------------------|-----------------------|-------------------------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | |
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-03-2021 | Stage 2 31-03-2021 | Stage 3 31-03-2021 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of financial period | 800,505 | 88,549 | 89,292 | 978,346 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | 36,015 | (36,015) | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (9,683) | 9,683 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | 26,332 | (26,332) | - | - |
| Loans/Financing derecognised during the financial period (other than write-offs) | (37,952) | - | - | (37,952) |
| New loans/financing originated or purchased | 156,638 | - | - | 156,638 |
| Changes due to change in credit risk | (71,362) | (1,032) | (974) | (73,368) |
| Write-offs | - | - | - | - |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | 357 | 884 | - | 1,241 |
| At end of financial period | 874,518 | 62,069 | 88,318 | 1,024,905 |

| | The Group and the Bank | | | Total 31-12-2020 RM'000 |
|--|------------------------|-----------------------|-----------------------|-------------------------------|
| | 12-months ECL | Lifetime ECL Not | Lifetime ECL | |
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-12-2020 | Stage 2 31-12-2020 | Stage 3 31-12-2020 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial year | 923,580 | 72,700 | 98,782 | 1,095,062 |
| Transfer between stages due to change in credit risk: | | | | |
| - Transfer to 12-months ECL (Stage 1) | 20,026 | (124) | (19,902) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (132,238) | 182,236 | (49,998) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (23,545) | (76,150) | 99,695 | - |
| Total transfer between stages | (135,757) | 105,962 | 29,795 | - |
| Loans/Financing derecognised during the financial year (other than write-offs) | (171,728) | (6,380) | (513) | (178,621) |
| New loans/financing originated or purchased | 509,125 | - | - | 509,125 |
| Changes due to change in credit risk | (326,363) | (81,580) | (18,146) | (426,089) |
| Write-offs | - | - | (20,626) | (20,626) |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | 1,648 | (2,153) | - | (505) |
| At end of the financial year | 800,505 | 88,549 | 89,292 | 978,346 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****13. Trade receivables**

| | The Group | | The Bank | |
|--|-------------------|------------|-------------------|------------|
| | 31-03-2021 | 31-12-2020 | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amount in respect of asset management related fees receivables | 181,581 | 261,510 | - | - |
| Amount due from clients: | | | | |
| - performing accounts | 650,004 | 564,841 | 650,004 | 564,841 |
| - impaired accounts (a) | 554 | 1,387 | 554 | 1,387 |
| Amount due from brokers | 154,694 | 93,918 | 154,694 | 93,918 |
| | 986,833 | 921,656 | 805,252 | 660,146 |
| Less: expected credit losses | (2,963) | (2,809) | (2,739) | (2,720) |
| | 983,870 | 918,847 | 802,513 | 657,426 |

(a) Movement of impaired amount due from clients

| | The Group and the Bank | |
|---|-------------------------------|------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 |
| At beginning of the financial period/year | 1,387 | 139 |
| Classified as impaired during the financial period/year | 490 | 2,104 |
| Amount recovered | (1,323) | (856) |
| At end of the financial period/year | 554 | 1,387 |

(b) Movements in expected credit losses ("ECL") on trade receivables

| | Lifetime ECL Not | The Group | Total |
|----------------------------------|-------------------------|---------------------|-------------------|
| | Credit Impaired | Lifetime ECL | |
| | 31-03-2021 | 31-03-2021 | 31-03-2021 |
| | RM'000 | RM'000 | RM'000 |
| At beginning of financial period | 2,335 | 474 | 2,809 |
| Allowance made | 216 | 394 | 610 |
| Amount written back | (46) | (410) | (456) |
| At end of financial period | 2,505 | 458 | 2,963 |

| | Lifetime ECL Not | The Group | Total |
|------------------------------------|-------------------------|---------------------|-------------------|
| | Credit Impaired | Lifetime ECL | |
| | 31-12-2020 | 31-12-2020 | 31-12-2020 |
| | RM'000 | RM'000 | RM'000 |
| At beginning of the financial year | 70 | 138 | 208 |
| Allowance made | 8,429 | 1,192 | 9,621 |
| Amount written back | (6,164) | (856) | (7,020) |
| At end of the financial year | 2,335 | 474 | 2,809 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****13. Trade receivables (continued)****(b) Movements in expected credit losses ("ECL") on trade receivables (continued)**

| | Lifetime ECL Not Credit Impaired 31-03-2021 RM'000 | The Bank Lifetime ECL Credit Impaired 31-03-2021 RM'000 | Total 31-03-2021 RM'000 |
|----------------------------------|---|--|--|
| At beginning of financial period | 2,246 | 474 | 2,720 |
| Allowance made | 81 | 394 | 475 |
| Amount written back | (46) | (410) | (456) |
| At end of financial period | <u>2,281</u> | <u>458</u> | <u>2,739</u> |

| | Lifetime ECL Not Credit Impaired 31-12-2020 RM'000 | The Bank Lifetime ECL Credit Impaired 31-12-2020 RM'000 | Total 31-12-2020 RM'000 |
|------------------------------------|---|--|--|
| At beginning of the financial year | 45 | 138 | 183 |
| Allowance made | 8,363 | 1,192 | 9,555 |
| Amount written back | (6,162) | (856) | (7,018) |
| At end of the financial year | <u>2,246</u> | <u>474</u> | <u>2,720</u> |

14. Other assets

| | The Group | | The Bank | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| Other debtors, deposits and prepayments | 84,423 | 48,685 | 75,794 | 40,342 |
| Securities Lending | 36,161 | 14,044 | 36,161 | 14,044 |
| Clearing Guarantee Fund | 2,334 | 2,413 | 2,334 | 2,413 |
| Clearing Fund | 1,871 | 1,718 | 1,871 | 1,718 |
| Transferable membership | 350 | 350 | 250 | 250 |
| | <u>125,139</u> | <u>67,210</u> | <u>116,410</u> | <u>58,767</u> |
| Less : expected credit losses | (3,788) | (3,966) | (3,787) | (3,966) |
| | <u>121,351</u> | <u>63,244</u> | <u>112,623</u> | <u>54,801</u> |

| | The Group and the Bank | |
|---|-------------------------------|------------------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| Movement in credit impaired accounts | | |
| At beginning of the financial period/year | 4,575 | 2,085 |
| Classified as impaired during the financial period/year | 666 | 4,104 |
| Amount recovered | (1,375) | (1,555) |
| Amount written off | - | (59) |
| At end of the financial period/year | <u>3,866</u> | <u>4,575</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****14. Other assets (continued)****(a) Movements in expected credit losses ("ECL") on other assets**

| | Lifetime ECL Not Credit Impaired 31-03-2021 RM'000 | The Group Lifetime ECL Credit Impaired 31-03-2021 RM'000 | Total 31-03-2021 RM'000 |
|----------------------------------|---|---|--|
| At beginning of financial period | 18 | 3,948 | 3,966 |
| Allowance made | 18 | 1,190 | 1,208 |
| Amount written back | (10) | (1,376) | (1,386) |
| Amount written off | - | - | - |
| At end of financial period | <u>26</u> | <u>3,762</u> | <u>3,788</u> |

| | Lifetime ECL Not Credit Impaired 31-12-2020 RM'000 | The Group Lifetime ECL Credit Impaired 31-12-2020 RM'000 | Total 31-12-2020 RM'000 |
|------------------------------------|---|---|--|
| At beginning of the financial year | 7 | 2,051 | 2,058 |
| Allowance made | 40 | 3,510 | 3,550 |
| Amount written back | (29) | (1,555) | (1,584) |
| Amount written off | - | (58) | (58) |
| At end of the financial year | <u>18</u> | <u>3,948</u> | <u>3,966</u> |

| | Lifetime ECL Not Credit Impaired 31-03-2021 RM'000 | The Bank Lifetime ECL Credit Impaired 31-03-2021 RM'000 | Total 31-03-2021 RM'000 |
|----------------------------------|---|--|--|
| At beginning of financial period | 18 | 3,948 | 3,966 |
| Allowance made | 14 | 1,190 | 1,204 |
| Amount written back | (7) | (1,376) | (1,383) |
| Amount written off | - | - | - |
| At end of financial period | <u>25</u> | <u>3,762</u> | <u>3,787</u> |

| | Lifetime ECL Not Credit Impaired 31-12-2020 RM'000 | The Bank Lifetime ECL Credit Impaired 31-12-2020 RM'000 | Total 31-12-2020 RM'000 |
|------------------------------------|---|--|--|
| At beginning of the financial year | 6 | 2,051 | 2,057 |
| Allowance made | 40 | 3,510 | 3,550 |
| Amount written back | (28) | (1,555) | (1,583) |
| Amount written off | - | (58) | (58) |
| At end of the financial year | <u>18</u> | <u>3,948</u> | <u>3,966</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****15. Deposit from customers**

| | The Group and the Bank | |
|---|-------------------------------|-------------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 |
| (i) By type of deposits | | |
| Fixed deposits | 2,765,909 | 3,079,720 |
| Negotiable instruments of deposits | 1,318,352 | 1,009,544 |
| Other deposits | 111,258 | 125,462 |
| | <u>4,195,519</u> | <u>4,214,726</u> |
| (ii) By maturity structure | | |
| Due within six months | 3,544,565 | 3,665,571 |
| Six months to one year | 350,441 | 549,155 |
| More than one year | 300,513 | - |
| | <u>4,195,519</u> | <u>4,214,726</u> |
| (iii) By type of customer | | |
| Domestic non-banking financial institutions | 2,028,924 | 2,226,834 |
| Domestic banking institutions | 1,317,891 | 1,009,254 |
| Business enterprises | 458,329 | 676,694 |
| Government and statutory bodies | 308,467 | 217,271 |
| Individuals | 40,190 | 37,447 |
| Foreign entities | 35,203 | 34,966 |
| Other entities | 6,515 | 12,260 |
| | <u>4,195,519</u> | <u>4,214,726</u> |

16. Deposit and placements of banks and other financial institution

| | The Group and the Bank | |
|---------------------------|-------------------------------|-------------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 |
| Licensed banks | 350,560 | 100,081 |
| Licensed investment banks | 100,223 | 80,441 |
| | <u>450,783</u> | <u>180,522</u> |

17. Trade payables

| | The Group | | The Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2021 | 31-12-2020 | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amount due to unit trust funds | 280,062 | 278,716 | - | - |
| Amount due to unit holders | 240,861 | 125,399 | - | - |
| Amount due to clients | 364,803 | 311,469 | 364,166 | 310,832 |
| Amount due to brokers | 343,399 | 107,460 | 343,399 | 107,460 |
| Amount due to Bursa Securities Clearing Sdn. Bhd. | 32,910 | 98,241 | 32,910 | 98,241 |
| Amount due to external funds managers | 20 | 16 | - | - |
| | <u>1,262,055</u> | <u>921,301</u> | <u>740,475</u> | <u>516,533</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****18. Other liabilities**

| | The Group | | The Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2021 | 31-12-2020 | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Commissioned dealer's representative trust balances | 72,278 | 65,792 | 72,278 | 65,792 |
| Amounts payable to commissioned and salaried dealer's representatives | 154,168 | 150,305 | 154,168 | 150,305 |
| Accrued employee benefit | 92,788 | 114,361 | 73,561 | 62,477 |
| Securities borrowing | 162,781 | 76,079 | 162,781 | 76,079 |
| Other creditors and accruals | 156,791 | 209,703 | 86,393 | 120,722 |
| Puttable liabilities | 200,993 | 200,380 | - | - |
| | 839,799 | 816,620 | 549,181 | 475,375 |
| Add: expected credit losses - loans and financing commitments and financial guarantees | 18,532 | 18,558 | 18,532 | 18,558 |
| | 858,331 | 835,178 | 567,713 | 493,933 |

Movement in expected credit losses ("ECL") on loans and financing commitments and financial guarantees:

| The Group and the Bank | 12 months ECL | Lifetime ECL Not | Lifetime ECL | Total |
|--------------------------------------|----------------------|-------------------------|------------------------|-------------------|
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-03-2021 | 31-03-2021 | 31-03-2021 | 31-03-2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period | 33 | 600 | 17,925 | 18,558 |
| Changes due to change in credit risk | (26) | - | - | (26) |
| At end of the financial period | 7 | 600 | 17,925 | 18,532 |

| The Group and the Bank | 12 months ECL | Lifetime ECL Not | Lifetime ECL | Total |
|--|----------------------|-------------------------|------------------------|-------------------|
| | Stage 1 | Credit Impaired | Credit Impaired | |
| | 31-12-2020 | 31-12-2020 | 31-12-2020 | 31-12-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial year | 4 | - | 14,563 | 14,567 |
| New loan commitments/financial guarantees issued | 4 | - | - | 4 |
| Changes due to change in credit risk | 26 | 600 | 3,362 | 3,988 |
| Changes in model/risk parameters | (1) | - | - | (1) |
| At end of the financial year | 33 | 600 | 17,925 | 18,538 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****19. Reserves**

| | The Group | | The Bank | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| FVOCI revaluation reserves (a) | (8,268) | 76,991 | (8,323) | 76,936 |
| Regulatory reserves (b) | 14,830 | 10,972 | 14,830 | 10,972 |
| Other reserves (c) | (65,909) | (65,909) | - | - |
| Foreign exchange reserves | (205) | (205) | - | - |
| | <u>(59,552)</u> | <u>21,849</u> | <u>6,507</u> | <u>87,908</u> |
| Retained profits | <u>570,377</u> | <u>569,518</u> | <u>518,458</u> | <u>510,908</u> |
| | <u>510,825</u> | <u>591,367</u> | <u>524,965</u> | <u>598,816</u> |

- (a) The FVOCI revaluation reserves, net of deferred tax represent the unrealised gains or losses arising from a change in the fair value of investments classified as financial investments at FVOCI, as well as the expected credit losses for financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities becomes impaired.
- (b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank shall maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.
- (c) Other reserves represents the Group's obligation/option to purchase subsidiaries' shares held by non-controlling interest.
- i) Obligation to buy Affin Hwang Asset Management Berhad's ("AHAM") shares from non-controlling interest

On 8 March 2019, under the Employee Stock Option Incentive Scheme, the options holders have fully exercised the 1000 employee stock options at exercise price of RM40.30 per share, as disclosed in Note 41. As a result, the employee stock option holder(s) were allotted a total of 1,111,000 units of new ordinary shares for a total consideration of RM44.77 million.

Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ("SCR") provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020. As at 31 December 2020, the option holders have collectively agreed to not exercise their rights in relation to the buy back at first window, i.e. 1 March 2021.

The SCR provision represents a purchase of AHAM's own equity instrument and a liability equal to the present value of the estimated future redemption amount is reclassified from equity on initial recognition. The liability is then subsequently measured at amortised cost with the unwinding of the present value of the redemption amount to be recognised as finance costs within the income statements. In the event of a change in the estimated future redemption amount of SCR, the remeasurement amounts will be recognised in equity as the changes in the Bank's ownership interest in AHAM does not result in the Bank losing control of AHAM.

- (ii) Option to buy AccelVantage Academy Sdn Bhd's ("AVA") shares from non-controlling interest

This represents the present value of an option to purchase AccelVantage Academy Sdn Bhd's ("AVA") shares pursuant to the terms of the exit mechanism in a shareholders agreement entered into between the Bank's subsidiary, AHAM and GV Capital Dynamic Sdn Bhd ("GVCD").

AHAM is granted a call option to acquire the entire 49% equity shares in AVA held by GVCD within 90 days of the call option period. The exercise price under the call option is determined based on pre-agreed formula.

The financial liability at Group is initially recognised at the present value of the redemption amount and accreted through finance charges in the income statements over the contract period, up to the final redemption amount. In the event of a change in the exercise price under the call option, the remeasurement amounts will be recognised in equity as the changes in AHAM's ownership interest in AVA does not result in AHAM losing control of AVA.

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****20. Interest income**

| | The Group | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans, advances and financing | 11,353 | 15,738 | 11,353 | 15,738 |
| Money at call and deposit placements with financial institutions | 5,580 | 4,656 | 5,580 | 4,656 |
| Financial investments at FVOCI | 27,379 | 38,979 | 27,379 | 38,979 |
| Financial investments at amortised cost | 581 | 587 | 581 | 587 |
| Others | 2,527 | 797 | 2,527 | 797 |
| | <u>47,420</u> | <u>60,757</u> | <u>47,420</u> | <u>60,757</u> |
| of which: | | | | |
| Interest income earned on impaired loans, advances and financing | <u>627</u> | 1,414 | <u>627</u> | 1,414 |

| | The Bank | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans, advances and financing | 11,350 | 15,733 | 11,350 | 15,733 |
| Money at call and deposit placements with financial institutions | 5,006 | 4,243 | 5,006 | 4,243 |
| Financial investments at FVOCI | 27,379 | 38,979 | 27,379 | 38,979 |
| Financial investments at amortised cost | 581 | 587 | 581 | 587 |
| Others | 2,527 | 797 | 2,527 | 797 |
| | <u>46,843</u> | <u>60,339</u> | <u>46,843</u> | <u>60,339</u> |
| of which: | | | | |
| Interest income earned on impaired loans, advances and financing | <u>627</u> | 1,414 | <u>627</u> | 1,414 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****21. Interest expense**

| | The Group | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits from customers | 30,344 | 43,348 | 30,344 | 43,348 |
| Deposits and placements of banks and other financial institutions | 939 | 2,169 | 939 | 2,169 |
| Interest expense on lease liability | 187 | 202 | 187 | 202 |
| Foreign currency borrowings | 38 | 57 | 38 | 57 |
| Others | 673 | 442 | 673 | 442 |
| | 32,181 | 46,218 | 32,181 | 46,218 |

| | The Bank | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits from customers | 30,344 | 43,348 | 30,344 | 43,348 |
| Deposits and placements of banks and other financial institutions | 939 | 2,169 | 939 | 2,169 |
| Interest expense on lease liability | 90 | 62 | 90 | 62 |
| Foreign currency borrowings | 38 | 57 | 38 | 57 |
| Others | 60 | 442 | 60 | 442 |
| | 31,471 | 46,078 | 31,471 | 46,078 |

22. Net fee and commission income

| | The Group | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Fee and commission income | | | | |
| Unit trust management and incentive fee | 114,600 | 78,884 | 114,600 | 78,884 |
| Initial service charge | 125,583 | 29,741 | 125,583 | 29,741 |
| Net brokerage income | 30,181 | 20,768 | 30,181 | 20,768 |
| Corporate advisory fees | 1,839 | 2,294 | 1,839 | 2,294 |
| Underwriting commissions | 900 | - | 900 | - |
| Loans related fees | 1,775 | 1,765 | 1,775 | 1,765 |
| Arrangement fees | 425 | 80 | 425 | 80 |
| Private placement fees | 3,953 | 1,189 | 3,953 | 1,189 |
| Others | 4,292 | 1,263 | 4,292 | 1,263 |
| | 283,548 | 135,984 | 283,548 | 135,984 |
| (b) Fee and commission expense | | | | |
| Commission and referral expenses | (153,218) | (45,458) | (153,218) | (45,458) |
| Net fee and commission income | 130,330 | 90,526 | 130,330 | 90,526 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****22. Net fee and commission income (continued)**

| | The Bank | | | |
|---------------------------------------|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Fee and commission income | | | | |
| Net brokerage income | 30,181 | 20,768 | 30,181 | 20,768 |
| Corporate advisory fees | 1,477 | 1,955 | 1,477 | 1,955 |
| Loans related fees | 1,775 | 1,765 | 1,775 | 1,765 |
| Arrangement fees | 425 | 80 | 425 | 80 |
| Underwriting commissions | 900 | - | 900 | - |
| Private placement fees | 3,171 | - | 3,171 | - |
| Others | 3,208 | 586 | 3,208 | 586 |
| | <u>41,137</u> | <u>25,154</u> | <u>41,137</u> | <u>25,154</u> |
| (b) Fee and commission expense | | | | |
| Commission and referral expenses | - | - | - | - |
| Net fee and commission income | <u>41,137</u> | <u>25,154</u> | <u>41,137</u> | <u>25,154</u> |

23. Net gains and losses on financial instruments

| | The Group | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gains/(losses) arising on financial assets at FVTPL | | | | |
| - net gains on disposal | 16,359 | 17,308 | 16,359 | 17,308 |
| - unrealised losses | (9,520) | (9,282) | (9,520) | (9,282) |
| - gross dividend income | 1,465 | 2,062 | 1,465 | 2,062 |
| - interest income | 3,974 | 5,125 | 3,974 | 5,125 |
| Gains/(losses) on derivative instruments | | | | |
| - realised losses | (8) | - | (8) | - |
| - unrealised (losses)/gains | (924) | 4,821 | (924) | 4,821 |
| - interest income | 5,632 | 1,681 | 5,632 | 1,681 |
| - interest expense | (5,809) | (1,739) | (5,809) | (1,739) |
| Gains arising on financial investments at FVOCI | | | | |
| - net gains on disposal | 17,263 | 100,545 | 17,263 | 100,545 |
| | <u>28,432</u> | <u>120,521</u> | <u>28,432</u> | <u>120,521</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****23. Net gains and losses on financial instruments (continued)**

| | The Bank | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gains/(losses) arising on financial assets at FVTPL | | | | |
| - net gain on disposal | 16,325 | 17,011 | 16,325 | 17,011 |
| - unrealised losses | (9,214) | (2,488) | (9,214) | (2,488) |
| - gross dividend income | 1,400 | 1,731 | 1,400 | 1,731 |
| - interest income | 3,974 | 5,125 | 3,974 | 5,125 |
| Gains/(losses) on derivative instruments | | | | |
| - realised losses | (8) | - | (8) | - |
| - unrealised (losses)/gains | (924) | 4,821 | (924) | 4,821 |
| - interest income | 5,632 | 1,681 | 5,632 | 1,681 |
| - interest expense | (5,809) | (1,739) | (5,809) | (1,739) |
| Gains arising on financial investments at FVOCI | | | | |
| - net gains on disposal | 17,263 | 100,545 | 17,263 | 100,545 |
| | 28,639 | 126,687 | 28,639 | 126,687 |

24. Other operating income

| | The Group | | | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Foreign exchange gains/(losses) | | | | |
| - realised | 7,354 | 11,498 | 7,354 | 11,498 |
| - unrealised | (2,076) | (11,381) | (2,076) | (11,381) |
| Gain on disposal of property and equipment | 109 | - | 109 | - |
| Others | 187 | 753 | 187 | 753 |
| | 5,574 | 870 | 5,574 | 870 |

| | The Bank | | | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Foreign exchange gain/(loss) | | | | |
| - realised | 7,460 | 11,544 | 7,460 | 11,544 |
| - unrealised | (3,505) | (12,407) | (3,505) | (12,407) |
| Gain on disposal of property and equipment | 3 | - | 3 | - |
| Gross dividend income from subsidiaries | 28,000 | - | 28,000 | - |
| Others | 332 | 618 | 332 | 618 |
| | 32,290 | (245) | 32,290 | (245) |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****25. Other operating expenses**

| | The Group | | | |
|---|--|---|--|---|
| | Individual Quarter Current Financial Period Ended 31-03-2021 RM'000 | Preceding Year Corresponding Period Ended 31-03-2020 RM'000 | Cumulative Quarter Current Financial Period-to-date 31-03-2021 RM'000 | Preceding Year Corresponding Period-to-date 31-03-2020 RM'000 |
| Personnel costs | | | | |
| Salaries, allowances and bonuses | 56,618 | 45,647 | 56,618 | 45,647 |
| Defined contribution plan | 10,500 | 8,143 | 10,500 | 8,143 |
| Other personnel costs | 9,970 | 8,882 | 9,970 | 8,882 |
| | <u>77,088</u> | <u>62,672</u> | <u>77,088</u> | <u>62,672</u> |
| Promotion and marketing-related expenses | | | | |
| Business promotion and advertisement | 2,302 | 2,810 | 2,302 | 2,810 |
| Entertainment | 650 | 1,023 | 650 | 1,023 |
| Travelling and accomodation | 133 | 633 | 133 | 633 |
| Commission and brokerage expenses | 68 | 62 | 68 | 62 |
| Others | 258 | 367 | 258 | 367 |
| | <u>3,411</u> | <u>4,895</u> | <u>3,411</u> | <u>4,895</u> |
| Establishment-related expenses | | | | |
| Repair and maintenance | 3,859 | 3,127 | 3,859 | 3,127 |
| Depreciation – ROU assets | 2,478 | 2,512 | 2,478 | 2,512 |
| Depreciation of property and equipment | 2,465 | 2,588 | 2,465 | 2,588 |
| Rental of premises and equipment | 812 | 935 | 812 | 935 |
| Amortisation of intangible assets | 711 | 689 | 711 | 689 |
| Electricity, water and sewerage | 485 | 572 | 485 | 572 |
| Insurance and indemnities | 248 | 231 | 248 | 231 |
| Others | 5 | 34 | 5 | 34 |
| | <u>11,063</u> | <u>10,688</u> | <u>11,063</u> | <u>10,688</u> |
| Administration and general expenses | | | | |
| Subscription | 4,082 | 3,158 | 4,082 | 3,158 |
| Telecommunication expenses | 2,860 | 2,711 | 2,860 | 2,711 |
| Professional fees | 1,689 | 1,729 | 1,689 | 1,729 |
| Directors' remuneration | 1,000 | 718 | 1,000 | 718 |
| Auditors' remuneration | 183 | 183 | 183 | 183 |
| Property and equipment written-off | - | 12 | - | 12 |
| Others | 1,255 | 2,025 | 1,255 | 2,025 |
| | <u>11,069</u> | <u>10,536</u> | <u>11,069</u> | <u>10,536</u> |
| Total other operating expenses | <u>102,631</u> | <u>88,791</u> | <u>102,631</u> | <u>88,791</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****25. Other operating expenses (continued)**

| | The Bank | | | |
|---|--|---|--|---|
| | Individual Quarter Current Financial Period Ended 31-03-2021 RM'000 | Preceding Year Corresponding Period Ended 31-03-2020 RM'000 | Cumulative Quarter Current Financial Period-to-date 31-03-2021 RM'000 | Preceding Year Corresponding Period-to-date 31-03-2020 RM'000 |
| Personnel costs | | | | |
| Salaries, allowances and bonuses | 32,399 | 27,820 | 32,399 | 27,820 |
| Defined contribution plan | 5,210 | 4,350 | 5,210 | 4,350 |
| Other personnel costs | 2,317 | 2,987 | 2,317 | 2,987 |
| | <u>39,926</u> | <u>35,157</u> | <u>39,926</u> | <u>35,157</u> |
| Promotion and marketing-related expenses | | | | |
| Business promotion and advertisement | 770 | 978 | 770 | 978 |
| Entertainment | 23 | 173 | 23 | 173 |
| Travelling and accomodation | 84 | 353 | 84 | 353 |
| Commission and brokerage expenses | 59 | 53 | 59 | 53 |
| Others | - | 1 | - | 1 |
| | <u>936</u> | <u>1,558</u> | <u>936</u> | <u>1,558</u> |
| Establishment-related expenses | | | | |
| Repair and maintenance | 1,767 | 1,490 | 1,767 | 1,490 |
| Depreciation – ROU assets | 1,440 | 1,456 | 1,440 | 1,456 |
| Depreciation of property and equipment | 1,398 | 1,570 | 1,398 | 1,570 |
| Rental of premises and equipment | 590 | 692 | 590 | 692 |
| Amortisation of intangible assets | 264 | 375 | 264 | 375 |
| Electricity, water and sewerage | 419 | 476 | 419 | 476 |
| Insurance and indemnities | 211 | 181 | 211 | 181 |
| Others | 5 | 34 | 5 | 34 |
| | <u>6,094</u> | <u>6,274</u> | <u>6,094</u> | <u>6,274</u> |
| Administration and general expenses | | | | |
| Subscription | 2,575 | 1,908 | 2,575 | 1,908 |
| Telecommunication expenses | 2,308 | 2,215 | 2,308 | 2,215 |
| Professional fees | 172 | 486 | 172 | 486 |
| Directors' remuneration | 752 | 453 | 752 | 453 |
| Auditors' remuneration | 134 | 134 | 134 | 134 |
| Property and equipment written-off | - | 6 | - | 6 |
| Others | 1,160 | 1,325 | 1,160 | 1,325 |
| | <u>7,101</u> | <u>6,527</u> | <u>7,101</u> | <u>6,527</u> |
| Total other operating expenses | <u>54,057</u> | <u>49,516</u> | <u>54,057</u> | <u>49,516</u> |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****26. Allowances for credit impairment losses**

| | The Group | | | |
|--|---|--|---|--|
| | Individual Quarter | | Cumulative Quarter | |
| | Current Financial Period Ended | Preceding Year Corresponding Period Ended | Current Financial Period-To-Date | Preceding Year Corresponding Period-To-Date |
| | 31-03-2021 RM'000 | 31-03-2020 RM'000 | 31-03-2021 RM'000 | 31-03-2020 RM'000 |
| Expected credit losses (made)/written-back on: | | | | |
| - loans, advances and financing | (3,422) | (6,080) | (3,422) | (6,080) |
| - trade receivables | (154) | (115) | (154) | (115) |
| - financial investments | (6,059) | (16) | (6,059) | (16) |
| - deposits and placements with financial institutions | (303) | (7) | (303) | (7) |
| - other assets | 178 | (92) | 178 | (92) |
| - loans and financing commitments and financial guarantees | 26 | (3,364) | 26 | (3,364) |
| Bad debts recovered | - | 1,633 | - | 1,633 |
| | (9,734) | (8,041) | (9,734) | (8,041) |

| | The Bank | | | |
|--|---|--|---|--|
| | Individual Quarter | | Cumulative Quarter | |
| | Current Financial Period Ended | Preceding Year Corresponding Period Ended | Current Financial Period-To-Date | Preceding Year Corresponding Period-To-Date |
| | 31-03-2021 RM'000 | 31-03-2020 RM'000 | 31-03-2021 RM'000 | 31-03-2020 RM'000 |
| Expected credit losses (made)/written-back on: | | | | |
| - loans, advances and financing | (3,422) | (6,080) | (3,422) | (6,080) |
| - trade receivables | (18) | (72) | (18) | (72) |
| - financial investments | (6,059) | (16) | (6,059) | (16) |
| - deposits and placements with financial institutions | (303) | (7) | (303) | (7) |
| - other assets | 179 | (92) | 179 | (92) |
| - loans and financing commitments and financial guarantees | 26 | (3,364) | 26 | (3,364) |
| Bad debts recovered | - | 1,633 | - | 1,633 |
| | (9,597) | (7,998) | (9,597) | (7,998) |

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Notes to the unaudited condensed interim financial statements for the financial period ended 31 March 2021

27. Capital adequacy

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) updated on 9 December 2020.

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ("CET 1") and Tier 1 Capital Ratio are 7.00% (2020: 7.00%) and 8.50% (2020: 8.50%) respectively for the financial period ended 31 March 2021. The minimum regulatory capital adequacy requirement at 10.50% (2020: 10.50%) for total capital ratio.

The Group's and the Bank's objectives when managing capital are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group and the Bank operates;
- To safeguard the Group's and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group and the Bank have elected to apply transitional arrangements for four financial years beginning on 1 January 2020. Under the transitional arrangements, the amount of loss allowances measured at an amount equal to 12-months ECL and lifetime ECL to the extent they are ascribed to non-credit-impaired exposures (which is Stage 1 and Stage 2 provisions), is allowed to be added back in the calculation of CET1 capital ratio.

The table below summarises the composition of regulatory capital and the ratios of the Group and the Bank:

| | The Group | | The Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| Basel III | | | | |
| Common Equity Tier (CET) 1 Capital : | | | | |
| Share capital | 999,800 | 999,800 | 999,800 | 999,800 |
| Other reserves | (65,909) | (65,909) | - | - |
| Foreign exchange reserves | (205) | (205) | - | - |
| Retained profits | 545,490 | 580,490 | 486,880 | 521,880 |
| Unrealised gains on FVOCI instruments | (8,268) | 76,991 | (8,323) | 76,936 |
| | 1,470,908 | 1,591,167 | 1,478,357 | 1,598,616 |
| Less : Regulatory adjustment | | | | |
| Goodwill and other intangible assets | (324,580) | (324,861) | (315,202) | (315,375) |
| Investment in subsidiaries/associates | (4,108) | (4,108) | (133,184) | (133,184) |
| Regulatory reserve | (14,830) | (10,972) | (14,830) | (10,972) |
| 55% of cumulative gains on FVOCI instruments | - | (42,345) | - | (42,315) |
| Deferred tax assets | (75,231) | (46,205) | (68,666) | (29,713) |
| Other CET1 regulatory adjustments specified by BNM | 10,542 | 10,063 | 10,342 | 10,000 |
| Total CET 1 capital | 1,062,701 | 1,172,739 | 956,817 | 1,077,057 |
| Additional Tier 1 Capital | | | | |
| Qualifying non-controlling interests | 27,640 | 31,015 | - | - |
| Total Tier 1 capital (a) | 1,090,341 | 1,203,754 | 956,817 | 1,077,057 |
| Tier 2 capital | | | | |
| Qualifying loss provisions # | 17,742 | 13,886 | 17,718 | 13,860 |
| Total Tier 2 capital (b) | 17,742 | 13,886 | 17,718 | 13,860 |
| Total Capital (a) + (b) | 1,108,083 | 1,217,640 | 974,535 | 1,090,917 |
| Proposed dividends | - | 35,000 | - | 35,000 |

Qualifying loss provisions are restricted to allowances on unimpaired portion of the loans, advances and financing.

| | The Group | | The Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| Breakdown of risk-weighted assets in the various categories of risk-weights: | | | | |
| Credit risk | 2,068,379 | 1,818,648 | 1,582,825 | 1,287,389 |
| Market risk | 461,442 | 494,173 | 427,178 | 492,131 |
| Operational risk | 1,051,840 | 1,026,536 | 512,735 | 509,161 |
| Total Risk-Weighted Assets | 3,581,661 | 3,339,357 | 2,522,738 | 2,288,681 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****27. Capital adequacy (continued)**

The table below summarises the composition of regulatory capital and the ratios of the Group and the Bank:

| | The Group | | The Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31-03-2021 RM'000 | 31-12-2020 RM'000 | 31-03-2021 RM'000 | 31-12-2020 RM'000 |
| Capital Ratios: | | | | |
| <u>With transitional arrangements</u> | | | | |
| CET 1 capital ratio | 29.671% | 35.119% | 37.928% | 47.060% |
| Tier 1 capital ratio | 30.442% | 36.047% | 37.928% | 47.060% |
| Total capital ratio | 30.938% | 36.463% | 38.630% | 47.666% |
| CET 1 capital ratio (net of proposed dividends) | 29.671% | 34.071% | 37.928% | 45.531% |
| Tier 1 capital ratio (net of proposed dividends) | 30.442% | 34.999% | 37.928% | 45.531% |
| Total capital ratio (net of proposed dividends) | 30.938% | 35.415% | 38.630% | 46.136% |
| <u>Before transitional arrangements</u> | | | | |
| CET 1 capital ratio | 29.376% | 34.817% | 37.518% | 46.623% |
| Tier 1 capital ratio | 30.148% | 35.746% | 37.518% | 46.623% |
| Total capital ratio | 30.870% | 36.427% | 38.302% | 47.326% |
| CET 1 capital ratio (net of proposed dividends) | 29.376% | 33.769% | 37.518% | 45.094% |
| Tier 1 capital ratio (net of proposed dividends) | 30.148% | 34.698% | 37.518% | 45.094% |
| Total capital ratio (net of proposed dividends) | 30.870% | 35.379% | 38.220% | 45.797% |

28. Commitments and contingencies

| | The Group and the Bank | |
|---|--|--|
| | 31-03-2021 Principal amount RM'000 | 31-12-2020 Principal amount RM'000 |
| Transaction related contingent items | 86,606 | 86,606 |
| Obligations under underwriting agreements | - | 17,792 |
| Irrevocable commitments to extend credit: | | |
| - maturity not exceeding one year | 13,836 | 25,464 |
| - maturity exceeding one year | 9,533 | 5,569 |
| Interest rate related contracts: | | |
| - less than one year | 790,000 | 390,000 |
| - one year to less than five years | 2,210,000 | 2,550,000 |
| - more than five years | - | - |
| Foreign exchange related contracts: | | |
| - less than one year | 11,162,900 | 7,827,363 |
| - one year to less than five years | 899,100 | 812,309 |
| Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | 865,641 | 783,018 |
| Total | 16,037,616 | 12,498,121 |

29. Credit exposures arising from transactions with connected parties

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL 001-25), the following information as at 31 March 2021 are as follows:

| | |
|---|---------|
| (i) The aggregate value of outstanding credit exposures with connected parties (RM'000) | 618,646 |
| (ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures | 14.41% |
| (iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default | Nil |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****30. Fair value measurements**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

- (a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.
 (b) Level 2 - Quoted prices for indential or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
 (c) Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

| Group | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|--|---------------------------|---------------------------|---------------------------|-------------------------|
| 31-03-2021 | | | | |
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instruments | - | 181,747 | - | 181,747 |
| - Corporate bonds or sukuk | - | 58,844 | - | 58,844 |
| - Shares, warrants and unit trusts | 363,054 | - | - | 363,054 |
| Financial investments at FVOCI | | | | |
| - Money market instruments | - | 1,813,344 | - | 1,813,344 |
| - Corporate bonds or sukuk | - | 1,462,206 | - | 1,462,206 |
| - Shares | - | - | 25,319 | 25,319 |
| Derivative financial assets | - | 144,549 | - | 144,549 |
| Total | 363,054 | 3,660,690 | 25,319 | 4,049,063 |
| Liabilities | | | | |
| Derivative financial liabilities | - | 135,637 | - | 135,637 |
| Puttable liabilities - investment in funds | 84,268 | - | - | 84,268 |
| Other liabilities -equities trading | 1,835 | - | - | 1,835 |
| Total | 86,103 | 135,637 | - | 221,740 |
| 31-12-2020 | | | | |
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| - Corporate bonds or sukuk | - | 58,494 | - | 58,494 |
| - Shares, warrants and unit trusts | 411,849 | - | - | 411,849 |
| Financial investments at FVOCI | | | | |
| - Money market instruments | - | 2,178,198 | - | 2,178,198 |
| - Corporate bonds or sukuk | - | 1,870,864 | - | 1,870,864 |
| - Shares | - | - | 25,319 | 25,319 |
| Derivative financial assets | - | 160,336 | - | 160,336 |
| Total | 411,849 | 4,267,892 | 25,319 | 4,705,060 |
| Liabilities | | | | |
| Derivative financial liabilities | - | 150,939 | - | 150,939 |
| Puttable liabilities - investment in funds | 84,268 | - | - | 84,268 |
| Other liabilities -equities trading | 394 | - | - | 394 |
| Total | 84,662 | 150,939 | - | 235,601 |

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2021****30. Fair value measurements (continued)**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy (continued):

| Bank | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|--------------------------------------|-------------------|-------------------|-------------------|------------------|
| 31-03-2021 | | | | |
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instruments | - | 181,747 | - | 181,747 |
| - Corporate bonds or sukuk | - | 359 | - | 359 |
| - Shares, warrants and unit trusts | 258,106 | - | - | 258,106 |
| Financial investments at FVOCI | | | | |
| - Money market instruments | - | 1,813,344 | - | 1,813,344 |
| - Corporate bonds or sukuk | - | 1,462,206 | - | 1,462,206 |
| - Shares | - | - | 25,319 | 25,319 |
| Derivative financial assets | - | 142,157 | - | 142,157 |
| | <u>258,106</u> | <u>3,599,813</u> | <u>25,319</u> | <u>3,883,238</u> |
| Liabilities | | | | |
| Derivative financial liabilities | - | 135,637 | - | 135,637 |
| Other liabilities - equities trading | 1,835 | - | - | 1,835 |
| Total | <u>1,835</u> | <u>135,637</u> | <u>-</u> | <u>137,472</u> |
| 31-12-2020 | | | | |
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| - Shares, warrants and unit trusts | 308,231 | - | - | 308,231 |
| Financial investments at FVOCI | | | | |
| - Money market instruments | - | 2,178,198 | - | 2,178,198 |
| - Corporate bonds or sukuk | - | 1,870,864 | - | 1,870,864 |
| - Shares | - | - | 25,319 | 25,319 |
| Derivative financial assets | - | 157,908 | - | 157,908 |
| Total | <u>308,231</u> | <u>4,206,970</u> | <u>25,319</u> | <u>4,540,520</u> |
| Liabilities | | | | |
| Derivative financial liabilities | - | 150,939 | - | 150,939 |
| Other liabilities - equities trading | 394 | - | - | 394 |
| Total | <u>394</u> | <u>150,939</u> | <u>-</u> | <u>151,333</u> |

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the unaudited condensed interim financial statements for the financial period ended 31 March 2021

30. Fair value measurements (continued)

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2020: Nil).

The following table present the changes in Level 3 instruments for the financial period/year ended:-

| | The Group and The Bank | |
|----------------------------|-------------------------------|------------|
| | 31-03-2021 | 31-12-2020 |
| | RM'000 | RM'000 |
| Opening | 25,319 | 23,002 |
| FVOCI revaluation reserves | - | 2,317 |
| Closing | 25,319 | 25,319 |

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at end of the current reporting date and last financial year ended 31 December 2020, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) are unquoted shares held for socio economic purpose.