

## Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

### Condensed Interim Financial Statements

#### Unaudited Statements of Financial Position

#### as at 30 June 2020

	Note	The Group		The Bank	
		As at 30-06-2020 RM'000	As at 31-12-2019 RM'000	As at 30-06-2020 RM'000	As at 31-12-2019 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,739,154	755,162	1,364,106	270,574
Financial assets at fair value through profit or loss ("FVTPL")	11	151,030	491,916	43,513	384,849
Financial investments at fair value through other comprehensive income ("FVOCI")	11	2,918,561	4,813,955	2,918,561	4,813,955
Financial investments at amortised cost	11	43,457	44,567	43,457	44,567
Loans, advances and financing	12	895,237	1,077,552	895,237	1,077,552
Trade receivables	13	605,199	532,868	489,433	289,593
Derivative financial assets		113,741	52,583	112,815	51,585
Other assets	14	90,764	64,058	82,212	56,201
Statutory deposits with Bank Negara Malaysia		13,602	151,400	13,500	151,300
Amount due from subsidiaries		-	-	442	166
Amount due from related company		193	245	-	-
Amount due from ultimate holding company		59	69	-	-
Investment in subsidiaries		-	-	126,521	125,721
Investments in associated company		3,062	3,594	1,332	1,132
Taxation recoverable		6,581	36,420	-	30,684
Deferred tax assets		15,313	9,533	8,018	-
Property and equipment		26,385	27,808	13,428	15,310
Intangible assets		323,268	323,194	315,933	316,243
Right-of-use ("ROU") assets		13,782	12,738	5,391	3,270
<b>TOTAL ASSETS</b>		<b>6,959,388</b>	<b>8,397,662</b>	<b>6,433,899</b>	<b>7,632,702</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	15	3,811,536	4,683,126	3,811,536	4,683,126
Deposits and placements of banks and other financial institutions	16	50,003	692,404	50,003	692,404
Trade payables	17	750,027	787,429	481,653	261,547
Lease Liabilities		13,628	12,863	4,998	3,253
Derivative financial liabilities		102,780	50,535	102,780	50,535
Amount due to holding company		385	103	-	-
Amount due to subsidiaries		-	-	-	36
Amount due to related company		-	2	-	-
Other liabilities	18	512,573	545,753	335,366	346,094
Provision for taxation		9,973	-	9,973	-
Deferred tax liabilities		-	12,245	-	12,245
<b>TOTAL LIABILITIES</b>		<b>5,250,905</b>	<b>6,784,460</b>	<b>4,796,309</b>	<b>6,049,240</b>
Share capital		999,800	999,800	999,800	999,800
Reserves	19	635,542	555,687	637,790	583,662
		1,635,342	1,555,487	1,637,590	1,583,462
Non-controlling interests		73,141	57,715	-	-
<b>SHAREHOLDERS' EQUITY</b>		<b>1,708,483</b>	<b>1,613,202</b>	<b>1,637,590</b>	<b>1,583,462</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,959,388</b>	<b>8,397,662</b>	<b>6,433,899</b>	<b>7,632,702</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	28	<b>9,605,456</b>	<b>7,853,946</b>	<b>9,605,456</b>	<b>7,853,946</b>
<b>CAPITAL ADEQUACY</b>					
<b>Basel III</b>					
CET 1 capital ratio	27	<b>37.382%</b>	34.432%	<b>46.349%</b>	44.406%
Tier 1 capital ratio	27	<b>38.095%</b>	35.186%	<b>46.349%</b>	44.406%
Total capital ratio	27	<b>38.811%</b>	35.958%	<b>47.126%</b>	45.235%
<b>After deducting proposed dividends:</b>					
CET 1 capital ratio (net of proposed dividends)	27	<b>37.382%</b>	33.238%	<b>46.349%</b>	42.745%
Tier 1 capital ratio (net of proposed dividends)	27	<b>38.095%</b>	33.991%	<b>46.349%</b>	42.745%
Total capital ratio (net of proposed dividends)	27	<b>38.811%</b>	34.764%	<b>47.126%</b>	43.574%

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 2019.

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Income Statements**  
**for the financial period ended 30 June 2020**

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-06-2020	Preceding Year Corresponding Period 30-06-2019	Current Financial Period-To-Date 30-06-2020	Preceding Year Corresponding Period-To-Date 30-06-2019
		RM'000	RM'000	RM'000	RM'000
Interest income	20	52,875	73,547	113,632	149,584
Interest expense	21	(42,254)	(58,915)	(88,472)	(119,314)
Net interest income		10,621	14,632	25,160	30,270
Fee and commission income	22(a)	136,535	116,651	272,519	221,838
Fee and commission expense	22(b)	(37,316)	(34,268)	(82,774)	(63,359)
Net fee and commission income		99,219	82,383	189,745	158,479
Net gains and losses on financial instruments	23	136,742	42,041	262,842	83,127
Other operating income	24	6,674	3,411	7,544	6,171
<b>Net income</b>		<b>253,256</b>	<b>142,467</b>	<b>485,291</b>	<b>278,047</b>
Other operating expenses	25	(147,909)	(94,039)	(242,279)	(181,962)
<b>Operating profit before allowances</b>		<b>105,347</b>	<b>48,428</b>	<b>243,012</b>	<b>96,085</b>
(Allowances)/write-back of credit impairment losses	26	(24,008)	4,075	(32,049)	2,065
<b>Profit before zakat and taxation</b>		<b>81,339</b>	<b>52,503</b>	<b>210,963</b>	<b>98,150</b>
Zakat		(962)	(863)	(3,165)	(1,310)
<b>Profit before taxation</b>		<b>80,377</b>	<b>51,640</b>	<b>207,798</b>	<b>96,840</b>
Taxation		(17,902)	(10,688)	(49,135)	(21,223)
<b>Net profit after zakat and taxation</b>		<b>62,475</b>	<b>40,952</b>	<b>158,663</b>	<b>75,617</b>
<b>Attributable to:</b>					
- Equity holders of the Bank		53,103	33,485	143,237	61,216
- Non-controlling interests		9,372	7,467	15,426	14,401
		<b>62,475</b>	<b>40,952</b>	<b>158,663</b>	<b>75,617</b>
Earnings per share:					
- basic/fully diluted (sen)		<b>6.81</b>	<b>4.29</b>	<b>18.36</b>	<b>7.85</b>

**Affin Hwang Investment Bank Berhad**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements  
Unaudited Statements of Comprehensive Income  
for the financial period ended 30 June 2020**

The Group	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-06-2020 RM'000	Preceding Year Corresponding Period 30-06-2019 RM'000	Current Financial Period-To-Date 30-06-2020 RM'000	Preceding Year Corresponding Period-To-Date 30-06-2019 RM'000
Net profit after zakat and taxation	62,475	40,952	158,663	75,617
Other comprehensive income:				
<b><u>Items that may be reclassified subsequently to profit or loss :</u></b>				
Net fair value change in financial investments at FVOCI (debt instruments)	103,586	57,567	105,130	121,152
Net credit impairment loss change in financial investments at FVOCI (debt instruments)	2,077	(7,179)	2,093	(5,557)
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(42,823)	(32,784)	(140,743)	(40,003)
Deferred tax on financial investments at FVOCI	(14,583)	(6,620)	8,547	(20,138)
<b><u>Items that will not be reclassified subsequently to profit or loss :</u></b>				
Net fair value change in financial investments at FVOCI (equity instruments)	1,658	4,514	1,570	10,205
Deferred tax on financial investments at FVOCI	-	(1,083)	21	(2,449)
<b>Other comprehensive income for the financial period, net of tax</b>	<b>49,915</b>	<b>14,415</b>	<b>(23,382)</b>	<b>63,210</b>
<b>Total comprehensive income for the financial period</b>	<b>112,390</b>	<b>55,367</b>	<b>135,281</b>	<b>138,827</b>
<b>Attributable to:</b>				
Equity holders of the Bank	103,018	47,900	119,855	124,426
Non-controlling interests	9,372	7,467	15,426	14,401
	<b>112,390</b>	<b>55,367</b>	<b>135,281</b>	<b>138,827</b>

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Income Statements**  
**for the financial period ended 30 June 2020**

The Bank	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-06-2020 RM'000	Preceding Year Corresponding Period 30-06-2019 RM'000	Current Financial Period-To-Date 30-06-2020 RM'000	Preceding Year Corresponding Period-To-Date 30-06-2019 RM'000
Interest income	20	52,473	73,112	112,812	148,579
Interest expense	21	(39,425)	(58,871)	(85,503)	(119,216)
Net interest income		13,048	14,241	27,309	29,363
Fee and commission income		29,761	22,681	54,915	42,129
Fee and commission expense	22(a)	-	-	-	-
Net fee and commission income	22(b)	29,761	22,681	54,915	42,129
Net gains and losses on financial instruments		129,305	38,729	261,571	78,437
Other operating income	23	5,961	34,377	5,716	37,731
<b>Net income</b>	24	<b>178,075</b>	<b>110,028</b>	<b>349,511</b>	<b>187,660</b>
Other operating expenses		(103,300)	(55,044)	(158,395)	(108,982)
<b>Operating profit before allowances</b>	25	<b>74,775</b>	<b>54,984</b>	<b>191,116</b>	<b>78,678</b>
(Allowances)/write-back of credit impairment losses		(24,002)	4,062	(32,000)	2,072
<b>Profit before zakat and taxation</b>	26	<b>50,773</b>	<b>59,046</b>	<b>159,116</b>	<b>80,750</b>
Zakat		(767)	(738)	(2,920)	(1,103)
<b>Profit before taxation</b>		<b>50,006</b>	<b>58,308</b>	<b>156,196</b>	<b>79,647</b>
Taxation		(12,526)	(5,932)	(38,686)	(11,246)
<b>Net profit after zakat and taxation</b>		<b>37,480</b>	<b>52,376</b>	<b>117,510</b>	<b>68,401</b>
<b>Attributable to:</b>					
- Equity holders of the Bank		<b>37,480</b>	<b>52,376</b>	<b>117,510</b>	<b>68,401</b>
Earnings per share:					
- basic/fully diluted (sen)		<b>4.81</b>	<b>6.71</b>	<b>15.07</b>	<b>8.77</b>

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the financial period ended 30 June 2020**

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-06-2020 RM'000	Preceding Year Corresponding Period 30-06-2019 RM'000	Current Financial Period-To-Date 30-06-2020 RM'000	Preceding Year Corresponding Period-To-Date 30-06-2019 RM'000
Net profit after zakat and taxation	37,480	52,376	117,510	68,401
Other comprehensive income:				
<b>Items that may be reclassified subsequently to profit or loss :</b>				
Net fair value change in financial investments at FVOCI (debt instruments)	103,586	57,567	105,130	121,152
Net credit impairment loss change in financial investments at FVOCI (debt instruments)	2,077	(7,179)	2,093	(5,557)
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(42,823)	(32,784)	(140,743)	(40,003)
Deferred tax on financial investments at FVOCI	(14,583)	(6,620)	8,547	(20,138)
<b>Items that will not be reclassified subsequently to profit or loss :</b>				
Net fair value change in financial investments at FVOCI (equity instruments)	1,658	4,514	1,570	10,205
Deferred tax on financial investments at FVOCI	-	(1,083)	21	(2,449)
<b>Other comprehensive income for the financial period, net of tax</b>	<b>49,915</b>	<b>14,415</b>	<b>(23,382)</b>	<b>63,210</b>
<b>Total comprehensive income for the financial period</b>	<b>87,395</b>	<b>66,791</b>	<b>94,128</b>	<b>131,611</b>
<b>Attributable to equity holders of the Bank:</b>				
<b>Total comprehensive income</b>	<b>87,395</b>	<b>66,791</b>	<b>94,128</b>	<b>131,611</b>

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Changes in Equity**  
**for the financial period ended 30 June 2020**

**The Group**

At 1 January 2020

**Comprehensive income:**

Net profit for the financial period

**Other comprehensive income, (net of tax)**

- Financial investments at FVOCI

**Total comprehensive income**

Transfer (from)/to regulatory reserves

Dividend paid

At 30 June 2020

Attributable to equity holders of the Bank									
Share Capital	Regulatory reserves	Foreign exchange reserves	Stock options reserves *	Other reserves	FVOCI revaluation reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
999,800	23,731	135	-	(61,010)	77,210	515,621	1,555,487	57,715	1,613,202
-	-	-	-	-	-	143,237	143,237	15,426	158,663
-	-	-	-	-	(23,382)	-	(23,382)	-	(23,382)
-	-	-	-	-	(23,382)	143,237	119,855	15,426	135,281
-	(8,066)	-	-	-	-	8,066	-	-	-
-	-	-	-	-	-	(40,000)	(40,000)	-	(40,000)
<b>999,800</b>	<b>15,665</b>	<b>135</b>	<b>-</b>	<b>(61,010)</b>	<b>53,828</b>	<b>626,924</b>	<b>1,635,342</b>	<b>73,141</b>	<b>1,708,483</b>

**The Group**

At 1 January 2019

**Comprehensive income:**

Net profit for the financial period

**Other comprehensive income, (net of tax)**

- Financial investments at FVOCI

**Total comprehensive income**

Net loss on disposal of financial investments designated at

FVOCI (equity instruments)

Issuance of new shares from exercise of employee

stock option incentive scheme \*\*

Transfer (from)/to regulatory reserves

Dividend paid

At 30 June 2019

Attributable to equity holders of the Bank									
Share Capital	Regulatory reserves	Foreign exchange reserves	Stock options reserves *	Other reserves	FVOCI revaluation reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
999,800	28,357	593	8,328	-	3,968	450,591	1,491,637	65,773	1,557,410
-	-	-	-	-	-	61,216	61,216	14,401	75,617
-	-	-	-	-	63,210	-	63,210	-	63,210
-	-	-	-	-	63,210	61,216	124,426	14,401	138,827
-	-	-	-	-	2,755	(2,755)	-	-	-
-	-	-	(8,328)	-	-	21,135	12,807	31,967	44,774
-	(669)	-	-	-	-	669	-	-	-
-	-	-	-	-	-	-	-	(18,500)	(18,500)
<b>999,800</b>	<b>27,688</b>	<b>593</b>	<b>-</b>	<b>-</b>	<b>69,933</b>	<b>530,856</b>	<b>1,628,870</b>	<b>93,641</b>	<b>1,722,511</b>

\* The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme.

\*\* On 8 March 2019, the options holder have fully exercised the employee stock option incentive scheme.

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Changes in Equity**  
**for the financial period ended 30 June 2020**

**The Bank**

At 1 January 2020

**Comprehensive income:**

Net profit for the financial period

**Other comprehensive income, (net of tax)**

- Financial investments at FVOCI

**Total comprehensive income**

Transfer (from)/to regulatory reserves

Dividend paid

**At 30 June 2020**

	Non-distributable	FVOCI revaluation reserves	Retained profits	Total equity
Share Capital RM'000	Regulatory reserves RM'000	RM'000	RM'000	RM'000
999,800	23,731	77,155	482,776	1,583,462
-	-	-	117,510	117,510
-	-	(23,382)	-	(23,382)
-	-	(23,382)	117,510	94,128
-	(8,066)	-	8,066	-
-	-	-	(40,000)	(40,000)
<b>999,800</b>	<b>15,665</b>	<b>53,773</b>	<b>568,352</b>	<b>1,637,590</b>

**The Bank**

At 1 January 2019

**Comprehensive income:**

Net profit for the financial period

**Other comprehensive income, (net of tax)**

- Financial investments at FVOCI

**Total comprehensive income**

Net loss on disposal of financial investments designated at FVOCI (equity instruments)

Transfer (from)/to regulatory reserves

**At 30 June 2019**

	Non-distributable	FVOCI revaluation reserves	Retained profits	Total equity
Share Capital RM'000	Regulatory reserves RM'000	RM'000	RM'000	RM'000
999,800	28,357	3,913	431,864	1,463,934
-	-	-	68,401	68,401
-	-	63,210	-	63,210
-	-	63,210	68,401	131,611
-	-	2,755	(2,755)	-
-	(669)	-	669	-
<b>999,800</b>	<b>27,688</b>	<b>69,878</b>	<b>498,179</b>	<b>1,595,545</b>

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**for the financial period ended 30 June 2020**

	The Group		The Bank	
	30-06-2020 RM'000	30-06-2019 RM'000	30-06-2020 RM'000	30-06-2019 RM'000
<b>Cash flow from operating activities</b>				
Profit before taxation	207,798	96,840	156,196	79,647
Adjustments for items not involving the movement of cash and cash equivalents	(276,705)	(166,772)	(280,455)	(165,713)
<i>Operating loss before changes in working capital</i>	(68,907)	(69,932)	(124,259)	(86,066)
Net changes in operating assets	583,630	(335,481)	454,957	(228,942)
Net changes in operating liabilities	(1,543,126)	102,934	(1,263,744)	(155,265)
Tax paid	(18,782)	(23,543)	(9,722)	(12,676)
Zakat paid	(629)	(1,476)	(180)	(1,135)
<b>Net cash used in operating activities</b>	<b>(1,047,814)</b>	<b>(327,498)</b>	<b>(942,948)</b>	<b>(484,084)</b>
<b>Cash flow from investing activities</b>				
Interest received:				
- financial investments at FVOCI	226,293	381,774	226,293	381,774
- financial investments at amortised cost	1,206	1,264	1,206	1,264
Purchase of:				
- financial investments at FVOCI	(2,882,344)	(3,087,120)	(2,882,344)	(3,087,120)
Redemption/disposal of:				
- financial investments at FVOCI	4,732,675	3,312,806	4,732,675	3,312,806
Dividend income received from:				
- financial investments at FVOCI	113	2,249	113	2,249
Capital injection for subsidiaries	-	-	(1,000)	-
Proceeds from disposal of property and equipment	139	153	9	50
Purchase of property and equipment	(4,380)	(5,152)	(1,839)	(2,323)
Purchase of intangible assets	(1,440)	(1,018)	(432)	(529)
<b>Net cash generated from investing activities</b>	<b>2,072,262</b>	<b>604,956</b>	<b>2,074,681</b>	<b>608,171</b>
<b>Cash flow from financing activities</b>				
Lease payments	(5,165)	(4,777)	(2,909)	(2,823)
Dividend paid by a subsidiary to minority interest	-	(18,500)	-	-
Dividend paid	(40,000)	-	(40,000)	-
Exercise of employee stock option	-	44,773	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(45,165)</b>	<b>21,496</b>	<b>(42,909)</b>	<b>(2,823)</b>
<b>Net increase in cash and cash equivalents</b>	<b>979,283</b>	<b>298,954</b>	<b>1,088,824</b>	<b>121,264</b>
Cash and cash equivalents at beginning of the financial period	707,679	576,254	223,090	155,823
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,686,962</b>	<b>875,208</b>	<b>1,311,914</b>	<b>277,087</b>
<b>Analysis of cash and cash equivalents</b>				
Cash and short term funds	1,739,154	923,427	1,364,106	325,306
Amount held on behalf of commissioned dealer's representatives	(52,192)	(48,219)	(52,192)	(48,219)
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,686,962</b>	<b>875,208</b>	<b>1,311,914</b>	<b>277,087</b>

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 2019.

## **Affin Hwang Investment Bank Berhad** (Incorporated in Malaysia)

### **Notes to the unaudited condensed interim financial statements for the financial period ended 30 June 2020**

#### **1. Review of financial performance**

The Group recorded a higher Profit Before Zakat and Taxation ("PBT") of RM211.0 million for the 6 months period ended 30 June 2020 compared to the PBT of RM98.2 million in the previous corresponding period. The Bank contributed RM159.1 million (30.6.2019: RM80.8 million) for period ended 30 June 2020 while the Group's asset management business contributed RM52.4 million (30.6.2019: RM50.5 million) to the Group's PBT.

Analysis of the Group's performance for the 6 months period ended 30 June 2020 is as follows:

- Net interest income of RM25.2 million was lower than the net interest income of RM30.3 million recorded in the previous corresponding period primarily due to lower average interest earning assets in the current period under review.
- Net fee and commission income of RM189.7 million in the period under review was higher than RM158.5 million in the previous corresponding period. The increase was primarily due to the higher initial service charge, 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 an increase of RM179.7 million to RM262.8 million in the current period from RM83.1 million in the previous corresponding period mainly due to higher gains on disposal of financial investments at FVOCI of RM105.9 million and net trading gains of financial assets measured at FVTPL of RM72.8 million.
- Other operating income registered an increase from RM6.2 million in the previous corresponding period to RM7.5 million in the current period mainly due to higher net foreign exchange gains.
- Operating expenses incurred for the period under review were higher at RM242.3 million compared to RM182.0 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 allowances of credit impairment losses of RM32.0 million compared to net write back of RM2.1 million in the previous corresponding period was mainly contributed by the higher allowances for impaired loans recognised in the current period.

#### **2. Prospect for the current financial year**

The Group remains cautious on the economic outlook in 2020 due to the ongoing negative impact of the Covid-19 pandemic and containment measures on global trade. Renewed concern of global trade tension between US and China as well as ongoing containment measures in other countries will weigh on Malaysia's external demand due to supply chain disruption risks. Meanwhile, the recent rise in the unemployment and lower consumer confidence due to the Movement Control Order in 2Q20 and uncertainties around the pandemic will be a drag on domestic demand in the near to medium term. Due to these downside risks, the performance of local and regional bourses is also likely to be impacted. As a result, the Group's performance may be impacted by the increased market volatility and challenging environment in the second half of the year.

Malaysia's economic growth is expected to be continually supported the Prihatin and Penjana stimulus packages recently introduced by the Government (amounting to RM295 billion) as well as monetary policy measures announced by BNM, which will alleviate the cost of living and support household income. Meanwhile, gradual reopening of the economy will also be supportive of growth going forward. Despite the challenging business environment, the Group will continue to seek business opportunities, while asset management and securities businesses will continue to enhance the customer experience. With the push towards digitalisation, the Group will also sustain its efforts to adopt and embrace new technology in an effort to improve operational and business efficiencies.

#### **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"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act 2016 in Malaysia.

The unaudited interim financial statements may be read in conjunction with the annual financial statements for the financial year ended 31 December 2019. The explanatory notes to the unaudited 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 2019.

#### **4. Qualification of preceding annual financial statements**

The Bank's financial statements for financial year ended 31 December 2019 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 the country's economic situation.

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**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 30 June 2020.

**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 30 June 2020. Final dividend of 5.128 sen gross per share amounting to RM40,000,000 for the financial year ended 31 December 2019 was paid on 27 May 2020.

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**Notes to the unaudited condensed interim financial statements  
for the financial period ended 30 June 2020****11. Securities portfolio****(i) Financial assets at fair value through profit or loss ("FVTPL")**

	The Group		The Bank	
	30-06-2020 RM'000	31-12-2019 RM'000	30-06-2020 RM'000	31-12-2019 RM'000
<b>At fair value</b>				
<b>Money Market Instruments</b>				
Malaysian Government Securities	2	-	2	-
Malaysian Government Islamic Investment Issues	-	137,242	-	137,242
	<u>2</u>	<u>137,242</u>	<u>2</u>	<u>137,242</u>
<b>Quoted securities</b>				
Unit trusts	35,015	231,777	-	200,080
Equities in Malaysia	45,448	49,478	43,368	47,397
Equities outside Malaysia	37,215	40,107	113	129
	<u>117,678</u>	<u>321,362</u>	<u>43,481</u>	<u>247,606</u>
<b>Unquoted securities</b>				
Corporate bonds and/or Sukuk in Malaysia	6,863	6,825	30	1
Corporate bonds and/or Sukuk outside Malaysia	26,487	26,487	-	-
	<u>33,350</u>	<u>33,312</u>	<u>30</u>	<u>1</u>
	<u>151,030</u>	<u>491,916</u>	<u>43,513</u>	<u>384,849</u>

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

	The Group and the Bank	
	30-06-2020 RM'000	31-12-2019 RM'000
<b>At fair value</b>		
<b>Money Market Instruments</b>		
Malaysian Government Islamic Investment Issues	584,431	1,098,452
Malaysian Government Securities	553,168	549,606
Treasury Bills	98,102	-
Cagamas Bonds	10,971	25,965
Negotiable Instruments of Deposit	30,482	20,336
	<u>1,277,154</u>	<u>1,694,359</u>
<b>Unquoted securities</b>		
Corporate bonds and/or Sukuk in Malaysia #	1,524,483	2,968,706
Corporate bonds and/or Sukuk outside Malaysia	92,264	127,888
Shares in Malaysia *	24,660	23,002
	<u>2,918,561</u>	<u>4,813,955</u>

# Certain unquoted perpetual bond is designated at fair value through other comprehensive income.

\* Equity securities designated at fair value through other comprehensive income.

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11. Securities portfolio (continued)

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

- (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.

	<b>The Group and the Bank</b>	
	<b>30-06-2020</b>	31-12-2019
	<b>RM'000</b>	RM'000
<b>Unquoted securities</b>		
Corporate bonds - perpetual bond		
Mah Sing Group Berhad *	-	50,956
	-	50,956
Shares in Malaysia:		
Cagamas Berhad	21,014	19,410
RAM Holdings Berhad	2,477	2,477
Malaysian Rating Corporation Berhad	1,169	1,115
	<u>24,660</u>	<u>23,002</u>
Total unquoted securities	<u>24,660</u>	<u>73,958</u>

\* redeemed during the financial period ended 30 June 2020.

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## 11. Securities portfolio (continued)

## (ii) Financial assets at fair value through other comprehensive income ("FVOCI") (continued)

(c) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	The Group and the Bank			Total 30-06-2020 RM'000
	12 months ECL	Lifetime ECL	Lifetime ECL	
	Stage 1	Not Credit Impaired	Credit Impaired	
	30-06-2020 RM'000	30-06-2020 RM'000	30-06-2020 RM'000	
At beginning of the financial period	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)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	198	(198)	-	-
Derecognised during the financial period				
(other than write-offs)	(257)	(1)	-	(258)
New originated or purchased	22	-	-	22
Changes due to change in credit risk	2,013	162	153	2,328
Changes in model/risk parameters	-	-	-	-
Changes due to foreign exchange	1	-	-	1
<b>At end of the financial period</b>	<b>3,076</b>	<b>-</b>	<b>12,319</b>	<b>15,395</b>

	The Group and the Bank			Total 31-12-2019 RM'000
	12 months ECL	Lifetime ECL	Lifetime ECL	
	Stage 1	Not Credit Impaired	Credit Impaired	
	31-12-2019 RM'000	31-12-2019 RM'000	31-12-2019 RM'000	
At beginning of the financial year	1,168	40	17,515	18,723
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)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial year				
(other than write-offs)	(510)	-	(7,073)	(7,583)
New originated or purchased	100	-	-	100
Changes due to change in credit risk	368	(1)	1,724	2,091
Changes in model/risk parameters	(27)	(2)	-	(29)
Changes due to foreign exchange	-	-	-	-
<b>At end of the financial year</b>	<b>1,099</b>	<b>37</b>	<b>12,166</b>	<b>13,302</b>

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## 11. Securities portfolio (continued)

## (ii) Financial assets at fair value through other comprehensive income ("FVOCI") (continued)

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

	The Group and the Bank			
	12 months ECL Stage 1	Lifetime ECL Not Credit Impaired Stage 2	Lifetime ECL Credit Impaired Stage 3	Total
	30-06-2020	30-06-2020	30-06-2020	30-06-2020
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	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)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	42,212	(42,212)	-	-
Derecognised during the financial period (other than write-offs)	(4,717,675)	(15,000)	-	(4,732,675)
New originated or purchased	2,932,343	-	-	2,932,343
Changes due to interest accruals	(9,962)	(808)	-	(10,770)
Changes due to fair value	(35,663)	115	(65)	(35,613)
Changes due to foreign exchange	514	-	105	619
<b>At end of the financial period</b>	<b>2,889,345</b>	<b>-</b>	<b>4,556</b>	<b>2,893,901</b>

	The Group and the Bank			
	12 months ECL Stage 1	Lifetime ECL Not Credit Impaired Stage 2	Lifetime ECL Credit Impaired Stage 3	Total
	31-12-2019	31-12-2019	31-12-2019	31-12-2019
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	4,775,167	73,595	26,540	4,875,302
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)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial year (other than write-offs)	(5,276,353)	(15,439)	(27,906)	(5,319,698)
New originated or purchased	5,088,841	-	-	5,088,841
Changes due to interest accruals	2,793	(660)	(480)	1,653
Changes due to fair value	87,140	409	6,488	94,037
Changes due to foreign exchange	(12)	-	(126)	(138)
<b>At end of the financial year</b>	<b>4,677,576</b>	<b>57,905</b>	<b>4,516</b>	<b>4,739,997</b>

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## 11. Securities portfolio (continued)

## (iii) Financial investments at amortised cost

	The Group and the Bank	
	30-06-2020 RM'000	31-12-2019 RM'000
<b>Unquoted securities</b>		
Corporate bonds and/or Sukuk in Malaysia	40,491	40,497
Redeemable Secured Loan Stocks	15,000	15,000
	<u>55,491</u>	<u>55,497</u>
Expected credit loss ("ECL")	(12,034)	(10,930)
	<u>43,457</u>	<u>44,567</u>

(a) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	The Group and the Bank			
	12 months ECL Stage 1 30-06-2020 RM'000	Lifetime ECL Not Credit Impaired Stage 2 30-06-2020 RM'000	Lifetime ECL Credit Impaired Stage 3 30-06-2020 RM'000	Total 30-06-2020 RM'000
	At beginning of the financial period	150	-	10,780
Changes due to change in credit risk	-	-	1,104	1,104
Changes in model/risk parameters	-	-	-	-
At end of the financial period	<u>150</u>	<u>-</u>	<u>11,884</u>	<u>12,034</u>

	The Group and the Bank			
	12 months ECL Stage 1 31-12-2019 RM'000	Lifetime ECL Not Credit Impaired Stage 2 31-12-2019 RM'000	Lifetime ECL Credit Impaired Stage 3 31-12-2019 RM'000	Total 31-12-2019 RM'000
	At beginning of the financial year	166	-	6,950
Changes due to change in credit risk	(21)	-	3,830	3,809
Changes in model/risk parameters	5	-	-	5
At end of the financial year	<u>150</u>	<u>-</u>	<u>10,780</u>	<u>10,930</u>

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

	The Group and the Bank			
	12 months ECL Stage 1 30-06-2020 RM'000	Lifetime ECL Not Credit Impaired Stage 2 30-06-2020 RM'000	Lifetime ECL Credit Impaired Stage 3 30-06-2020 RM'000	Total 30-06-2020 RM'000
	At beginning of the financial period	40,497	-	15,000
Changes due to interest accruals	(6)	-	-	(6)
At end of the financial period	<u>40,491</u>	<u>-</u>	<u>15,000</u>	<u>55,491</u>

	The Group and the Bank			
	12 months ECL Stage 1 31-12-2019 RM'000	Lifetime ECL Not Credit Impaired Stage 2 31-12-2019 RM'000	Lifetime ECL Credit Impaired Stage 3 31-12-2019 RM'000	Total 31-12-2019 RM'000
	At beginning / end of the financial year	40,497	-	15,000

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## 12. Loans, advances and financing

	<b>The Group and the Bank</b>	
	<b>30-06-2020</b>	<b>31-12-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By Type of Loan/Financing</b>		
Term loans/financing		
- Syndicated term loan/financing	<b>131,833</b>	151,772
- Other term loans/financing	<b>221,950</b>	341,452
Share margin financing	<b>497,119</b>	503,486
Revolving credits	<b>82,270</b>	93,297
Staff loans	<b>6,168</b>	6,055
Gross loans, advances and financing	<b>939,340</b>	1,095,062
Less : expected credit losses	<b>(44,103)</b>	(17,510)
Total net loans, advances and financing	<b>895,237</b>	1,077,552
<b>(ii) By Type of Customers</b>		
Domestic business enterprises		
- Small medium enterprises	<b>20,777</b>	151,449
- Others	<b>493,839</b>	716,488
Domestic non-bank financial institutions	<b>208,903</b>	28,307
Individuals	<b>215,230</b>	198,036
Foreign individuals	<b>591</b>	782
Total gross loans, advances and financing	<b>939,340</b>	1,095,062
<b>(iii) By Interest Rate Sensitivity</b>		
Fixed rate		
- Other fixed rate loans/financing	<b>36,545</b>	36,570
- Housing loans/financing	<b>3,461</b>	3,560
- Hire purchase receivables	<b>2,707</b>	2,470
Variable rate		
- Cost-plus	<b>843,162</b>	999,369
- BLR plus	<b>20,625</b>	20,625
- Other floating rate	<b>32,840</b>	32,468
Total gross loans, advances and financing	<b>939,340</b>	1,095,062
<b>(iv) By Economic Purpose</b>		
Purchase of securities	<b>583,315</b>	600,916
Purchase of landed properties of which		
- Residential	<b>3,461</b>	3,560
- Non-residential	<b>55,409</b>	58,177
Working capital	<b>90,997</b>	130,090
Construction	<b>57,135</b>	63,345
Purchase of transport vehicles	<b>37,851</b>	37,519
Personal use	<b>-</b>	25
Others	<b>111,172</b>	201,430
Total gross loans, advances and financing	<b>939,340</b>	1,095,062

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

	<b>The Group and the Bank</b>	
	<b>30-06-2020</b>	<b>31-12-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(v) By Economic Sector</b>		
Real estate	163,380	297,386
Household	215,822	198,818
Finance, insurance and business services	211,457	77,730
Construction	98,046	119,274
Manufacturing	68,510	125,807
Transport, storage and communication	93,842	93,087
Agriculture	45,095	54,761
Education, health and others	30,274	20,626
Wholesale & retail trade and restaurants & hotels	10,540	55,308
Mining and quarrying	2,374	5,591
Others	-	46,674
Total gross loans, advances and financing	<u>939,340</u>	<u>1,095,062</u>
<b>(vi) By Geographical Distribution</b>		
Wilayah Persekutuan	461,802	513,632
Selangor	225,441	294,775
Johor	75,022	124,012
Sabah	49,018	47,511
Sarawak	61,644	40,986
Terengganu	27,604	32,429
Perak	24,293	24,526
Pulau Pinang	13,178	13,124
Negeri Sembilan	1,137	2,504
Kedah	201	1,563
Total gross loans, advances and financing	<u>939,340</u>	<u>1,095,062</u>
<b>(vii) By Maturity Structure</b>		
Maturing within one year	665,048	816,635
One year to three years	64,047	99,997
Three years to five years	127,582	82,849
Over five years	82,663	95,581
Total gross loans, advances and financing	<u>939,340</u>	<u>1,095,062</u>

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**12. Loans, advances and financing (continued)**

**(viii) Movement of impaired loans, advances and financing**

	<b>The Group and the Bank</b>	
	<b>30-06-2020</b>	<b>31-12-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period	98,782	80,851
Classified as impaired during the financial period	96,752	40,861
Reclassified as non-impaired during the financial period	(69,900)	(11,810)
Amount written-off	-	(95)
Amount recovered	(6,222)	(11,025)
At end of the financial period	<u>119,412</u>	<u>98,782</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>12.71%</u>	<u>9.02%</u>

**(ix) Impaired loans, advances and financing analysed by their economic sector**

Construction	36,545	36,545
Household	527	1
Education, health and others	20,626	20,626
Manufacturing	12,849	14,952
Real estate	38,068	14,119
Transport, storage and communication	8,423	9,958
Mining and quarrying	2,374	2,581
Total impaired loans, advances and financing	<u>119,412</u>	<u>98,782</u>

**(x) Impaired loans, advances and financing analysed by their economic purpose**

Working capital	57,817	61,456
Purchase of securities	26,602	-
Construction	20,626	20,626
Other purpose	11,993	14,119
Purchase of transport vehicles	2,374	2,581
Total impaired loans, advances and financing	<u>119,412</u>	<u>98,782</u>

**(xi) Impaired loans, advances, and financing by geographical distribution**

Sarawak	36,545	36,545
Perak	20,626	20,626
Selangor	59,340	39,030
Wilayah Persekutuan	2,901	2,581
Total impaired loans, advances and financing	<u>119,412</u>	<u>98,782</u>

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**12. Loans, advances and financing (continued)**

(xii) Movement in expected credit losses 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 30-06-2020 RM'000	Stage 2 30-06-2020 RM'000	Stage 3 30-06-2020 RM'000	
At beginning of financial period	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 period (other than write-offs)	(107)	(21)	-	(128)
New loans/financing originated or purchased	3	-	-	3
Changes due to change in credit risk	(1,374)	1,299	26,783	26,708
Other adjustments				
- Foreign exchange and other adjustments	33	(23)	-	10
<b>At end of financial period</b>	<b>678</b>	<b>2,966</b>	<b>40,459</b>	<b>44,103</b>

	The Group and the Bank			Total
	12 months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	
	Stage 1 31-12-2019 RM'000	Stage 2 31-12-2019 RM'000	Stage 3 31-12-2019 RM'000	
At beginning of the financial year	4,065	223	5,573	9,861
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)	(229)	229	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(63)	(174)	237	-
Total transfer between stages	(292)	55	237	-
Loans/Financing derecognised during the financial year (other than write-offs)	(316)	-	-	(316)
New loans/financing originated or purchased	92	-	-	92
Changes due to change in credit risk	(1,624)	395	9,112	7,883
Changes in model/risk parameters	90	3	-	93
Write-offs	-	-	(95)	(95)
Other adjustments				
- Foreign exchange and other adjustments	(8)	-	-	(8)
<b>At end of the financial year</b>	<b>2,007</b>	<b>676</b>	<b>14,827</b>	<b>17,510</b>

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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

	The Group and the Bank			Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
	Stage 1	Not Credit Impaired	Credit Impaired	
30-06-2020	30-06-2020	30-06-2020	30-06-2020	
	RM'000	RM'000	RM'000	RM'000
At beginning of financial period	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)	(23,531)	(76,150)	99,681	-
Total transfer between stages	(135,743)	105,962	29,781	-
Loans/Financing derecognised during the financial period (other than write-offs)	(86,883)	(173)	(364)	(87,420)
New loans/financing originated or purchased	173,281	-	-	173,281
Changes due to change in credit risk	(180,010)	(54,295)	(8,787)	(243,092)
Write-offs	-	-	-	-
Other adjustments				
- Foreign exchange and other adjustments	1,665	(156)	-	1,509
<b>At end of financial period</b>	<b>695,890</b>	<b>124,038</b>	<b>119,412</b>	<b>939,340</b>

	The Group and the Bank			Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
	Stage 1	Not Credit Impaired	Credit Impaired	
31-12-2019	31-12-2019	31-12-2019	31-12-2019	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	1,191,473	13,541	80,851	1,285,865
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	11,960	-	(11,960)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(133,686)	133,686	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(28,738)	(13,130)	41,868	-
Total transfer between stages	(150,464)	120,556	29,908	-
Loans/Financing derecognised during the financial year (other than write-offs)	(139,449)	(182)	(2,228)	(141,859)
New loans/financing originated or purchased	349,736	-	-	349,736
Changes due to change in credit risk	(327,349)	(61,215)	(9,654)	(398,218)
Write-offs	-	-	(95)	(95)
Other adjustments				
- Foreign exchange and other adjustments	(367)	-	-	(367)
<b>At end of the financial year</b>	<b>923,580</b>	<b>72,700</b>	<b>98,782</b>	<b>1,095,062</b>

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## 13. Trade receivables

	The Group		The Bank	
	30-06-2020 RM'000	31-12-2019 RM'000	30-06-2020 RM'000	31-12-2019 RM'000
Amount in respect of asset management related fees receivables	115,746	243,300	-	-
Amount due from clients:				
- performing accounts	384,504	231,679	384,410	231,679
- impaired accounts (a)	141	139	141	139
Amount due from brokers	65,309	57,958	65,309	57,958
Amount due from Bursa Securities Clearing Sdn. Bhd.	39,799	-	39,799	-
	<u>605,499</u>	<u>533,076</u>	<u>489,659</u>	<u>289,776</u>
Less: Expected credit loss ("ECL")	(300)	(208)	(226)	(183)
	<u>605,199</u>	<u>532,868</u>	<u>489,433</u>	<u>289,593</u>

## (a) Movement of impaired amount due from clients

	The Group and the Bank	
	30-06-2020 RM'000	31-12-2019 RM'000
At beginning of the financial period/year	139	424
Addition during the period/year	125	419
Amount recovered	(123)	(704)
At end of the financial period/year	<u>141</u>	<u>139</u>

## (b) Movements in allowances for impairment on trade receivables

	The Group		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	30-06-2020 RM'000	30-06-2020 RM'000	30-06-2020 RM'000
At beginning of financial period	70	138	208
Allowance made	197	125	322
Amount written back	(107)	(123)	(230)
At end of financial period	<u>160</u>	<u>140</u>	<u>300</u>

	The Group		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-12-2019 RM'000	31-12-2019 RM'000	31-12-2019 RM'000
At beginning of the financial year	54	414	468
Allowance made	86	419	505
Amount written back	(70)	(695)	(765)
At end of the financial year	<u>70</u>	<u>138</u>	<u>208</u>

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## 13. Trade receivables (continued)

## (b) Movements in allowances for impairment on trade receivables (continued)

	Lifetime ECL Not Credit Impaired 30-06-2020 RM'000	The Bank Lifetime ECL Credit Impaired 30-06-2020 RM'000	Total 30-06-2020 RM'000
At beginning of financial period	45	138	183
Allowance made	147	125	272
Amount written back	(106)	(123)	(229)
At end of financial period	<u>86</u>	<u>140</u>	<u>226</u>

	Lifetime ECL Not Credit Impaired 31-12-2019 RM'000	The Bank Lifetime ECL Credit Impaired 31-12-2019 RM'000	Total 31-12-2019 RM'000
At beginning of the financial year	38	414	452
Allowance made	77	419	496
Amount written back	(70)	(695)	(765)
At end of the financial year	<u>45</u>	<u>138</u>	<u>183</u>

## 14. Other assets

	The Group		The Bank	
	30-06-2020 RM'000	31-12-2019 RM'000	30-06-2020 RM'000	31-12-2019 RM'000
Other debtors, deposits and prepayments	53,324	28,110	44,871	20,352
Securities Lending	35,948	34,384	35,948	34,384
Clearing Guarantee Fund	2,086	2,272	2,086	2,272
Clearing Fund	1,451	1,000	1,451	1,000
Transferable membership	350	350	250	250
	<u>93,159</u>	<u>66,116</u>	<u>84,606</u>	<u>58,258</u>
Less : Expected credit loss ("ECL")	(2,395)	(2,058)	(2,394)	(2,057)
	<u>90,764</u>	<u>64,058</u>	<u>82,212</u>	<u>56,201</u>

	The Group and the Bank	
	30-06-2020 RM'000	31-12-2019 RM'000
<b>Movement in credit impaired accounts</b>		
At beginning of the financial period/year	2,085	1,661
Classified as impaired during the financial period/year	786	1,455
Amount recovered	(399)	(493)
Amount written off	(59)	(538)
At end of the financial period/year	<u>2,413</u>	<u>2,085</u>

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	<b>The Group</b>		
	<b>Lifetime ECL Not Credit Impaired 30-06-2020 RM'000</b>	<b>Lifetime ECL Credit Impaired 30-06-2020 RM'000</b>	<b>Total 30-06-2020 RM'000</b>
At beginning of financial period	7	2,051	2,058
Allowance made	20	785	805
Amount written back	(21)	(389)	(410)
Amount written off	-	(58)	(58)
At end of financial period	<u>6</u>	<u>2,389</u>	<u>2,395</u>

  

	<b>The Group</b>		
	<b>Lifetime ECL Not Credit Impaired 31-12-2019 RM'000</b>	<b>Lifetime ECL Credit Impaired 31-12-2019 RM'000</b>	<b>Total 31-12-2019 RM'000</b>
At beginning of the financial year	11	1,658	1,669
Allowance made	34	1,455	1,489
Amount written back	(38)	(524)	(562)
Amount written off	-	(538)	(538)
At end of the financial year	<u>7</u>	<u>2,051</u>	<u>2,058</u>

  

	<b>The Bank</b>		
	<b>Lifetime ECL Not Credit Impaired 30-06-2020 RM'000</b>	<b>Lifetime ECL Credit Impaired 30-06-2020 RM'000</b>	<b>Total 30-06-2020 RM'000</b>
At beginning of financial period	6	2,051	2,057
Allowance made	19	785	804
Amount written back	(20)	(389)	(409)
Amount written off	-	(58)	(58)
At end of financial period	<u>5</u>	<u>2,389</u>	<u>2,394</u>

  

	<b>The Bank</b>		
	<b>Lifetime ECL Not Credit Impaired 31-12-2019 RM'000</b>	<b>Lifetime ECL Credit Impaired 31-12-2019 RM'000</b>	<b>Total 31-12-2019 RM'000</b>
At beginning of the financial year	10	1,658	1,668
Allowance made	34	1,455	1,489
Amount written back	(38)	(524)	(562)
Amount written off	-	(538)	(538)
At end of the financial year	<u>6</u>	<u>2,051</u>	<u>2,057</u>

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**15. Deposit from customers**

	<b>The Group and the Bank</b>	
	<b>30-06-2020</b>	<b>31-12-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposits</b>		
Fixed deposits	2,705,260	3,640,165
Negotiable instruments of deposits	1,009,579	1,009,672
Other deposits	96,697	33,289
	<u>3,811,536</u>	<u>4,683,126</u>
<b>(ii) By maturity structure</b>		
Due within six months	1,779,140	3,559,539
Six months to one year	1,525,670	96,729
More than one year	506,726	1,026,858
	<u>3,811,536</u>	<u>4,683,126</u>
<b>(iii) By type of customer</b>		
Domestic non-banking financial institutions	2,024,220	2,350,948
Domestic banking institutions	1,009,124	1,009,214
Business enterprises	521,172	889,433
Government and statutory bodies	172,412	342,796
Individuals	37,151	37,833
Foreign entities	34,774	37,816
Other entities	12,683	15,086
	<u>3,811,536</u>	<u>4,683,126</u>

**16. Deposit and placements of banks and other financial institution**

	<b>The Group and the Bank</b>	
	<b>30-06-2020</b>	<b>31-12-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	50,003	296,515
Licensed investment banks	-	395,889
	<u>50,003</u>	<u>692,404</u>

**17. Trade payables**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30-06-2020</b>	<b>31-12-2019</b>	<b>30-06-2020</b>	<b>31-12-2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to unit trust funds	115,575	327,451	-	-
Amount due to unit holders	150,775	197,807	-	-
Amount due to clients	287,970	169,333	287,347	168,709
Amount due to brokers	195,707	72,992	194,306	72,992
Amount due to Bursa Securities Clearing Sdn. Bhd.	-	19,846	-	19,846
	<u>750,027</u>	<u>787,429</u>	<u>481,653</u>	<u>261,547</u>

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## 18. Other liabilities

	The Group		The Bank	
	30-06-2020 RM'000	31-12-2019 RM'000	30-06-2020 RM'000	31-12-2019 RM'000
Commissioned dealer's representative trust balances	52,192	47,483	52,192	47,483
Amounts payable to commissioned and salaried dealer's representatives	90,658	37,854	90,658	37,854
Accrued employee benefit	46,116	64,971	26,057	31,025
Securities borrowing	82,283	160,358	82,283	160,358
Other creditors and accruals	96,121	96,068	66,243	54,807
Puttable liabilities	127,270	124,452	-	-
	<u>494,640</u>	<u>531,186</u>	<u>317,433</u>	<u>331,527</u>
Add: Expected credit loss - loan financing commitments and financial guarantees	17,933	14,567	17,933	14,567
	<u>512,573</u>	<u>545,753</u>	<u>335,366</u>	<u>346,094</u>

## Movement in expected credit losses ("ECL"):

The Group and the Bank	12 months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	Stage 1	Stage 2	Stage 3	
	30-06-2020 RM'000	30-06-2020 RM'000	30-06-2020 RM'000	30-06-2020 RM'000
At beginning of the financial period	4	-	14,563	14,567
New loan commitments/financial guarantees issued	2	-	-	2
Changes due to change in credit risk	2	-	3,362	3,364
At end of the financial period	<u>8</u>	<u>-</u>	<u>17,925</u>	<u>17,933</u>

The Group and the Bank	12 months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	Stage 1	Stage 2	Stage 3	
	31-12-2019 RM'000	31-12-2019 RM'000	31-12-2019 RM'000	31-12-2019 RM'000
At beginning of the financial year	34	-	-	34
New loan commitments/financial guarantees issued	119	-	-	119
Changes due to change in credit risk	(150)	-	14,563	14,413
Changes in model/risk parameters	1	-	-	1
At end of the financial year	<u>4</u>	<u>-</u>	<u>14,563</u>	<u>14,567</u>

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#### 19. Reserves

	The Group		The Bank	
	30-06-2020 RM'000	31-12-2019 RM'000	30-06-2020 RM'000	31-12-2019 RM'000
FVOCI revaluation reserves (a)	53,828	77,210	53,773	77,155
Regulatory reserves (b)	15,665	23,731	15,665	23,731
Other reserves (c)	(61,010)	(61,010)	-	-
Foreign exchange reserve	135	135	-	-
	<u>8,618</u>	<u>40,066</u>	<u>69,438</u>	<u>100,886</u>
Retained profits	626,924	515,621	568,352	482,776
	<u>635,542</u>	<u>555,687</u>	<u>637,790</u>	<u>583,662</u>

- (a) The FVOCI revaluation reserves 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 loss allowance for financial investments 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) This represents corresponding debit arising from the Group's obligation to purchase the subsidiary's shares held by non controlling interest.

On 8 March 2019, the options holders have fully exercised the 1000 employee stock option incentive scheme at exercise price of RM40.30 per share. 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. The SCR provision represents a purchase of the subsidiary'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 statement.

#### 20. Interest income

	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
	30-06-2020 RM'000	30-06-2019 RM'000	30-06-2020 RM'000	30-06-2019 RM'000
Loans, advances and financing	12,519	18,383	28,257	37,323
Money at call and deposit placements with financial institutions	7,265	6,416	11,921	9,653
Financial investments at FVOCI	31,734	47,609	70,713	100,721
Financial investments at amortised cost	612	617	1,199	1,258
Others	745	522	1,542	629
	<u>52,875</u>	<u>73,547</u>	<u>113,632</u>	<u>149,584</u>
of which:				
Interest income earned on impaired loans, advances and financing	557	1,140	1,971	2,156

	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
	30-06-2020 RM'000	30-06-2019 RM'000	30-06-2020 RM'000	30-06-2019 RM'000
Loans, advances and financing	12,514	18,375	28,247	37,307
Money at call and deposit placements with financial institutions	6,868	5,989	11,111	8,664
Financial investments at FVOCI	31,734	47,609	70,713	100,721
Financial investments at amortised cost	612	617	1,199	1,258
Others	745	522	1,542	629
	<u>52,473</u>	<u>73,112</u>	<u>112,812</u>	<u>148,579</u>
of which:				
Interest income earned on impaired loans, advances and financing	557	1,140	1,971	2,156

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## 21. Interest expense

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits from customers	39,109	56,755	82,457	112,746
Deposits and placements of banks and other financial institutions	147	848	2,316	3,653
Obligations on securities sold under repurchase agreements	-	255	-	790
Interest expense on lease liability	195	108	397	238
Foreign currency borrowings	-	106	57	288
Others	2,803	843	3,245	1,599
	<b>42,254</b>	<b>58,915</b>	<b>88,472</b>	<b>119,314</b>

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits from customers	39,109	56,755	82,457	112,746
Deposits and placements of banks and other financial institutions	147	848	2,316	3,653
Obligations on securities sold under repurchase agreements	-	255	-	790
Interest expense on lease liability	66	64	128	140
Foreign currency borrowings	-	106	57	288
Others	103	843	545	1,599
	<b>39,425</b>	<b>58,871</b>	<b>85,503</b>	<b>119,216</b>

## 22. Net fee and commission income

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
(a) <b>Fee and commission income</b>				
Unit trust management and incentive fee	78,323	73,606	157,207	144,076
Initial service charge	27,103	19,274	56,844	33,168
Net brokerage income	23,051	14,542	43,819	28,401
Corporate advisory fees	1,364	5,087	3,658	5,888
Underwriting commissions	-	-	-	554
Loans related fees	1,628	1,600	3,393	5,076
Arrangement fees	40	970	120	1,070
Private placement fees	2,674	448	3,863	1,725
Others	2,352	1,124	3,615	1,880
	<b>136,535</b>	<b>116,651</b>	<b>272,519</b>	<b>221,838</b>
(b) <b>Fee and commission expense</b>				
Commission and referral expenses	<b>(37,316)</b>	<b>(34,268)</b>	<b>(82,774)</b>	<b>(63,359)</b>
<b>Net fee and commission income</b>	<b>99,219</b>	<b>82,383</b>	<b>189,745</b>	<b>158,479</b>

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## 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
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
	RM'000	RM'000	RM'000	RM'000
<b>(a) Fee and commission income</b>				
Net brokerage income	23,061	14,542	43,829	28,401
Corporate advisory fees	815	4,954	2,770	5,528
Loans related fees	1,628	1,600	3,393	5,076
Arrangement fees	40	970	120	1,070
Underwriting commissions	-	-	-	554
Private placement fees	2,313	-	2,313	477
Others	1,904	615	2,490	1,023
	<u>29,761</u>	<u>22,681</u>	<u>54,915</u>	<u>42,129</u>
<b>(b) Fee and commission expense</b>				
Commission and referral expenses	-	-	-	-
<b>Net fee and commission income</b>	<u>29,761</u>	<u>22,681</u>	<u>54,915</u>	<u>42,129</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
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
	RM'000	RM'000	RM'000	RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	79,054	11,876	101,941	29,152
- unrealised gain/(loss)	8,848	(4,974)	(434)	317
- gross dividend income	814	1,954	2,876	3,104
- interest income	3,215	4,725	8,340	9,424
Gains/(losses) on derivative instruments				
- unrealised gain/(loss)	496	(537)	5,317	52
- interest income	3,552	711	5,233	1,117
- interest expense	(3,367)	(567)	(5,106)	(960)
Gains arising on financial investments at FVOCI				
- net gain on disposal	44,017	27,514	144,562	38,672
- gross dividend income *	113	1,339	113	2,249
	<u>136,742</u>	<u>42,041</u>	<u>262,842</u>	<u>83,127</u>

\* Included in gross dividend income arising from financial investments at FVOCI are dividend income from equity instruments designated at FVOCI held during the financial period amounting to RM0.11 million (30-06-2019 : RM2.25 million).

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## 23. Net gains and losses on financial instruments (continued)

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	78,879	11,781	101,469	29,052
- unrealised gain/(loss)	1,924	(7,828)	(564)	(3,655)
- gross dividend income	476	1,591	2,207	2,486
- interest income	3,215	4,725	8,340	9,424
Gains/(losses) on derivative instruments				
- unrealised gain/(loss)	496	(537)	5,317	52
- interest income	3,552	711	5,233	1,117
- interest expense	(3,367)	(567)	(5,106)	(960)
Gains arising on financial investments at FVOCI				
- net gain on disposal	44,017	27,514	144,562	38,672
- gross dividend income	113	1,339	113	2,249
	<b>129,305</b>	<b>38,729</b>	<b>261,571</b>	<b>78,437</b>

\* Included in gross dividend income arising from financial investments at FVOCI are dividend income from equity instruments designated at FVOCI held during the financial period amounting to RM0.11 million (30-06-2019 : RM2.25 million).

## 24. Other operating income

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Foreign exchange gain/(loss)				
- realised	(5,223)	3,429	6,275	4,326
- unrealised	11,616	(486)	235	1,151
Gain on disposal of property and equipment	115	66	115	114
Other non-operating income	166	402	919	580
	<b>6,674</b>	<b>3,411</b>	<b>7,544</b>	<b>6,171</b>

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Foreign exchange gain/(loss)				
- realised	(6,375)	3,284	5,169	5,358
- unrealised	11,911	(855)	(496)	230
Gain on disposal of property and equipment	9	2	9	49
Gross dividend income from subsidiaries	-	31,500	-	31,500
Other non-operating income	416	446	1,034	594
	<b>5,961</b>	<b>34,377</b>	<b>5,716</b>	<b>37,731</b>

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## 25. Other operating expenses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial Period Ended 30-06-2020 RM'000	Corresponding Period Ended 30-06-2019 RM'000	Financial Period-To-Date 30-06-2020 RM'000	Corresponding Period-To-Date 30-06-2019 RM'000
<b>Personnel costs</b>				
Salaries, allowances and bonuses	103,330	50,767	154,556	102,149
Contributions to defined contribution plan	9,795	8,565	17,938	15,859
Other personnel costs	10,436	10,774	19,318	15,820
	<u>123,561</u>	<u>70,106</u>	<u>191,812</u>	<u>133,828</u>
<b>Promotion and marketing-related expenses</b>				
Business promotion and advertisement	2,325	2,875	5,135	5,801
Entertainment	537	930	1,560	1,861
Travelling and accomodation	310	1,059	943	1,980
Commission and brokerage expenses	320	142	382	299
Dealers' handling fees	-	300	1	600
Others	359	338	725	673
	<u>3,851</u>	<u>5,644</u>	<u>8,746</u>	<u>11,214</u>
<b>Establishment-related expenses</b>				
Repair and maintenance	3,039	2,563	6,166	5,211
Depreciation of property and equipment	3,093	2,380	5,681	4,706
Depreciation –ROU assets	2,499	2,331	5,011	4,630
Amortisation of intangible assets	678	646	1,367	1,261
Rental of premises	651	837	1,433	1,793
Electricity, water and sewerage	516	634	1,088	1,246
Insurance and indemnities	252	286	483	566
Equipment rental	95	124	248	210
Others	36	50	70	97
	<u>10,859</u>	<u>9,851</u>	<u>21,547</u>	<u>19,720</u>
<b>General administrative expenses</b>				
Subscription	3,021	2,957	6,179	5,753
Telecommunication expenses	3,010	2,412	5,721	4,938
Professional fees	1,121	1,782	2,850	3,083
Directors' remuneration	656	502	1,374	946
Auditors' remuneration	224	225	407	425
Property, plant and equipment written off	85	1	97	4
Others	1,521	559	3,546	2,051
	<u>9,638</u>	<u>8,438</u>	<u>20,174</u>	<u>17,200</u>
<b>Total other operating expenses</b>	<u>147,909</u>	<u>94,039</u>	<u>242,279</u>	<u>181,962</u>

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## 25. Other operating expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial Period Ended 30-06-2020 RM'000	Corresponding Period Ended 30-06-2019 RM'000	Financial Period-To-Date 30-06-2020 RM'000	Corresponding Period-To-Date 30-06-2019 RM'000
<b>Personnel costs</b>				
Salaries, allowances and bonuses	81,897	32,424	115,296	66,383
Contributions to defined contribution plan	4,976	4,559	9,326	8,724
Other personnel costs	2,924	4,325	5,911	6,874
	<u>89,797</u>	<u>41,308</u>	<u>130,533</u>	<u>81,981</u>
<b>Promotion and marketing-related expenses</b>				
Business promotion and advertisement	421	929	1,399	1,464
Travelling and accomodation	229	409	582	816
Entertainment	53	204	226	411
Commission and brokerage expenses	319	146	372	296
Dealers' handling fees	-	300	1	600
	<u>1,022</u>	<u>1,988</u>	<u>2,580</u>	<u>3,587</u>
<b>Establishment-related expenses</b>				
Depreciation of property and equipment	2,060	1,449	3,630	2,899
Depreciation –ROU assets	1,474	1,371	2,930	2,737
Amortisation of intangible assets	367	340	742	655
Repair and maintenance	1,491	1,466	2,981	2,879
Rental of premises	560	759	1,230	1,599
Electricity, water and sewerage	430	547	906	1,074
Insurance and indemnities	239	259	420	464
Equipment rental	19	14	41	(9)
Others	36	50	70	97
	<u>6,676</u>	<u>6,255</u>	<u>12,950</u>	<u>12,395</u>
<b>General administrative expenses</b>				
Telecommunication expenses	2,602	2,018	4,817	4,149
Subscription	1,646	1,791	3,554	3,589
Professional fees	47	921	533	1,030
Directors' remuneration	496	463	949	874
Auditors' remuneration	133	126	267	252
Property, plant and equipment written off	85	1	91	4
Others	796	173	2,121	1,121
	<u>5,805</u>	<u>5,493</u>	<u>12,332</u>	<u>11,019</u>
<b>Total other operating expenses</b>	<u>103,300</u>	<u>55,044</u>	<u>158,395</u>	<u>108,982</u>

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## 26. Allowances for credit impairment losses

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date	
<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019	
<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	
Expected credit losses ("ECL") (made)/written-back on:				
- loans, advances and financing	(20,513)	887	(26,593)	715
- trade receivables	23	132	(92)	216
- securities	(3,181)	3,363	(3,197)	1,738
- interbank placements	(32)	-	(39)	-
- other assets	(303)	(346)	(395)	(723)
- loan/financing commitments and financial guarantee	(2)	10	(3,366)	22
Bad debts recovered	-	29	1,633	104
Bad debts written off	-	-	-	(7)
	<b>(24,008)</b>	<b>4,075</b>	<b>(32,049)</b>	<b>2,065</b>

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date	
<b>30-06-2020</b>	30-06-2019	<b>30-06-2020</b>	30-06-2019	
<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	
Expected credit losses ("ECL") (made)/written-back on:				
- loans, advances and financing	(20,513)	887	(26,593)	715
- trade receivables	29	131	(43)	224
- securities	(3,181)	3,363	(3,197)	1,738
- interbank placements	(32)	-	(39)	-
- other assets	(303)	(358)	(395)	(724)
- loan/financing commitments and financial guarantee	(2)	10	(3,366)	22
Bad debts recovered	-	29	1,633	104
Bad debts written off	-	-	-	(7)
	<b>(24,002)</b>	<b>4,062</b>	<b>(32,000)</b>	<b>2,072</b>

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#### 27. Capital adequacy

	The Group		The Bank	
	30-06-2020 RM'000	31-12-2019 RM'000	30-06-2020 RM'000	31-12-2019 RM'000
<b>Basel III</b>				
<b>Common Equity Tier (CET) 1 Capital :</b>				
Share capital	999,800	999,800	999,800	999,800
Other reserve	-61,010	-61,010	-	-
Foreign exchange translation reserve	135	135	-	-
Retained profits	499,352	539,352	466,507	506,507
Unrealised gains on FVOCI instruments	53,828	77,210	53,773	77,155
	<u>1,492,105</u>	<u>1,555,487</u>	<u>1,520,080</u>	<u>1,583,462</u>
Less : Regulatory adjustment				
Goodwill and Intangible assets	(323,268)	(323,194)	(315,933)	(316,243)
Investment in subsidiaries /associates	(3,062)	(3,594)	(133,184)	(131,384)
Regulatory reserve	(15,665)	(23,731)	(15,665)	(23,731)
55% of unrealised gains on FVOCI instruments	(29,606)	(42,466)	(29,575)	(42,435)
Deferred tax assets	(15,313)	(9,533)	(8,018)	-
Total CET 1 capital	<u>1,105,191</u>	<u>1,152,969</u>	<u>1,017,705</u>	<u>1,069,669</u>
<b>Additional Tier 1 Capital</b>				
Qualifying non-controlling interests	21,084	25,241	-	-
Total CET 1 capital / Tier 1 capital (a)	<u>1,126,275</u>	<u>1,178,210</u>	<u>1,017,705</u>	<u>1,069,669</u>
<b>Tier 2 capital</b>				
Expected credit loss for financial assets	21,160	25,854	17,078	19,967
Total Tier 2 capital (b)	<u>21,160</u>	<u>25,854</u>	<u>17,078</u>	<u>19,967</u>
<b>Total Capital (a) + (b)</b>	<u>1,147,435</u>	<u>1,204,064</u>	<u>1,034,783</u>	<u>1,089,636</u>
Proposed dividends	-	40,000	-	40,000
<b>Capital Ratio</b>				
CET 1 capital ratio	37.382%	34.432%	46.349%	44.406%
Tier 1 capital ratio	38.095%	35.186%	46.349%	44.406%
Total capital ratio	38.811%	35.958%	47.126%	45.235%
CET 1 capital ratio (net of proposed dividends)	37.382%	33.238%	46.349%	42.745%
Tier 1 capital ratio (net of proposed dividends)	38.095%	33.991%	46.349%	42.745%
Total capital ratio (net of proposed dividends)	38.811%	34.764%	47.126%	43.574%
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	1,692,830	2,068,326	1,366,231	1,597,385
Market risk	274,157	353,447	327,599	354,272
Operational risk	989,473	926,744	501,935	457,202
Total Risk-Weighted Assets	<u>2,956,460</u>	<u>3,348,517</u>	<u>2,195,765</u>	<u>2,408,859</u>

With effect from 1 January 2018, 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) dated 2 February 2018.

The Group and the Bank are currently adopting 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% (2019: 7.00%) and 8.50% (2019: 8.50%) respectively for the financial period ended 30 June 2020. The minimum regulatory capital adequacy requirement at 10.50% (2019: 10.50%) for total capital ratio.

The Group 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 maintain a ratio of total regulatory capital to its risk-weighted assets ("RWA") above a minimum level agreed with the management which takes into account the risk profile of the Group and the Bank, via the Internal Capital Adequacy Assessment process ("ICAAP").

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## 28. Commitments and contingencies

	<b>The Group and the Bank</b>	
	<b>30-06-2020</b>	31-12-2019
	<b>Principal amount</b>	Principal amount
	<b>RM'000</b>	RM'000
Obligations under underwriting agreements	<b>5,250</b>	-
Transaction related contingent Items	<b>89,106</b>	91,106
Commitments to extend credit:		
- maturity not exceeding one year	<b>15,441</b>	13,721
- maturity exceeding one year	<b>7,994</b>	3,361
Interest rate related contracts:		
- less than one year	<b>560,000</b>	850,000
- one year to less than five years	<b>2,780,000</b>	2,230,000
- more than five years	-	30,000
Foreign exchange related contracts:		
- less than one year	<b>4,648,104</b>	3,407,478
- one year to less than five years	<b>876,459</b>	720,391
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		
	<b>623,102</b>	507,889
<b>Total</b>	<b>9,605,456</b>	7,853,946

## 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 30 June 2020 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	510,540
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	13.75%
(iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

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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 price (unadjusted) in active markets for identical assets and liabilities  
 (b) Level 2 - inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and  
 (c) Level 3 - inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30-06-2020</b>				
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	2	-	2
- Corporate bonds or sukuk	-	33,350	-	33,350
- Shares, warrants and unit trusts	117,678	-	-	117,678
Financial investments at FVOCI				
- Money market instruments	-	1,277,154	-	1,277,154
- Corporate bonds or sukuk	-	1,616,747	-	1,616,747
- Shares	-	-	24,660	24,660
Derivative financial assets	-	113,741	-	113,741
	<u>117,678</u>	<u>3,040,994</u>	<u>24,660</u>	<u>3,183,332</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	102,780	-	102,780
Puttable liabilities - investment in funds	20,859	-	-	20,859
Other liabilities -equities trading	5	-	-	5
<b>Total</b>	<u>20,864</u>	<u>102,780</u>	<u>-</u>	<u>123,644</u>
<b>31-12-2019</b>				
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	137,242	-	137,242
- Corporate bonds or sukuk	-	33,312	-	33,312
- Shares, warrants and unit trusts	321,362	-	-	321,362
Financial investments at FVOCI				
- Money market instruments	-	1,694,359	-	1,694,359
- Corporate bonds or sukuk	-	3,096,594	-	3,096,594
- Shares	-	-	23,002	23,002
Derivative financial assets	-	52,583	-	52,583
<b>Total</b>	<u>321,362</u>	<u>5,014,090</u>	<u>23,002</u>	<u>5,358,454</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	50,535	-	50,535
Puttable liabilities - investment in funds	20,917	-	-	20,917
Other liabilities -equities trading	4,282	-	-	4,282
<b>Total</b>	<u>25,199</u>	<u>50,535</u>	<u>-</u>	<u>75,734</u>

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

<b>Bank</b>	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30-06-2020</b>				
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	2	-	2
- Corporate bonds or sukuk	-	30	-	30
- Shares and warrants	43,481	-	-	43,481
Financial investments at FVOCI				
- Money market instruments	-	1,277,154	-	1,277,154
- Corporate bonds or sukuk	-	1,616,747	-	1,616,747
- Shares	-	-	24,660	24,660
Derivative financial assets	-	112,815	-	112,815
	<u>43,481</u>	<u>3,006,748</u>	<u>24,660</u>	<u>3,074,889</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	102,780	-	102,780
Other liabilities -equities trading	5	-	-	5
<b>Total</b>	<u>5</u>	<u>102,780</u>	<u>-</u>	<u>102,785</u>
<b>31-12-2019</b>				
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	137,242	-	137,242
- Corporate bonds or sukuk	-	1	-	1
- Shares, warrants and unit trusts	247,606	-	-	247,606
Financial investments at FVOCI				
- Money market instruments	-	1,694,359	-	1,694,359
- Corporate bonds or sukuk	-	3,096,594	-	3,096,594
- Shares	-	-	23,002	23,002
Derivative financial assets	-	51,585	-	51,585
<b>Total</b>	<u>247,606</u>	<u>4,979,781</u>	<u>23,002</u>	<u>5,250,389</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	50,535	-	50,535
Other liabilities -equities trading	4,282	-	-	4,282
<b>Total</b>	<u>4,282</u>	<u>50,535</u>	<u>-</u>	<u>54,817</u>

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#### 30. Fair value measurements (continued)

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 of the valuation hierarchy. These would include listed equities which are actively traded. Where fair value is determined using quoted 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. These would include corporate private debt securities, corporate notes and most of the Group's over-the-counter ("OTC") derivatives.

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The Group and the Bank may also use valuation models or discounted cash flow technique to determine the fair value.

Most of the OTC derivatives are priced using valuation models. Where derivative products have been established in the markets for some time, the Group and the Bank use models that are widely accepted by the industry. The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models. OTC derivatives which are valued using unobservable inputs that are supported by little or no market activity which are significant to the fair value of the assets or liabilities are classified as Level 3.

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

	<b>The Group and The Bank</b>	
	<b>30-06-2020</b>	31-12-2019
	<b>RM'000</b>	RM'000
Opening	<b>23,002</b>	21,821
FVOCI revaluation reserve	<b>1,658</b>	1,181
Closing	<b>24,660</b>	23,002

#### **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 2019, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purpose.

In estimating its significance, the Group used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflect the values that the Group estimates are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be statistical or other relevant approved techniques.